

**A STUDY ON IMPACT OF SWITCHING COST ON
CUSTOMER SATISFACTION FOR INTERNET
BANKING SERVICES AT COMMERCIAL BANKS IN
BATTICALOA**



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ABSTRACT

The emerging technology has made an exponential growth of the internet which has changed the pattern of organizations performing their business with customers. The banking industry is no exception. In order to gain competitiveness, banks have been introducing more internet banking services.

Managing effective customer satisfaction strategies are increasingly important in the banking industry. Since the length in years of customer relationships are one of the most important factors that contribute to the profitability. The presence of switching costs can mean that customers who are actually dissatisfied, but do not defect because of high switching costs. As a result, switching cost may be one important driver of customer satisfaction.

Therefore, the researcher has set up five objectives to achieve the key factors that affect the switching cost which has a reasonable effect on the customer satisfaction.

Based on the previous literature, a conceptual framework was developed to determine the impact of switching cost on customer satisfaction in internet banking services.

The conceptual framework has three main parts featuring the customer attributes, elements of switching cost and customer satisfaction. Part-A examines the demographic aspects of the customers while Part-B examines the specific elements of switching cost and Part-C examines the customer satisfaction.

The research was mainly based on data, collected from internet banking customers at commercial banks in Batticaloa.

The results of the statistical analysis showed that there were specific factors of the switching cost such as service, accessibility, technology, benefits and risky were in the higher level and level of customer satisfaction also in the higher for internet banking services. Further, there was moderate positive relationship between switching cost and customer satisfaction also identified. Finally, there was a significant impact of the switching cost on customer satisfaction identified.

Therefore, these findings will help the banks to establish a customer oriented strategy to satisfy and survive their customers with regard to internet banking services in future.

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