

**"A STUDY ON THE FACTORS THAT CONTRIBUTE ON  
CUSTOMER RETENTION IN THE BANK OF CEYLON"  
SPECIAL REFERENCE TO AKKARAIPATTU BRANCH**



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## Abstract

Customer retention is very important for every organization to sustain in the business for a long time. Especially in the banking sector, keeping the customer with the bank is very important to achieve their target goal. It is more difficult to keeping the customer with the bank in the competitive banking market. In the competitive market every bank tries to retain the customers with them for their future operations. Customers are a key factor for an organization to operate the business, as well as banks are unable to run the business without customers. Customer's satisfaction is lead to the retention of bank

For the purpose of finding out the factors that contributed on customer retention of Bank of Ceylon, the researcher considers three variables as conceptualization. Those are satisfaction, trust and switching barriers. The information for knowing contributed factors on customer retention has been collected through the structured questionnaire issued to customers of BOC in Akkaraipattu branch. 200 customers have been taken from out of the 9175 total customers and questionnaires were issued on the basis on sampling.

From the findings it shows that satisfaction, trust and switching barriers have the contribution on customer retention. Contrary to some assertions in the literature, however finds, that the contribution of satisfaction on retention is weaker than the trust and switching barriers. Qualitative evidence from the survey offers further support for this finding. Even a "satisfying" service recovery process might be inadequate to prevent loss of trust, with significant implications for future consumer behavior. Finally, the results show that switching barriers have both a significant positive effect on customer retention as well as a moderating effect on the relationship between satisfaction and retention.

While bank may be able to retain even dissatisfied customers who perceive high switching barriers, argues that ideally, firms should aim at a combined strategy that makes switching barriers act as a complement to satisfaction.

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