ANNALS OF THE “CONSTANTIN BRÂNCUȘI” UNIVERSITY OF TÂRGU JIU
LETTER AND SOCIAL SCIENCE SERIES

ISSN-P: 1844-6051 ~ ISSN-E: 2344-3677

1/2021 *https://alss.utgjiu.ro*

CUSTOMER SATISFACTION AND SERVICE QUALITY INFLUENCE ON BANK SWITCHING BEHAVIOUR IN A SOUTH AFRICAN CONTEXT

Leroy MUNYAI

MCom, North-West University, South Africa
ORCID: 0000-0003-0128-3017

Suné FERREIRA

PhD., North-West University, South Africa
ORCID: 0000-0002-3112-4132

Zandri DICKASON-KOEKEMOER

***corresponding author**
PhD, North-West University, South Africa
Telephone number: 016 910 3377
Email address: 20800274@nwu.ac.za
ORCID: 0000-0002-3157-7772

Ephrem HABTEMICHAEL REDDA

PhD, North-West University, South Africa
ORCID: 0000-0002-0233-1968

Abstract: *BANKING CLIENTS AND DEPOSITORS BECAME MORE SERVICE- AND PRICE-CONSCIOUS IN THEIR PURCHASING BEHAVIOUR OF FINANCIAL SERVICES, THUS THEIR BANKING BEHAVIOUR BECAME INCREASINGLY PRONE TO CHANGE. CONSEQUENTLY, BANK CUSTOMERS TEND TO SWITCH BANKS DUE TO UNDERLYING FACTORS INFLUENCING THEIR DECISION-MAKING BEHAVIOUR. CONVERSELY, BANKS STRIVE TO RETAIN AND ATTRACT MORE CLIENTS AS THIS MAY INCREASE FUTURE INCOME AND REDUCE THE RISK OF LIQUIDATION. THE BANKING INDUSTRY OF SOUTH AFRICA IS CHARACTERISED BY CONCENTRATION THROUGH THE DOMINANCE OF A FEW LARGE BANKS. COMPETITIVE BANKS SUCH AS THOSE IN SOUTH AFRICA HAVE INCORPORATED SERVICE QUALITY IN THEIR STRATEGIES TO GAIN A COMPETITIVE ADVANTAGE OVER THEIR COMPETITORS. HOWEVER, IN THE EVENT OF LOW SERVICE QUALITY, BANKS MAY FALL SHORT OF CUSTOMER*

EXPECTATIONS WHICH HAVE AN IMPACT ON THE OVERALL SATISFACTION OF CUSTOMERS. CUSTOMER SATISFACTION HAS BEEN RECOGNISED TO HAVE A CRUCIAL ROLE IN A SUCCESSFUL COMPETITIVE BANKING ENVIRONMENT. THUS, THIS STUDY AIMED TO INVESTIGATE THE INFLUENCE OF CUSTOMER SATISFACTION, SERVICE QUALITY AND DEMOGRAPHICS ON BANK SWITCHING BEHAVIOUR IN SOUTH AFRICA. THE STUDY FOLLOWED A CROSS-SECTIONAL DESCRIPTIVE RESEARCH DESIGN. SELF-ADMINISTERED QUESTIONNAIRE FROM A SAMPLE OF 324 BANK DEPOSITORS WAS COLLECTED AND ANALYSED. THE ANALYSIS INCLUDED DESCRIPTIVE STATISTICS, CORRELATION ANALYSIS AND BINARY REGRESSION ANALYSIS. THE FINDINGS OF THIS STUDY SHOW THAT CUSTOMER SATISFACTION AND BANK RELIABILITY SIGNIFICANTLY INFLUENCES DEPOSITORS' BEHAVIOUR TO SWITCH BETWEEN BANKS. IT WAS ALSO FOUND THAT A RELATIONSHIP EXISTS BETWEEN EMPATHY AND AGE IN BANK SWITCHING BEHAVIOUR. THIS FINDING IMPLIES THAT BANKS SHOULD WORK ON SERVICE QUALITY DIMENSIONS, ESPECIALLY THE RELIABILITY OF SERVICES TO ENSURE CUSTOMERS ARE SATISFIED AND RETAINED.

Keywords: *BANK SWITCHING, CUSTOMER SATISFACTION, SERVICE QUALITY, DEPOSITORS, SOUTH AFRICA*

Contact details of the author(s): Email: 20800274@nwu.ac.za

1. INTRODUCTION

Customer satisfaction is perceived to be the ultimate factor that influences customers' bank switching behaviour (Szymanski & Henard, 2001:18). The satisfaction of customers is seen as the fundamental cause of repeat purchase and positive word-of-mouth (Kotler, 2002). This is because satisfied customers tend to repeat a certain service (Clemes, Gan, & Zheng, 2007:53). Yang and Peterson (2004:803) identify cumulative satisfaction and transaction-specific as two widely used measures of customer satisfaction. The cumulative approach describes satisfaction as the overall satisfaction a customer receives in terms of the service quality and the satisfaction associated with the bank (Yang & Peterson, 2004:803). According to Oliver (1997), the transaction-specific perspective explains satisfaction as the customer's emotional reaction towards the transactional service recently experienced with the bank. Hence, unsatisfied customers are more inclined to switch banks and highly contribute to bank switching behaviour rate (Ahmad & Kamal, 2002).

The prominence of customer switching originated from the 1980s deregulation of the global banking industry (Clemes *et al.*, 2007:50). The financial sector was dominated by banks for many years due to the high entrance cost, distribution network facilities and strict government regulation (Reber, 1999:32). An immense pressure in the global landscape during the 1970s to deregulate the financial markets led to the liberalisation of international banking (Singleton & Verhoef, 2010:540). Hence, a rise in competition has since emerged in the banking industry as it became easier for new entrants, such as banks and non-banks institutions, to enter the market (Clemes *et al.*, 2007:50). Competition within the banking industry may force banks to improve competency (Singleton & Verhoef, 2010:540). Customer bank switching can reduce the income of one bank and increase the income of another bank, creating risk for banks as well as liquidation problems (Ghouri *et al.*, 2010).

ISSN-P: 1844-6051 ~ ISSN-E: 2344-3677
1/2021 https://alss.utgjiu.ro

In the early 1980s, the South African banking industry was strictly regulated, however, financial liberalisation programmes were implemented, which created opportunities for customers to access more diversified larger banks domestically (Singleton & Verhoef, 2010:537). The banking sector of South Africa is found to be concentrated (Okeahalam, 2007) by the top five larger banks in South Africa based on market share (Standard Bank, Absa, Investec, First National Bank (FNB)as well as Nedbank). South African Reserve Bank (2020:19) provides that 89.4 percent of private assets of banks in the country are held by these banks. New technological advances have increased competition within the banking sector. Over the past decade, South African banks have been shifting towards efficient products and services for better customer experience (Moyo, 2018:3). This provides customers with a choice of a wide range of efficient products and services from reputable banks.

Hence, banks seek alternative approaches relating to cost reduction, customer satisfaction, differentiation of products and services as well as improving efficiency (Maduku, 2013). This can be seen as a customer retention strategy to mitigate risks and maximise revenues. The bank switching behaviour of customers from one financial institution to another is not limited to market circumstances, as comprehensive models exist in some literature (Bansal, Taylor, & James, 2005:97). Although bank switching behaviour has been widely studied internationally, past research studies investigating bank switching behaviour are limited in South Africa. Ferreira (2018) maintains that past studies mainly focused on electronic banking and deposit insurance. Hence, this study aims to investigate the influence of customer satisfaction, service quality and demographics on bank switching behaviour to contribute more insight into limited studies of customer bank switching behaviour in South Africa. The influence of demographical factors on bank switching behaviour will form a significant part of the analysis.

2. LITERATURE REVIEW

Bank switching behaviour of customers has been explored in a large and growing body of literature. The term bank switching behaviour is coined as a customer’s exit from one bank to another (Stewart, 1994). According to Boote (1998), bank switching occurs when a customer stops purchasing certain services. However, Bansal and Taylor (1999) contend that customer switching behaviour involves replacing the services of the current bank with the services of another bank. According to Stewart (1998), the reasons that explain the decision of customers to switch banks are complex and numerous. Bank switching is common in the financial services sector as customers tend to be more inclined to switch to another bank due to dissatisfaction and poor service quality (Mohsan, Nawaz, Khan, Shaukat, & Aslam, 2011:264).

As highlighted by Oliver (1997:13), customer satisfaction can be defined as the fulfilment response of a customer and it is an evaluation of a service or product feature, whether it delivered a satisfying amount of consumption. Hoyer and MacInnis (2001) and Hansemark and Albinsson (2004) contends that satisfaction is generally the emotional response towards the distinction between what is received and what is expected in terms of fulfilling a goal or attitudes towards bank services. Kotler (2002:173) describes satisfaction as a post-evaluative judgement concerning a customer's purposeful decision and choice. Gronholdt, Martensen, and Kristensen (2000:509) explain satisfaction as customers’ overall attitudes towards a variety of product choices, the price of the products and the conveniences offered by these products.

The theory of customer satisfaction proposes that the quality of service can be distinguished as the variance between the actual service provided and the expected service by the customer (Oliver, 2009). This gap between expected service quality and actual service quality is called disconfirmation of expectancy and is perceived to be the greatest measure of customer satisfaction (Keiningham, Cooil, Aksoy, Andreassen, & Weiner, 2007). Furthermore, the quality of service and satisfaction are

ISSN-P: 1844-6051 ~ ISSN-E: 2344-3677

associated with bank switching behaviour of customers (Clemes *et al*., 2007:51). The satisfaction of customers is seen as the fundamental cause of repeat purchase and positive word-of-mouth (Kotler, 2002). This is because satisfied customers tend to repeat a certain service (Clemes *et al*., 2007:53). The satisfaction of customers provides the basis for an exit barrier to assist with retention of customers and to lower the degree of customer bank switching (Fornell, 1992:11).

Clemes *et al*. (2007) are of the view that service quality is fundamental for the survival and success within the banking sector. Also, banks have incorporated service quality in their strategies to gain a competitive advantage over their competitors since product offerings by banks are easy to duplicate and almost identical. Similar to customer satisfaction, service quality stems from the variance between expected service quality and the actual service quality performed by a bank (Kamilia & Jacques, 2000:18). A previous study by Parasuraman, Zeithaml, and Berry (1988) showed that five dimensions are the basis for excellent service quality provision, namely empathy, tangibles, reliability, assurance and responsiveness. These dimensions are still being used today to measure the service quality of various institutions across numerous sectors. Table 1 presents these dimensions of service quality in more detail.

Table 1: Dimension of service quality

Dimensions	Description
Empathy	Caring and one-on-one attention that the customers receive from their service provider.
Assurance	The employees' capacity to establish confidence and trust and their courtesy and knowledge.
Reliability	The consistency of delivering the service that has been promised.
Responsiveness	Showing a willingness to assist and offer prompt service to customers.
Tangibility	Staff appearance, equipment and physical facilities.

Source: Parasuraman *et al.* (1988)

Zhu, Wymer, and Chen (2002:79) maintain that these five dimensions of service quality identified by Parasuraman, Zeithaml, and Berry (1991) have been utilised within the banking sector as the measurement tool for service quality. However, it was later shown by other researchers that these dimensions can be extended or vary based on the context of the study. Bahia and Nantel (2000) discovered six dimensions of service quality as follows: price, access, reliability, effectiveness and assurance, service portfolio and tangibles. In the study by Ennew and Binks (1996), three dimensions of service quality in banking were identified as follows: product characteristics, personalised service delivery, advice, and knowledge offered by utilising factor analysis. Avkiran (1994) study discovered four dimensions of banking service quality, namely communication, credibility, teller service access and staff conduct. The research study by Philip and Bart (2001) indicated that there is a concern by bank customers of staff knowledge, efficiency, courtesy, appearance and customers had great expectations of the service provided to them. However, for this article four dimensions as stated in Table 1 had been utilised except assurance.

According to Zeithaml and Bitner (2003:89), service quality (SERVQUAL) success in understanding the satisfaction of customers and retention in a wide variety of businesses imply that service quality dimensions might illuminate the switching behaviour of bank customers. A study of Yavas, Benkenstein, and Stuhldreier (2004) investigated the relationship between customer satisfaction, background characteristics, service quality and behavioural outcomes. The findings indicated that the quality of service is fundamental for the satisfaction of customers since it can be associated with bank switching behaviour (Yavas *et al.*, 2004). According to Manrai and Manrai

ISSN-P: 1844-6051 ~ ISSN-E: 2344-3677

1/2021 https://alss.utgjiu.ro

(2007:210), this means that customer satisfaction with a bank service merely describes the bank switching behaviour to a certain degree. Therefore, a relationship between customer satisfaction of a service and bank switching likelihood associated with that service should be enhanced to consider the importance of that service (Sivadas & Baker-Prewitt, 2000:74). Van Deventer and Redda (2018) conducted a study on the mediating effect of switching cost on bank commitment and found that high switching costs directly influences customers' commitment to their bank, and partially mediate the impact of service quality and bank image on their commitment to their bank. Most behavioural research studies explain bank switching of customers by using demographics.

Previous research has shown that other demographic factors such as age, gender and education influence the switching behaviour of customers within the banking industry. In a study by Cohen, Gan, Yong, and Choong (2006), it was indicated that a customer's decision to switch or stay with service providers is related to age. Colgate and Lang (2001) found that customers who have considered switching banks are younger in comparison with those customers who had not considered switching banks. The research study by Clemes *et al.* (2007) also found bank switching is more frequent amongst younger customers since they have short-term relationships with their banks compared to older customers. The above findings contradict prior study by Stanley, Ford, and Richards (1985). Stanley *et al*. (1985) concluded that to maintain a strong customer base, a bank should recognise and provide solutions for ageing customers when there is a change in banking. However, interestingly, this is contrary to a study conducted by Kiser (2002), which revealed that middle-age customers are more likely to have switched banks than young and old age customers, which might suggest a cohort effect. Income has been found to influence bank switching behaviour in other studies.

The study by Kiser (2002:364) examined the switching costs and switching behaviour of bank customers and found that both lower-income and higher-income customers are less likely to switch banks than others, except when countering major quality and price changes. This might suggest that such markets characterised by these types of customers might pose higher entry costs compared to other banking markets (Kiser, 2002:365). These results were contradicted by the experiments of Clemes, Gan, and Zheng (2010:537) who considered customers earning higher income as more inclined to switch banks. This may be due to high bank service expectations held by these customers. Clemes *et al*. (2010:537) point out that in general, since high-income customers have superior purchasing power, these customers tend to expect quality bank services. Ndubisi and Yin Ling (2006:72) added that low-income customers are less likely to draw better service quality since they have low purchasing power and might switch banks without complaint. A previous study by Chakravarty, Feinberg and Rhee (2004) found education to be a significant factor for bank switching.

As highlighted by Mittal and Kamakura (2001:134), education plays a role in a range of customer decision-making and tolerance levels, which influence customer behaviour and repurchase intention. A study by Colgate and Hedge (2001) found that young, highly educated and high-income customers frequently switched their banks. This is consistent with recent studies by Brunetti, Ciciretti, and Djordjevic (2016), Van der Cruijsen and Diepstraten (2017), which showed that education, is positively related to customer bank switching. In contrast, prior evidence by Siles, Robinsin, and Hanson (1994) indicates that bank switching is common amongst all different levels of education. However, it was later shown by Colgate and Hedge (2001) and Duthie (2005) that a highly educated group of individuals are more inclined to switch banks due to earning a high income. A recent study by Clemes *et al.* (2010) shows similar results. In contrary, Mavri and Ioannou (2008) found differences suggesting that education had a weak impact on bank switching. According to Gerrard and Cunningham (2001) and Kaynak and Harcar (2005), the current highly educated generation is likely to patronise banks more as technology is taking over banking services.

Technological advancement within the banking sector has become pivotal for delivering financial services (Singleton & Verhoef, 2010). The use of digitisation in the highly concentrated South African banking sector has prompted competency amongst the major banks, leading to rapid product innovation (Masocha, Chiliya, & Zindiye, 2011:1857). The adoption of online banking has led customers to enjoy benefits such as service quality, time-saving and lower banking fees (Yu & Guo, 2008:9). Due to increasing digitalisation in banking, expectations of customers are likely to change. Therefore, this has presented a gap to investigate the influence of customer satisfaction on bank switching behaviour in the digitalised banking environment.

3. RESEARCH DESIGN AND METHODOLOGY

Research method: The research design and method chosen for a study relies on the intent of the inquiry along with a research paradigm. Hence, positivism was the chosen paradigm along with this study. Positivism seeks to predict and generalise, it often generates quantitative data (Scotland, 2012:10). Therefore, this study used the quantitative method and made use of the self-administered questionnaire that comprised of two sections. The first section included various demographic questions such as gender, age, ethnicity, the income of depositors, and level of education. The second section consisted of the service performance (SERVPERF), which is a recommended scale for evaluating service quality (Jain & Gupta, 2004:25). The scale consisted of 31 items on a six-point Likert scale to measure service quality provided by banks to a sample of customers. This study utilised a questionnaire design that allowed participants to be able to comprehend the purpose of the survey.

Sample selection: South African bank depositors in Gauteng were the main population target for this study since it was an imperative group for research. The sample frame included individuals banking with the top five larger banks in South Africa, namely FNB, Absa, Nedbank, Investec, and Standard Bank. The final sample included 324 South African depositors and the data was collected in 2019. The participants had a choice to voluntarily participate or freely decline to participate and could withdraw at any point of the study. The sample was selected using purposeful sampling. The sample size was sufficient for the analysis of the study. A similar study by Manrai and Manrai (2007) utilised 445 samples to investigate the switching behaviour of customers for bank services in the United States. Therefore, this study's sample size is comparable to previous studies and meet the statistical requirements for the required analysis.

4. EMPIRICAL RESULTS AND DISCUSSION

The sections below will provide a descriptive analysis and discussion of the results obtained to achieve the objective of this research article.

Descriptive statistics of demographics: The majority of participants were between the ages of 18-29 representing 48.1 percent, followed by the age group of 30-39 with 27.5 percent. The third age group (40-49) represented 17 percent while the age group of 50-59 represented a mere 5.9 percent. The lowest age group was that of 60 and above with only a 1.5 percent participation. In this study, more females (59.9%) participated in comparison to male (40.1%) counterparts. In terms of race, the majority of the bank depositors were African (80.6%), followed by White (15.7%) bank depositors. Coloured (3.1%) bank depositors accounted for a smaller portion than Asian/Indian (0.6%), bank depositors. The majority of the depositors held an undergraduate degree (29.9%), followed by depositors in possession of honours degrees (24.1%), which was followed by those depositors with high school education (14.2%). Bank depositors holding a diploma accounted for 13.9 percent, followed by depositors with further training (10.8%). Participants who held a Master's degree (6.8%) were amongst the lowest group as well as depositors in possession of other (0.3%) qualifications. The largest group (43.5%) of depositors earned below R100 000 ($100 000). This explains that the majority of participants earn a salary of between R1− R8 333 ($1- $8 333) per month. A second largest group (25.3%) earns an income of between R100 000 − R200 000 ($100 000 - $200 000) annually, followed by a third largest group (22.5%) of participants earning an annual income of between R200 001 − R400 000 ($200 001 - $400 000). A small group (5.9%) of depositors earned an income of between R400 001 − R550 000 ($400 001 - $550 000) per annum. The following group, which consisted of less than 2 percent of participants (1.5%) earned an annual income of between R550 001 – R700 000 ($550 001 - $700 000), then a group (0.6%) of depositors who earn between R700 001 − R1 500 000 ($700 001 - $1 500 000) annually. Less than 1 percent of participants (0.6%) earn the highest income of >R1 500 000 (>$1 500 000) per annum in the year 2019.

Demographics influence on the banking switching behaviour of depositors: Table 2, indicates the relationship of demographical factors on bank switching behaviour. Spearman’s correlation was utilised for demographic information of depositors and depositor behaviour to test their strength and association. As indicated in Table 2, the significance level was at 1 percent ($p > 0.01$), which assumes a two-tail level of significance.

Table 2: The relationship between demographics and bank switching factors

Determinant factor	Spearman correlation	Age	Education level	Income level
Satisfaction	Correlation coefficient	-0.087	-0.030	-0.074
	Sig. (2-tailed)	0.116	0.593	0.182
	N	324	323	324
Empathy	Correlation coefficient	-.163**	-0.014	-0.108
	Sig. (2-tailed)	0.003	0.795	0.052
	N	324	323	324
Bank switching	Correlation coefficient	0.049	0.017	-0.015
	Sig. (2-tailed)	0.375	0.765	0.783
	N	324	323	324
Reliability	Correlation coefficient	-0.056	0.033	0.030
	Sig. (2-tailed)	0.311	0.554	0.588
	N	324	323	324
Responsiveness	Correlation coefficient	-0.036	-0.001	0.037
	Sig. (2-tailed)	0.523	0.992	0.507
	N	324	323	324
Tangibility	Correlation coefficient	-0.088	0.023	0.032
	Sig. (2-tailed)	0.112	0.681	0.562
	N	324	323	324
**Correlation significant at the 0.01 level (2-tailed) * Correlation significant at the 0.05 level (2-tailed)				

As observed in Table 2, five out of six determinants had a negative association with age while only one determinant had a positive association. Only one determinant factor, empathy was statistically significant at 1 percent level ($p < 0.01$), indicating a negative correlation with the likelihood to switch banks. However, the effect size of all the determinant factors was small ($r = 0.10 – 0.29$). Therefore, age is found to be partly related to empathy. The results are similar to a study by Gerritsen and Bikker (2018), which found that age is related to opening a new bank account when interest rates are high. A study by Chakravarty *et al*. (2004) had similar findings, whereby empathy was found to be negatively correlated with age.

ISSN-P: 1844-6051 ~ ISSN-E: 2344-3677

1/2021 https://alss.utgjiu.ro

Three out of six determinant factors had a negative relationship, while the other three determinants had a positive relationship with the level of education. All the determinant factors had shown a small effect (r = 0.10 – 0.29) on bank switching of depositors, and they were not statistical significant at $p < 0.05$. The findings, therefore, suggest that education has no real impact on the determinants.

Three determinant factors (satisfaction, empathy, bank switching) recorded a negative relationship with income level. While the other three determinant factors (reliability, responsiveness, tangibilities) recorded a positive relationship with income level. Nonetheless, all the factors have shown a small effect size (r = 0.10 – 0.29) of association with bank switching. There was no significant correlation found in all of the determinant factors at 1 percent ($p < 0.01$) level of significance, thus, income level was found not to influence bank switching behaviour of depositors. The findings are in contrary with the literature as it suggests that the level of income influences bank switching behaviour of depositors (Colgate & Hedge, 2001; Lees *et al*., 2007; Clemes *et al*., 2010).

Bank switching non-parametric correlation: Table 3 represents the non-parametric correlation of bank switching behaviour of depositors. The non-parametric correlation assumes 1 percent level of significance for a two-tailed level of significance.

Table 3: The correlation between bank switching and independent factors

Determinant factor	**Spearman correlation**	**Bank switching**	**Mean**
Satisfaction	Correlation coefficient	0.544**	4.892
	Sig. (2-tailed)	0.000**	
	N	324	
Empathy	Correlation coefficient	0.401**	4.644
	Sig. (2-tailed)	0.000**	
	N	324	
Reliability	Correlation coefficient	0.411**	4.676
	Sig. (2-tailed)	0.000**	
	N	324	
Responsiveness	Correlation coefficient	0.340**	4.650
	Sig. (2-tailed)	0.000**	
	N	324	
Tangibility	Correlation coefficient	0.376**	4.879
	Sig. (2-tailed)	0.000**	
	N	324	

The Spearman correlation coefficient for empathy had a medium positive linear effect (r = 0.401) with bank switching, which was significant at 1 percent ($p < 0.01$) level. Similarly, reliability also had a medium positive linear effect (r = 0.411) with bank switching at 1 percent significance level ($p < 0.01$). The association between responsiveness and bank switching was (r = 0.340), indicating a positive medium linear effect at a significant level ($p < 0.01$). Tangibility and bank switching also had

ISSN-P: 1844-6051 ~ ISSN-E: 2344-3677

a positive medium linear effect ($r = 0.376$) at 1 percent ($p < 0.01$) level of significance. The highest positive linear association ($r = 0.544$) was obtained for the satisfaction of depositors and bank switching at 1 percent ($p < 0.01$) significance level. This finding is following Clemes *et al*. (2007) study, which found that customer satisfaction is amongst the most significant factors that contribute to depositors switching behaviour. A study by Brunetti *et al*. (2016) also found that bank service performance, which is the mediator for customer satisfaction is important as it can lead to a loss of customers instead of retaining new customers.

The results as observed in Table 3 indicate that all five of the determinants had a positive medium to a high linear relationship ($r = 0.30 – 1.00$) with bank switching behaviour. Customer satisfaction was the only determinant that had the highest positive linear association in causing bank switching. A multiple linear regression analysis was conducted to assess the influence of the determinant factors on bank switching behaviour.

Binary logistic regression: Table 4 indicates the linear regression that was conducted to determine the influence of the determinants on bank switching behaviour of depositors.

Table 4: Binary logistic regression

Variables	B	t	P-value
Empathy	-0.119	-1.662	0.098
Reliability	0.218	3.273	0.001***
Responsiveness	0.025	0.401	0.688
Tangibility	0.045	0.694	0.488
Satisfaction	0.370	5.647	0.000***

***Significant level (0.01)

Empathy measured the cognitive and emotional feelings exhibited by depositors regarding the service performance of banks. An insignificant p-value ($p > 0.01$) was obtained for empathy suggesting no influence on bank switching behaviour of depositors. Reliability measured the timeous and accurate service performance by the bank influences depositors' behaviour to switch to another bank. Reliability was found to be statistically significant at 1 percent ($p < 0.01$) level of significance. The finding implied that reliability significantly influences the behaviour of depositors' likelihood to switch banks. A unit change in the likelihood of depositors' behaviour will lead to a 0.218 beta coefficient change on bank switching variable scale. The finding is similar to Colgate and Hedge's (2001) study, which found reliability to be a contributing factor to the bank switching behaviour of customers. A study by Chakravarty *et al.* (2004) found reliability negatively influences bank switching behaviour of customers. Responsiveness measured the skills required to perform the services and willingness to understand and help depositors with their banking needs. The finding contradicts a study by Arasli *et al.* (2005), which found an influence of responsiveness on customers switching behaviour.

Tangibility measured how banks' physical facilities, technology and employee appearance influenced depositors' behaviour to switch banks. Tangibility obtained an insignificant p-value ($p > 0.01$) suggesting no influence on the behaviour of depositors' likelihood to switch banks. The finding is similar to a study by Zhou (2004), which found that tangibility to have no significant impact on satisfaction and, ultimately, bank switching behaviour. The satisfaction of depositors was statistically significant at 1 percent ($p < 0.01$) significance level. This result suggests that customer satisfaction significantly influences the behaviour of a depositor's likelihood to switch banks. A unit change in behaviour of a depositor's likelihood to switch will lead to a 0.370 beta coefficient change on bank switching variable scale. Therefore, satisfaction is the most contributing variable causing the lack of bank switching behaviour of depositors. The finding is in line with the literature; customer satisfaction

ISSN-P: 1844-6051 ~ ISSN-E: 2344-3677

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was found to be a significant factor in influencing bank switching behaviour of customers by previous researchers (Levesque & McDougall, 1996; Vyas & Raitani, 2014). The previous researcher also found bank customers to have unfavourable behavioural responses when they are not satisfied with services (Athanassopoulos *et al*., 2001:689).

5. CONCLUSION AND RECOMMENDATIONS

Expectations of customers play a vital role in their overall satisfaction. Hence, customer satisfaction may affect depositors' behaviour to switch from one bank to another. Previous research studies have shown that customer satisfaction is the ultimate factor that influences bank switching behaviour. However, studies that have investigated bank switching behaviour is limited in a South African context. Therefore, this study aimed to investigate the influence of customer satisfaction on bank switching behaviour. In terms of demographics, the findings suggested that education and income level do not have a significant relationship with the behaviour of depositors to switch banks. The finding is not consistent with the literature. Only age was found to have a negative relationship with empathy on depositors' behaviour towards bank switching. Reliability as a service performance dimension was found to influence bank switching behaviour. Furthermore, customer satisfaction prevailed as the most significant factor to influence the behaviour of depositors to switch banks. These findings are following the previous literature and empirical findings.

Given the empirical research findings of this study, recommendations and managerial implications can be provided. Bank managers can develop strategies to improve customer satisfaction for the new generation of customers that will focus on meeting customer expectations. Due to increasing digitalisation in banking, expectations of customers are likely to change. Promptly solve service problems, as this will help to build trust. Moreover, dependably perform the required service as promised to ensure reliability. It is recommended that future studies expand the sample size and consider the cultural and demographic implications of a particular region, as this study merely focused on Gauteng depositors. Future researchers can also investigate the changes in the significance of the factors for bank switching behaviour.

ISSN-P: 1844-6051 ~ ISSN-E: 2344-3677

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