

Customer Switching Behavior in Iran Banking Services Industry

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Abstract

The costs of retaining an existing customer are one fifth of the costs of acquiring a new customer for a firm. This statement is considered as a predominant notion in marketing. According to this notion, existing customers switching of a firm leads to create lots of costs for that firm. Therefore, the present study has been conducted with the aim of finding the causes of the switching intentions and influential factors on the customers switching intentions in Iran Banking Industry.

This study is a descriptive-survey research carried out on Iran Banking Industry. 397 customers from five selected banks in Tehran were chosen for this research. In order to examine and analyze the data, Structural Equation Modeling (SEM), Confirmatory Factor Analysis (CFA) and one-way Analysis of Variance (ANOVA) have been used.

“Satisfaction”, “trust”, “loyalty” and “switching barriers” are considered as the main factors weakening “switching intention”. The findings confirmed that the variables of satisfaction, trust and loyalty have significant negative impacts on the switching intention, but the impact of the switching barriers on the switching intention in Iran banking was not significant. The present research has been conducted only on banking services industry and only in Tehran which reduces the generalizing effect of the study. Moreover, quantitative analysis methods were used in order to evaluate the subjective factors such as customer switching behavior.

Key words: Switching Intention, Switching Barriers, Loyalty, Trust, Satisfaction, Banking Industry

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1. Introduction

Total cost of acquiring a potential new customer is far more than retaining the existing customers of the firm (Kotler et al., 2003). Griddin (1995) claimed that the costs of the acquiring new customers are five times more than the costs of retaining the existing customers. Furthermore, Reichheld and Sasser (1990) came to this conclusion that a five percent decline in customers losing rate results in a 25 percent increase in the firm's income. Thus, retaining the existing customers of the firm and preventing customers switching or switching to the other companies is a crucial matter particularly for the industries such as banking which are saturated of customer acquiring.

As for the bad consequences of the customer switching such as reduction in the sale and market share, decline in profitability and increase in marketing costs (Rust et al., 1995), the producers of the products and services providers especially in the banking industry are strongly concerned about the condition of their firm with regard to retaining their customers (Han and Back, 2008). In the banking industry, retaining the existing customers can be interpreted as the most important goal and challenge for the banks, considering the slight differences in services and products of the banks and tight contest of the competing businesses (Han and Back, 2008). Therefore, in order to improve the efficiency of retention of the existing customers, the holders and the managers of the banks should find the causes of the customers switching from one to

another and identify the determining factors which influence customers' intention to stay or to switch.

Studies conducted on the customer switching have devoted more attention to the switching than the customers' point of view (Bansal and Taylor, 1999). Switching from a service or product and, generally speaking, switching from a brand is defined as an individual's (customer's) intention to replace or change the existing supplier or service provider with another one (the competitor) (Sambandam and Lord, 1995). Various studies have focused on examining and clarifying the determining factors of switching behaviors (e.g. Andreasen, 1985; Keaveney, 1995; Jung and Yoon, 2012; Han et al., 2011). Cronin and Taylor (1992) introduced performance and services quality, customer's satisfaction and switching costs as the most probable factors of preventing the customers switching. Similarly, Colgate and Lang (2001) considered the product performance and the switching barriers (such as switching costs, relational enterprise and a few alternatives) as the most important dimensions of preventing the customer switching. Likewise, Han et al. (2011) mentioned the customer's satisfaction factor as a predictor which has a negative impact on the customer switching intention and also on the switching barriers (which includes switching costs, relational enterprise and a few replacements) as the most important coordinator of satisfaction relation with the switching intention. Jung and Yoon (2012) also reported the loyalty and the customer

satisfaction as the effective dimensions of preventing the customer switching. Liu et al. (2011) also introduced the satisfaction, trust and switching barriers as the most important predictors of the loyalty and customers switching intention.

According to these studies, in this research the factors of customer satisfaction, loyalty, trust and switching barriers are considered as the main predictors and effective factors on customers switching intention in the banking services industry. Regarding these factors, the present study aims to evaluate the impact of the variables of customer satisfaction, customer loyalty, customer trust and the barriers facing the customer in switching, on the customer's intention to switch or stay. The relation between these variables can be shown as figure 1 which is the conceptual model of the research.

2. Theoretical basis and conceptual model

2.1. Relation between customer satisfaction and loyalty

Customer satisfaction is a sense being formed based on the customers' experiences after purchasing a product or making use of services (Fornell, 1992). In other words, satisfaction is evaluable experiences gained through the interactions between the customer and the supplier or service provider and is used by the customers to predict the future experiences (Crosby et al., 1990). Oliver (1980) argued that when the individuals experience a service, they compare it with their own expectations and the result may be customer satisfaction. If the quality and efficiency of the received

service is equal or more than the individual's expectation, satisfaction will be gained and if the quality of the services does not fulfill the individual's expectations, the customer would be dissatisfied with the services. The customer loyalty can be defined as the dependency or deep commitment of the customer to a product, service, brand or an organization (Oliver, 1999) which is manifested in the form of repurchasing the same product or services of the firm consistently in the future (Oliver, 1999). When the customers of a product or service are satisfied with the service provider, they will be more likely to have more economical transaction and mutual relationships with him/her (Dwyer et al., 1987). The satisfied customers frequently purchase the same products or services and they tend to refrain from purchasing the competing products (Cronin and Taylor, 1992; Anderson and Sullivan, 1993). The satisfied customers attempt to maintain close relationships with their preferred companies and be loyal toward them.; Customer satisfaction is an important factor of customer loyalty (Dick and Basu, 1994; Fornell et al., 1994). (Reichheld and Sasser, 1990) came to this conclusion that the profitability of a firm is determined by the customers' satisfaction and loyalty which are the key factors of customers' stability; they also recommended the companies to produce their products and services with high quality. Bloemer and Ruyter (1998) also claim that the customer's loyalty is affected by the customer satisfaction. Reichheld and Schefter (2000) underlined that those Manufacturers and

service providers who impose lower switching costs on the customers are more likely to lose customers easily and therefore they should attempt to make customers loyal and keep longtime relationships with them in order to gain their satisfaction. Gustafsson et al. (2005) and Lin and Wang (2006) have assumed a positive linear correlation between the customer satisfaction and loyalty. Lots of other studies (Oliver, 2003; Reynolds and Beatty, 1999; Bolton et al., 2000; Lee, 2003; Sui and Baloglu, 2003; Chiou and Shen, 2006) also considered the customer satisfaction as an effective factor on loyalty. In spite of the fact that customers loyalty is not always due to their satisfaction (Gerpott, Rams and Schindler, 2001), we can say that the satisfied customers are more loyal. Therefore, we assume that:

Hypothesis 1: customer satisfaction has a positive effect on loyalty.

2.2. Relationship between customer satisfaction and switching intention

Customer switching intention means the probability of shifting the transaction between the customer and a firm to the competitors of the firm (Dekimpe et al., 1997). Those customers who are relatively satisfied with the firm tend to continue their transactions with the firm (Lind and Tyler, 1988), whereas the unsatisfied customers are more likely to decrease the number of their transactions with the firm which eventually ends up to create the switching intention (Homburg et al., 2005).

Oliver (1981), Bearden and Teel (1983) claimed that the customer satisfaction and

switching intention are negatively correlated and the satisfaction results in a decline in the customer's switching intention whereas, Keaveney (1995) considered the customer satisfaction as the most important factor of switching the service providers. Ganesh et al. (2000) and Han et al. (2011) states that the satisfied customers constantly have less switching intentions which confirms the negative Relationship between the customer satisfaction and switching intention (Anderson and Sullivan, 1993). Steenkamp and Baumgartner (1992) have proposed a different lookout and argued that the customers do not switch the store due to their dissatisfaction, but they change their behaviors to try new things and this behavioral changing may occur even if the customers are satisfied. The customers' satisfaction does not always result in customers' retention and the satisfied customers are likely to change their brand too (Bitner, 1990). The customer switching intention only decreases when customer satisfaction arrives at a defined level and before this level, the customer may tend to switch (Fullerton and Taylor, 2002). Yoon and Bae (2010) tested the non-linear correlation between the customer satisfaction and the intention to end the transactions with the firm and Durukan et al. (2011) concluded that the customer satisfaction and switching intention have a positive and significant correlation with each other. Even the satisfied customers may switch the service provider or goods supplier. Thus, regarding the fact that the Relationship between the satisfaction and

switching intention has inconsistent results in different researches, without suggesting the negativity or positivity of the Relationship between the satisfaction and switching intention, the second hypothesis of the research will be as follows:

Hypothesis 2: customer satisfaction has impact on switching intention.

2.3. Relationship between loyalty and switching intention

Loyalty is a deep commitment that leads to repurchasing the products or the services in the future (Oliver, 1999). The customer loyalty has two definitions: long-term and short-term loyalty (Jones and Sasser, 1995). Customers with long-term loyalty do not switch the service provider or goods supplier easily while the customers who are loyal in short-terms would switch the supplier/service provider more easily when more benefits are provided for them. This article focuses mainly on the long-term loyalty. Mittal and Lassar (1998) suggested that the customers' loyalty and switching intention are mutual concepts, i.e. as the switching intention is lower, the loyalty will be higher and vice versa. Lattin and McAlister (1985) considered the customer loyalty and switching intention as the complementary. The customers who have lower satisfaction with a firm and low level of loyalty, are most likely intended to switch. Kotler and Gertner (2002) also suggested that the loyal customers are not intended to switch, Lee and Murphy (2006) claims that the customer's loyalty roots in their satisfaction and the customers with high loyalty level rarely tend to switch. In

conclusion, when the customers are loyal toward affirm they will pay more money in that firm compared with those who have less loyalty toward that firm and thus their switching intention diminishes. According to the results of the previous studies, it can be assumed that customers' loyalty has a negative impact on the switching intention, therefore:

Hypothesis 3: customer loyalty has a negative effect on switching intention.

2.4. Customer trust and switching intention

Trust can be defined as the customer's peace of mind which makes him/her able to rely on the salesman until the delivery time of the promised services (Agustin and Singh, 2005). Hence, creating a reliable brand leads to maintain the relationship between the purchaser and the seller (Agustin and Singh, 2005; Amine, 1998) and eventually to prevent the customer switching intention. The brand trust improves and develops based on the positive beliefs and expectations about the organization's behavior and its products performances (Ashley and Leonard, 2009). Trust has an accumulative effect over the time on decreasing the customer switching and the customers who trust a brand will tend less to switch, over the time (Chiou and Shen, 2006). Therefore, it can be said that:

Hypothesis 4: customer trust has a negative effect on switching intention.

2.5. Relationship between switching barriers and switching intention

Switching barriers are the factors which make switching from a supplier/service provider difficult for the customers (Jones et al., 2000). Even when the customers are not satisfied with their own existing suppliers/service providers, they may still remain with them due to the potential financial or social costs or psychological pressures (Fornell, 1992). If we consider the quality of the relationships as the pull-in forces, then the switching barriers will be the push-back forces and can result in a decline in the switching intention. The switching barriers are defined as the lack of another psychological choice for the existing goods/service and presence the financial costs that the customers will have to bear when switching to a new supplier/service provider (Kim, Park and Jeong, 2004). Switching costs and inaccessibility of the alternatives can be considered as the most crucial factors of the switching barriers (Han et al., 2011; Shin and Kim, 2008; Maicas et al., 2009; Liu et al., 2011). In a case, the customers have to bear financial or non-financial costs or if there is no appropriate replacement for switching a brand, they will be less likely to switch. In this research, these two items are considered as the switching barriers as well. The positive impact of switching barriers on the intention to repurchase is frequently emphasized in the previous studies (Aron, 2006; Colgate and Lang, 2001; Hellier, Geursen, Carr and Richard, 2003; Jones et al. 2000; Rosenbaum, Massiah and Jackson, 2006;

Tsai, Huang, Jaw and Chen, 2006). Therefore, the following hypothesis is generalized as:

Hypothesis 5: Switching barriers have negative effect on switching intention.

2.6. Relationship between switching barriers and loyalty

Kim (2005) found out that the switching barriers have positive effects on the customers' retention. Likewise, Patterson and Smith (2003) argued that the switching barriers are crucial factors of "intention to stay with the existing supplier or service provider". It can be concluded that switching barriers make switching the suppliers/service providers difficult for the customers. The previous studies showed that the switching costs reduce the sensitivity of the price and satisfaction level and the customers in practice will perceive the homogeneous brands as heterogeneous ones (Fornell, 1992; Ayndin and Ozer, 2005). In addition, when the customers are sensitive to the product features such as quality, the misgiving raised out of the switching barriers reduces the sensitivity of the price and the customers will behave just like when they are loyal toward the brand. That is why the switching cost is a factor that directly influences customers' sensitivity to the price level and customers' loyalty as well (Ayndin and Ozer, 2005).

Hypothesis 6: switching cost has a positive effect on customer loyalty.

2.7. The intervening (modifying) effect of the switching barriers on the Relationship between satisfaction and switching intention

Many scholars have studied the role of switching barriers in determining behavioral intentions (intention to switch the existing supplier or service provider or intention to repurchase) as an intervening variable (Han et al., 2009; Jones et al., 2000; Lee et al., 2001; Ranaweera and Prabhu, 2003; Urbany, 1986). It was revealed that the number of the switching barriers has significant effect on the relation between customer satisfaction and customer retention in the mobile industry. Andreasen (1985) showed the intervening effect of switching costs on the relation between customer satisfaction and loyalty in the medical services industry. The findings of Ranaweera and Prabhu (2003) indicate that at a particular level of customer satisfaction, as the level of perceived switching barriers is higher, the customer retention will increase. Han et al. (2009) confirmed that in the restaurant industry, the plentitude of switching barriers helps the retention of the customer's and even if the customers are dissatisfied or have unfavorable experience in taking the meal they will give the service provider the chance of providing them perfect services again. Even though, the customers are not quite satisfied they will tend to maintain the relationships with the service provider due to the existence of switching barriers (Anderson and Narus, 1990). Thus, it is acceptable to assume that the switching barriers have an intervening effect on the

relation between customer satisfaction and switching intention.

Hypothesis 7: switching barriers have intervening effect on the relation between satisfaction and customer switching intention.

2.8. Intervening (modifying) effect of switching barriers on the Relationship between loyalty and switching intention

As mentioned before, loyal customers rarely tend to switch. In other words, loyalty prevents the customers switching intention. But, this principle is not always true; it is possible that those customers feeling less emotionally loyal toward a specific brand still stay practically loyal toward that brand and enjoy advantage of the products and services of that brand. The reason behind this fact can be found in the available switching barriers. When the switching costs are too high or when there is no replacement for switching, these barriers can change the intensity of the impact of customer loyalty on not to switch. If the switching barriers are plenty, the customers would probably stay with the supplier/service provider in order to avoid these barriers and costs even if their satisfaction and loyalty is too low (Jones et al., 2000; Ping, 1993).

Hypothesis 8: switching barriers have an intervening effect on the Relationship between loyalty and switching intention.

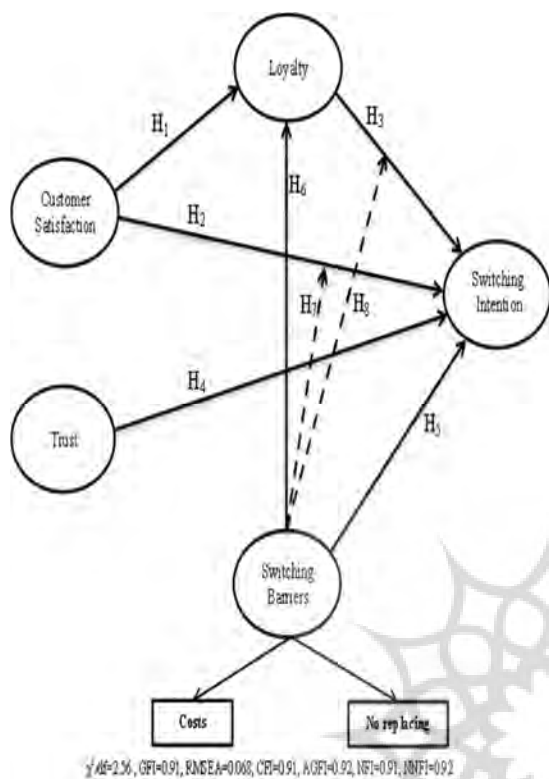


Figure1. Conceptual Model

3. Research Methodology

3.1. Research Method

In this research, we have attempted to analyze and identify the influential factors on the customers switching intention in Iran banking industry and for these purposes we have used a combining qualitative and quantitative research approach with a descriptive methodology and the data collecting method has been survey. In order to collect the research data, a questionnaire has been used with the questions which were arranged based on the 5-point Likert scale (strongly disagree, disagree, partly agree, agree, strongly agree) and were distributed between the respondents.

3.2. Questionnaire

This research includes 5 variables of “customer trust”, “customer loyalty”, “customer satisfaction”, “and switching intention” and “switching barriers” and all of which are evaluated with a set of measurements. In order to study the variable of “trust” 3 developed items by Zahir et al. (2011), and for the “loyalty” 3 developed items by Tung and Howley (2009) and Jue and Donoso (2001), for the “customer satisfaction” 3 developed items by Nam et al. (2011), for the “switching intention” 3 developed items by Jung and Yoon (2012), and for the “switching barriers” 5 developed items by Han et al. (2011) have been used. Thereupon, the research questionnaire consists of 17 questions in total which have been shown in table 1.

3.3. Data analyzing method

In this research, in order to analyze the data and examine the research hypotheses, Structural Equation Modeling method (SEM) has been used. This method is a powerful multi-variable analysis from multi-variable regression group that helps the researcher examine a set of regression equations simultaneously. In order to evaluate the reliability of the model, Cronbach's alpha coefficient, to assess the fitness of the proposed model and to examine the validity of the questionnaire, Confirmatory Factor Analysis (CFA) has been used. Likewise, in order to evaluate the differences in the switching intentions of the customers of different banks, one-way analysis of variance (ANOVA) has been used.

3.4. Research statistical population and sample

This research is conducted with the aim of evaluating the influential factors on the customers' switching intention in Iran banking industry. For this purpose, 5 banks were chosen in this study which are Melli, Mellat, keshavarzi , Tejarat and Saderat Bank of Iran. Therefore, the statistical population of the research consists of all of the customers who have chosen one of these five banks as their major and reference bank for managing their banking affairs. Regarding the fact that statistical population of the research is indefinite, 386 people were accounted as the sample of the research by means of Cochran Relationship. Many banks were randomly visited many times, in order to get access to the respondents and in order to make the sampling method more randomly and the respondents were chosen randomly. 415 questionnaires were distributed totally, of which 397 questionnaires were acceptable.

3.5. Reliability and validity of the questionnaire

In order to analyze the internal structure of the questionnaire and to determine its homogenous validity, the results obtained from “Confirmatory Factor Analysis” (CFA) and “Average Variance Extracted” (AVE) has been used and for this purpose “Standardized Factor Loading” and AVE

index of all of the items and the variables are computed and presented in table 1. The validity will be confirmed when the standardized factor loadings of the each main variable is greater than 0.5 (Fornell and Larcker, 1981). Regarding the fact that the amount of factor loadings and AVE indexes are greater than 0.5, it can be concluded that this research questionnaire enjoys plausible validity. Also in order to evaluate the reliability, Cronbach's alpha coefficient has been used. Cronbach's alpha coefficient for all of the structures have been presented in table 1 all of which are greater than 0.7.

4. Research Findings

4.1. Descriptive findings of the research

In order to have a better understanding of the nature of the studied population of this research and having better knowledge of the research variables, these data should be described before analyzing the statistical data. The results of demographical data are shown in table 2.

Table1. Standardized factor loadings values, Cronbach's alpha and AVE

| Items | CFA | Cronbach's alpha | AVE |
|---|------|------------------|------|
| 1. Customer trust | | 0.76 | 0.66 |
| ▪ I trust this bank in general. | 0.58 | | |
| ▪ This bank has a good credit and popularity from the customers view. | 0.89 | | |
| ▪ The services provided by this bank are trustworthy. | 0.74 | | |
| 2. Customer loyalty | | 0.71 | 0.63 |
| ▪ I usually manage my banking affairs through this bank. | 0.61 | | |
| ▪ I will introduce this bank to my friends, if I am asked to. | 0.79 | | |
| ▪ If I have access to this bank, I would never switch to the other accessible banks. | 0.79 | | |
| 3. Customer satisfaction | | 0.73 | 0.58 |
| ▪ I am satisfied with the services provided by this bank. | 0.63 | | |
| ▪ I do not regret the managing my banking affairs through this bank. | 0.84 | | |
| ▪ This bank has been able to fulfill my banking needs and requests. | 0.89 | | |
| 4. Customer switching intention | | 0.84 | 0.67 |
| ▪ I am intended to use another bank that provides better services, as soon as possible. | 0.66 | | |
| ▪ I am intended to use another bank that provides more varied services, soon. | 0.66 | | |
| ▪ I am intended to change my existing bank and switch to another bank, if possible. | 0.66 | | |
| 5. Switching barriers | 6.60 | | |
| 5.1. Cost | | 0.76 | 0.65 |
| ▪ I would miss some services and promotions, if I change my existing bank. | 0.55 | | |
| ▪ It will require more time, energy and effort on my side, if I want to change my existing bank with another one. | 0.51 | | |
| ▪ Shifting my existing bank to another bank is generally troublesome and problematic for me. | 0.54 | | |
| 5.2. Replacement | | 0.83 | |
| ▪ In comparison with this bank, other banks provide me lesser peace of mind. | 0.69 | | |
| ▪ There is no suitable alternative for changing this bank for me. | 0.58 | | |
| | | Total:0.79 | |

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Table2. Research demographical variables

| Variable | Age range | number | Percentage |
|-----------------------|-------------------------------|--------|------------|
| Gender | male | 248 | 62.46 |
| | Female | 149 | 37.54 |
| Age | less than 30 years | 114 | 28.71 |
| | 30-45 years | 187 | 47.10 |
| | More than 45 years | 96 | 24.18 |
| Education | High school diploma and lower | 78 | 19.64 |
| | Associates degree | 29 | 7.30 |
| | Bachelor's degree | 213 | 53.65 |
| | Master's degree and higher | 77 | 19.39 |
| Reference Bank | Melli Bank of Iran | 107 | 26.95 |
| | Mellat Bank | 76 | 19.14 |
| | keshavarzi Bank of Iran | 74 | 18.63 |
| | Tejarat Bank | 69 | 17.38 |
| | Saderat Bank of Iran | 71 | 17.88 |

4.2. Model fitting test

In order to determine the fitness of the proposed model in this research by confirmatory factor analysis, different indexes of “goodness of fit” has been calculated which are shown in figure 1 (the conceptual model). In general, each of the obtained indexes for a model are not considered solely as the sign of its goodness of fit but these indexes should be described along with each other. If both χ^2 test and secondary fitness tests show that the model is appropriate enough, we head for determining fitted model factors and

focusing on these factors. The most important ones of these indexes are expressed by sub-model indexes and show that the sample has an acceptable goodness of fit. All of these indexes confirm the fitness of the model with the data.

4.3. Research hypothesis test

The correlation coefficients between research variables are shown in table 3. As it can be seen in the table, the relationship between all of the research variables is significant. Research hypotheses were tested based on the significance of the relationship between the research hypotheses variables.

Table3. Covariance matrix

| | 1 | 2 | 3 | 4 | 5 |
|-------------------------------|--------|--------|--------|--------|--------|
| 1) Satisfaction | 1.00** | | | | |
| 2) Trust | 0.45** | 1.00** | | | |
| 3) Loyalty | 0.34** | 0.13** | 1.00** | | |
| 4) Switching Barriers | 0.37** | 0.49** | 0.49** | 1.00** | |
| 5) Switching intention | 0.24** | 0.69** | 0.69** | 0.41** | 1.00** |

** indicates 99 percent level of significance and * indicates 95 percent level of significance.

The results of the research hypothesis test are presented in table 4 based on the structural equation modeling. In this table, according to t statistics, the first, second, third and sixth hypotheses are confirmed at 99 percent level of significance and the fourth hypothesis is confirmed at 95 percent hypothesis. Therefore, it can be concluded that the customer satisfaction and switching barriers have significant effect on the brand loyalty. The satisfaction, loyalty and trust have also significant effects on the customers' switching intention. But the fifth, seventh and eight hypotheses were not confirmed. Thus, it cannot be concluded that, in Iran banking industry, the switching barriers have significant effect on the switching intention. Also, the switching barriers did not modify the effect of customer satisfaction on switching intention and also the effect of customer loyalty on switching intention.

Based on the path coefficients, it can also be concluded that the effect of satisfaction and switching barriers variables on the loyalty is linear, positive and direct and the effect of satisfaction, loyalty and trust variables on the switching intention is linear, negative and direct.

The determining coefficient of the effect of satisfaction and switching barriers on the loyalty is 0.26. This value indicates that satisfaction and switching barriers variables together are able to predict 26 percent of the changes in the dependent variable of loyalty. The values of determining coefficients of the effect of satisfaction, loyalty, trust and switching barriers on the switching intention is 0.34 which indicates that the satisfaction, loyalty, trust and switching barriers variables together are able to predict 34 percent of the switching intention changes.

Table4. Research hypotheses test

| Hypotheses | t | β | r ² | result |
|--|----------|---------|----------------|-----------|
| H ₁ :Satisfaction → loyalty | **5.96 | 0.464 | 0.26 | confirmed |
| H ₆ :Switching Barriers → loyalty | **2.95 | 0.235 | | confirmed |
| H ₂ :Satisfaction → Switching Intention | ** -3.73 | -0.493 | 0.34 | confirmed |
| H ₃ :loyalty → Switching Intention | ** -2.72 | 0.274 | | confirmed |
| H ₄ :trust → Switching Intention | * -1.99 | -0.205 | | confirmed |
| H ₅ :Switching Barriers → Switching Intention | 0.04 | 0.004 | | rejected |
| H ₇ :Switching Barriers moderating effect on H ₂ | 0.593 | 0.041 | 0.28 | rejected |
| H ₈ :Switching Barriers moderating effect on H ₃ | 0.104 | 0.007 | 0.32 | rejected |

** indicates 99 percent level of significance and * indicates 95 percent level of significance.

4.4. The differences in the customers switching intention

In order to test the mean differences in the customers switching intentions, one-way Analysis of Variance (ANOVA) test has been used and the results are presented in both tables 5 and 6. According to table 5, regarding the fact that the significance level is lower than the ratio of the error, it can be concluded that at the 99 percent confidence level, the average of customers switching

intentions for the analyzed banks are different and these differences are significant. The variance order of customers switching intentions for the analyzed banks is shown in table 6. The results of this table indicate that the switching intention and its tendency for Keshavarzi Bank of Iran are higher than all other banks.

Table 5. ANOVA results for mean difference test of the customer switching intention

| variable | F | Error | Sig | conclusion |
|--------------------------------|------|-------|-------|-----------------|
| Customers' switching intention | 8.42 | 0.05 | 0.000 | Mean difference |

Table 6. The order of customers' switching intentions

| bank | Number of respondents | Average of switching intention |
|----------------------------|-----------------------|--------------------------------|
| 1. Keshavarzi Bank of Iran | 74 | 3.67 |
| 2. Tejarat Bank | 69 | 3.52 |
| 3. Saderat Bank of Iran | 71 | 3.35 |
| 4. Mellat Bank | 76 | 3.07 |
| 5. Melli Bank of Iran | 107 | 2.89 |

5. Discussion and Conclusion

Banking industry in Iran is categorized under industries which have increasing growth especially in recent years. Its rising profitability has attracted lots of investors from public and private sections of Iran to itself and its attraction is to the extent that a relatively perfect competitive market has control over this industry. With regard to the severe competition and the need for great financial support in this industry, acquiring new investors and starting the newcomers

activities in this industry have faced several difficulties. In such a competitive condition, the banks and the financial institutions currently active in Iran should think about retaining their existing customers before attempting to acquire new customers. The costs of acquiring one new customer are equal to retaining five existing customers of the banks. Thus, banks and financial institutions should consider retaining their loyal customers as one of their most vital belongings, above everything else and

should attempt to prevent their switching to the other banks.

Nowadays, customers need for banking services is inevitable and the customers cannot continue their daily life without enjoying the advantage of banking services. Therefore, if they are dissatisfied with banking services, they would switch to another bank. So, retaining the existing customers and preventing their switch is a very crucial issue particularly in industries such as banking which are saturated and there is little difference in the banks' services and products and the competition is tight.

Therefore, the present research is focused on analyzing the causes of customer switching behavior in the banking industry and the on studying the effective factors on the switching intention of these customers. "Satisfaction", "brand loyalty", "brand trust" and "switching barriers" (barriers include "switching costs" and "lack of suitable replacement") were considered as the main factors of preventing the switching intentions of the banks' customers. The results of analyzing research data indicate that the customer satisfaction has a significant effect on the loyalty toward the bank's brand. As the customers are more satisfied with the provided services by a bank, they will be more loyal toward that bank and they will choose the bank as their first choice. The negative effect of brand loyalty on customers switching intention was also significant and it means that as the customers are more loyal toward a bank, they will be less likely to switch from that bank to another bank. Thus, the customer's

satisfaction forms their loyalty and the formed loyalty prevents the customer switching. The direct effect of customer satisfaction on switching intention was also significant. So, we can conclude that the satisfied customers will have less switching behavior. The switching barriers which include switching costs and lack of suitable replacement in this research had significant effect on the customers' loyalty. As the switching barriers increases, the customer will remain more loyal toward the existing bank and the loyal customers are less likely to switch. However, the direct effect of switching barriers on switching intention was insignificant. The reason can be found in the lack or the lowness of the level of switching barriers for Iranian banks or banks in general. Since switching from one bank to another has no cost for the customer and the customer has lots of replacing choices for switching from the current bank. Therefore, the switching barriers negatively affect the customers switching intentions through engendering behavioral loyalty in them, but it had no significant effect on their switching intention directly. Also, customers trust to the banks had a negative significant effect on their switching intention. Those customers with higher trust to a particular bank revealed fewer tendencies to switch. Eventually, the switching barriers that had no significant effect on the customers switching intention were not even able to modify the effect of satisfaction and loyalty on switching intention. The reason behind its miss modification of the switching barriers can be also attributed to the lowness of

switching barriers level in Iranian banks.

Finally, the results of ANOVA test indicate that among the analyzed banks, the customers of Keshavarzi Bank of Iran have the highest tendency to switch and the customers of Melli Bank of Iran have the fewest tendency to switch. Other banks rates are demonstrated in table 6.

6. Suggestions

The following suggestions are presented for the owners of banking services in Iran

1. Banks and financial institutions should pay special attention to gain their existing customers satisfaction and to prefer their existing customer satisfaction over acquiring new customers. In Iran banks, regarding the fact that most of the banks are not bound to the professional principles of customer orientation, gaining customers' satisfaction is not that difficult for them, and by providing appropriate services in time, saving customer time, and respecting customers, customers can be retained. Customers who are more satisfied will be more loyal toward the bank and rarely reveal tendency to switch to the other banks. In fact, loyal customers of the banks are considered as the most precious belongings of the banks.
2. Gaining customers trust to banking services particularly to the electronic and internet banking services is an important factor of preventing the customers switching intention. Banks should provide the customers a safe environment for their financial transactions. Traditional banking services are well

trusted in Iran, and Iranian banks have managed to gain customers trust in traditional banking services to some extent. However, customers trust to the internet banking services which can reduce the expenses of the bank branches and can be considered as an important competitive advantage for the banks are very low. So, the banks should attempt to inspire customers trust in internet services through maintaining structural security, keeping respecting customers' privacy, enacting appropriate laws and regulations, offering assurance, designing high quality and safe websites, informative advertising and in general creating peace of mind for the customers.

3. Switching barriers such as the costs that the customers will have to bear in the case of switching from one bank to another and also lack of appropriate replacement for switching the bank can result in behavioral loyalty of the customers. These barriers cause the customers to behave loyal toward a bank, without being mentally loyal to the bank, because there is no better choice for them. This formed behavioral loyalty also can prevent the customers from switching. In fact this behavioral loyalty created by the barriers results in the customers not to switch and the switching barriers are not the causes of not to switch directly by themselves. In Iranian banks, presently there is no rigid barrier for customers switching because neither the customers pay lots of costs for switching nor they face the problem of lack of replacement.

But if a bank distinguishes itself from other banks through providing appropriate services and attempting to make its customers loyal, will be able to create some barriers for the customers switching.

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رفتار سوئیچ مشتری در صنعت خدمات بانکداری ایران

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هزینه نگهداری مشتری فعلی یک شرکت یک پنجم هزینه جذب مشتری جدید است. این عبارت به عنوان یک تفکر غالب در بازاریابی مطرح است. بر مبنای این تفکر سوئیچ مشتریان فعلی یک شرکت هزینه زیادی برایش به همراه دارد. بر این اساس، تحقیق حاضر با هدف بررسی دلایل بروز و عوامل موثر بر قصد سوئیچ مشتریان در صنعت بانکداری ایران صورت گرفت. تحقیق حاضر از نوع توصیفی-پیمایشی است که در صنعت بانکداری ایران صورت گرفته و ۳۹۷ نفر از مشتریان پنج بانک منتخب تهران برای این مطالعه در نظر گرفته شد. جهت تجزیه و تحلیل داده‌ها نیز از مدل‌سازی معادلات ساختاری (SEM)، تحلیل عاملی تأییدی (CFA) و تحلیل واریانس یک طرفه (ANOVA) استفاده شد. «رضایت»، «اعتماد»، «وفاداری» و «موانع سوئیچ» تضعیف‌کننده‌های اصلی «قصد سوئیچ» در نظر گرفته شدند. یافته‌ها نشان داد که متغیرهای رضایت، اعتماد و وفاداری تأثیر منفی معنی‌داری بر قصد سوئیچ دارند، اما تأثیر موانع سوئیچ بر قصد سوئیچ در بانکداری ایران معنی‌دار نبود. تحقیق حاضر تنها در صنعت خدمات بانکداری و در تهران صورت گرفته که از خاصیت تعمیم‌پذیری تحقیق حاضر می‌کاهد. علاوه بر این، جهت سنجش سازه‌های ذهنی نظیر رفتار سوئیچ مشتری، از روش‌های تحلیل کمی استفاده شده است.

واژگان کلیدی: قصد سوئیچ، موانع سوئیچ، وفاداری، اعتماد، رضایت، صنعت بانکداری.

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