

**THE IMPACT OF BANKING INNOVATION ON CUSTOMER RETENTION
MEDIATING ROLE OF CUSTOMER ATTRACTION AND CUSTOMER
SATISFACTION IN PRIVATE BANKS IN AMPARA**



BY

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ABSTRACT

The review of literature reveals that various scholars at the international level have initiated different studies about banking innovation. However, in Sri Lanka, there are only few studies have initiated about banking innovation, customer attraction, customer satisfaction and customer retention. Therefore, this study conducted to fulfil this empirical gap by showing the possible causes and importance of banking innovation and retention.

This study investigate the impact of banking innovations on customer retention by mediating role of customer attraction and customer satisfaction in selected eight private banks in Ampara. Using convenience sampling method, primary data were collected from 333 customers in the 400 of sample in selected banks in Ampara. The collected data has been analyzed by using descriptive statistics, correlation analysis and regression analysis.

The findings indicate that there is a high level of banking innovation, customer attraction, customer satisfaction and customer retention among selected private banks in Ampara. And also the results showed that there is a positive relationship among banking innovation, customer attraction, customer satisfaction and customer retention. The findings further suggest that customer attraction and satisfaction play a mediating role in the relationship between banking innovation and customer retention. The study offers evidence of banking innovations from a developing country.

Key Words: *Private Banks, Customer attraction, Customer satisfaction, Customer retention, Innovation.*

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