Evaluation of Customer's Switching Behavior towards Banking Service Providers in Hanoi

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ABSTRACT: Service quality and customer switching behavior are among the most important factors that affect service firms' market share and profitability, yet they remain understudied in Vietnam's service sectors. This study surveys 343 customers who using service of bank in Hanoi to explore the perceived importance of customer switching behavior in banking service sector. By using seceral statistical analytical tools, i.e. descriptive statistics, Independent T-test and Anova; the study identifies the following: There is, statistically, significant difference in the level of customer's switching behavior towards banking service providers in Hanoi from these different gender, age, Academic standard and income. Based on the findings, some recommendations are given for banks in Hanoi to improve the quality service and loyalty of customers.

KEYWORDS: customer switching behavior, customer, banking service, marketing
JEL code: M31, M10, M20

1. INTRODUCTION
The demand for banking services of individual customers is very diverse, because they belong to many different classes, have different characteristics in terms of income, financial expenditure, age, education level, understanding of banking services, occupation, psychosocial characteristics, etc. Therefore, banks (banking service providers) have continuously developed and changed to offer many different products and services from traditional services to new and modern banking ones to satisfy the unique requirements of customers. With the development of information technology, customers can access banking services through many channels such as branches, transaction offices, ATMs, Internet, Phone, Kios, POS, etc. The diversity of retail activities increasingly brings convenience to customers, as well as saves costs for the bank and the whole society.

Retail banking services speed up the money circulation process, take advantage of the great potential of capital of all economic sectors to lend to improve people's living standards, limit cash payments, and contribute to cost and time savings for both the bank and the customer. For customers, retail banking services bring convenience, safety and savings in the process of payment and use of their income. Retail banking services bring stable, limited and risk-sharing income. In addition, retail banking services play an important role in expanding markets, improving competitiveness, creating a key medium and long-term capital source for banks, contributing to diversifying banking activities.

In the market economy, the demand for banking services is increasing, especially retail banking services. The target of retail banking services is individual customers, households, small and medium enterprises; therefore, services are often simple, easy to perform, and frequent. The main services include deposit and account services, loans to buy cars and houses; opening credit cards, etc. However, the application of new technologies has allowed banks to completely change the way they provide services from the traditional system to the digital environment. Banks choose a step-by-step digital transformation process, in which traditional banking services are gradually updated to the digital ones, while they are maintaining traditional banking services with an established branch network to fit the needs and enhance the customers' experience.

Customer's switching behavior towards banking service providers is the act of consumers remaining loyal to a service, but they stop buying that service from one to another.

Understanding customer switching behavior is important because a customer's switching behavior results in the loss of the future revenue stream from that customer. In particular, switching by a service customer is a loss for a firm's high-margin sector of its customer base. The costs associating with acquiring new customers, including account setup, credit checks, and promotional expenses, can be as much as five times the costs of customer retention efforts (Keaveney, 1995; Peters, 1988).

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This paper analyzes, evaluates and measures the Customer's switching behavior towards banking service providers in different groups including (i) gender; (ii) age, (iii) academic standard; and (iv) income.

2. LITERATURE REVIEW

There are typical studies related to the research topic as follows:

Keaveney's study (1995) is one of the first studies to fully explain the influencing factors and consequences of customers' switching behavior in the service industry. The author has developed a general model of customer service switching behavior; in which, service switching behavior includes (i) Word-of-Mouth about service switching; (ii) Personal stories; (iii) Complaints/Complaining; (iv) Search for new service; (v) Word-of-Mouth; (vi) Marketing communication.

Research on service and service marketing shows that customer retention, not merely customer acquisition, is crucial for service firms (Berry, 1980; Keaveney, 1995). While service quality, relationship quality, and overall service satisfaction are useful in improving customers' intentions to stay with a service firm, what causes customers to switch from one service provider to another remains relatively understudied (Keaveney, 1995; Bell et al., 2005).

Research on service quality and service marketing reveals a variety of reasons why customers choose to stay with their service providers, resulting in a broad array of literature on service quality, customer retention, and customer switching behavior (Keaveney, 1995; Bell et al., 2005).

Roos et al. (2004) define three kinds of triggers for switching behavior: situational triggers, influential triggers, and reactional triggers. Situational triggers include demographic changes or changes in the work situation; influential triggers are factors associating with the competitive situation such as competitors' efforts to increase their market share; and reactional triggers include critical incidents in interactions between customers and service providers. Based on this typology, they identify major switching determinants in various sectors, including banking, insurance, telecommunications, supermarket, and social insurance (Roos et al., 2004).

Switching behavior reflects the decision a customer makes to either completely stop purchasing a particular service or to not become a repeat customer of a service firm (Bolton & Bronkhurst, 1995).

Customers' switching behavior represents a dynamic process. That process develops over a period of time and leads to the end of the relationship (Bejou & Palmer, 1998).

Service providers' switching involves replacing an existing service provider with another (Bansal & Taylor, 1999).

Oyeniyi and Abiodun (2010) argue that customers' switch is caused by buyers to stop transactional relationships and start new relationships with other enterprises.

Customers' switching is defined as loyalty to one type of service, but switching from one service provider to another due to dissatisfaction or other related issues (Keaveny, 2001; Sathish et al., 2011).

Customers' behavioral responses demonstrate their affinity towards the firm. The higher the perceived service quality, higher is the customers' inclination to stick to the service provider, give less weightage to the price and share their positive experiences with others in their peer group (Johnson & Sirikit, 2002). Higher perceived service quality enhances the willingness of customers to pay more, initiatives such as giving recommendations and expanding business value (Zeithaml, 2000).

The customer-switching behaviour can manifest itself in two ways; these may be either a partial or a total switch-over from one firm to another (Nimako, 2012).

The competition and launch of different services by service providers benefit its consumers and further attract new customers to switch towards the new promising service provider not just by switching cost (Chuah et al., 2017).

3. DATA COLLECTION AND RESEARCH METHODOLOGY
3.1. Data Collection

The data collection tool in the study is a detailed questionnaire. The author conducted direct and indirect surveys of consumers who are using banking services in Hanoi with many forms such as sending questionnaires directly or emailing from July to September in 2020. The content of the detailed questionnaire includes information about people surveyed, and information on the scales related to the measurement of customer's switching behavior towards banking service providers in Hanoi (CSB). The observed variables (scales) are measured on a 5-point Likert scale from 1 "strongly disagree" to 5 "totally agree". The sample size in this study is 343. The size of this sample was consistent with study of Hair et al. (1998) that the research sample must be at least 5 times the total number of indicators in the scales.

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3.2. Data Processing

Then, data from these 343 questionnaires was cleaned and coded with the necessary information in the questionnaires, inputted the software.

Based on the theories and scales inherited from previous studies, the authors tested the reliability and value of the scale through descriptive statistics, Anova and T-Test. This study used SPSS22 software to process data.

4. RESULTS

4.1. Comparison of the results of the evaluation of customer's switching behavior towards banking service providers in Hanoi between participants have different genders (male and female) by Independent T – test

Table 1: Differences of customer's switching behavior towards banking service providers in Hanoi between Participants have Different Genders - Independent Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
CSB	Equal variances assumed	.307	.580	9.906	342	.000	.53635	.05414	.43001	.64270
	Equal variances not assumed			10.320	442.817	.000	.53635	.05197	.43421	.63849

According to the results shown in Table 1, Sig Levene's Test is 0.580, which is more than 0.05. The variance between male and female is not different. Moreover, Sig value T-Test = 0.000 < 0.05, which means that there is, statistically, significant difference in the level of customer's switching behavior towards banking service providers in Hanoi from these different genders (Hair et al, 2010; Trong & Ngoc, 2008).

4.2. Comparison of the results of the evaluation of customer's switching behavior towards banking service providers in Hanoi between participants have different ages by Anova test

Table 2: Descriptive Analysis of participants have different ages

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
18-25 years old	65	3.6471	.82557	.08955	3.4690	3.8251	2.00	5.00
26-35 years old	127	3.7610	.60910	.03627	3.6896	3.8324	1.00	5.00
36-54 years old	101	3.8380	.63166	.04721	3.7448	3.9312	2.00	5.00
55 years old or higher	50	3.0889	.49573	.11685	2.8424	3.3354	2.00	5.00
Total/average	**343**	**3.7468**	**.66221**	**.02788**	**3.6920**	**3.8016**	**1.00**	**5.00**

Table 2 indicates that the respondents evaluate customer's switching behavior towards banking service providers in Hanoi were quite high with an average of 3.7468 compared with the highest of the Likert 5-point scale. They were rated at an average of 3.0889 or higher.

Table 3: ANOVA

CSB

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	10.182	2	3.394	8.030	.000
Within Groups	236.702	339	.423		
Total	246.884	341			

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Table 3 shows that, sig. = 0.000 is less than 0.05, which indicates that there is, statistically, significant difference in the level of customer's switching behavior towards banking service providers in Hanoi between the mentioned four groups of ages (Hair et al, 2010; Trong & Ngoc, 2008).

4.3. Comparison of the results of the evaluation of customer's switching behavior towards banking service providers in Hanoi between participants have different academic standard by Anova test

Table 4: Descriptive Analysis of participants have different academic standard

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
High-school graduate	95	3.9987	.47161	.03752	3.9246	4.0728	2.00	5.00
Associate in Science	143	4.0644	.36705	.02389	4.0173	4.1115	2.00	5.00
University graduate, Master's degree	105	3.0718	.63899	.04901	2.9750	3.1685	1.00	5.00
Total/average	**343**	**3.7468**	**.66221**	**.02788**	**3.6920**	**3.8016**	**1.0**	**5.00**

Table 4 indicates that the respondents evaluate customer's switching behavior towards banking service providers in Hanoi were quite high with an average of 3.7468 compared with the highest of the Likert 5-point scale. They were rated at an average of 3.0718 or higher.

Table 5: ANOVA

CSB

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	111.299	2	55.650	230.256	.000
Within Groups	135.585	339	.242		
Total	246.884	341			

Table 5 shows that, sig. = 0.000 is less than 0.05, which indicates that there is, statistically, significant difference in the level of customer's switching behavior towards banking service providers in Hanoi between the mentioned three groups of academic standard (Hair et al, 2010; Trong & Ngoc, 2008).

4.4. Comparison of the results of the evaluation of customer's switching behavior towards banking service providers in Hanoi between participants have different income by Anova test

Table 6: Descriptive Analysis of participants have different income

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Less than 10 million VND / month	57	4.0182	.44179	.04440	3.9301	4.1063	2.00	5.00
From 10 to 20 million VND / month	119	4.0732	.39803	.02317	4.0276	4.1188	2.00	5.00
More than 20 million VND / month	107	3.0224	.56125	.04305	2.9374	3.1073	1.00	5.00
Total/average	**343**	**3.7468**	**.66221**	**.02788**	**3.6920**	**3.8016**	**1.00**	**5.00**

Table 6 indicates that the respondents evaluate customer's switching behavior towards banking service providers in Hanoi were quite high with an average of 3.7468 compared with the highest of the Likert 5-point scale. They were rated at an average of 3.0224 or higher.

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Table 7: ANOVA
CSB

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	127.943	2	63.972	301.731	.000
Within Groups	118.941	339	.212		
Total	246.884	341			

Table 7 shows that, sig. = 0.000 is less than 0.05, which indicates that there is, statistically, significant difference in the level of customer's switching behavior towards banking service providers in Hanoi between the mentioned three groups of income (Hair et al, 2010; Trong & Ngoc, 2008).

5. DISCUSSION AND IMPLICATIONS

Retail banking products and services are not abundant and can not meet the needs of customers. Modern banking services have been implemented slowly, card payment services are still limited in scope of use and have not been widely developed in the majority of the public, internet banking services have stopped mainly at the level of information query, payment has not been allowed, non-cash payment tools such as personal checks are almost unused, card payment facilities are limited. Banking services for high-income customers have not been widely deployed, such as asset preservation, financial advice, and investment advice.

Distribution channels are not diversified, efficiency is still limited, transaction methods are mainly at the counter, forms of remote transactions based on information technology are not popular. The number of ATMs located mainly in towns, urban areas and cities, the network of card-accepting units are still small, the connection to the ATM system is still in the testing phase, banks have not yet found a common language to connect and share technical infrastructure. Therefore, causing waste in the purchase of machinery and equipment has not made it convenient to use the card, thus, limiting access to banking services.

There is no clear marketing strategy in retail banking, and there is a lack of professional staff in marketing retail banking services, so the percentage of individual customers accessing and using banking services is still low. Customer policy is inefficient, service quality is not high, Vietnamese commercial banks have not met the basic needs of banking services of different target groups, transaction procedures are not convenient. Regulations and professional processes still focus on ensuring safety for the bank, there are few new products, information security has not met the requirements. Technological background and ability to apply new technologies are still limited.

Retail banking is the provision of banking products and services to individuals and small and medium enterprises through a network of branches. Customers can directly access products and services through electronic means of telecommunications and information technology.

The development of retail banking services is associated with strengthening the capacity of providing banking services on the basis of comprehensive and synchronous innovation of the banking system, as well as meeting the requirements of international integration and domestic financial market. Retail banking services must be developed in the direction of harmoniously combining the interests of customers with the interests of the bank and bringing benefits to the economy. Improving and developing retail banking services must be carried out in sync with other banking services, improving the quality of traditional banking services and actively expanding new types of banking services are based on modern technology platforms, which is suitable to market demand and capacity of the bank to create convenience for service users. It is necessary to coordinate with other functional departments such as the corporate service department to promote the efficiency of banking services, attract more customers, increase profits for the bank and create a close connection between customers and banks.

Developing a diverse banking service system is on the basis of continuing to improve the quality and efficiency of traditional banking services, improving transaction procedures, in which, it is necessary to have an eye to banking retail services and quick access to modern banking activities and financial - banking services that best meet the needs of the economy and maximize increased value for commercial banks, customers and society.

Building a retail banking service system with quality, safety and high economic efficiency on the basis of strengthening international economic integration, expanding the retail banking service market to provide a full range of services, update timely and convenient manner, retail banking products, services and utilities for all types of customers, focusing on providing retail banking services for the development of small and medium enterprises, individual customers.

The number of customers is very large, products and services are diverse, so although the value of each transaction is usually not large, the number of transactions generated is high. Therefore, the number of transaction channels must be large enough to meet the needs of the wide population in society.

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The bank must have an appropriate, timely and effective strategy and solution, and must train human resources who are knowledgeable about products, services and the interaction of them on the system to promptly solve problems.

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