

**IMPACT OF SWITCHING COST ON CUSTOMER RETENTION FOR  
INTERNET BANKING SERVICES OF BOC IN MANMUNAI NORTH  
DIVISION**

**By**

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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 Retention 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 Switching Costs are also likely to influence Customer Retention independently. Therefore the researcher has set up four objectives to achieve the key factors that affect the Switching Cost which has a reasonable effect on the Customer Retention.

Based on the previous literature, a conceptual framework was developed to determine the impact of Switching Cost on Customer Retention for Internet Banking Services. The objective of this study is to identify the level, relationship and impact of switching cost and customer retention. The part I examines demographic aspects of Customer Retention while part II examines the specific elements of Switching Cost and Customer Retention.

This study was based on the customers' behavior with internet banking services in manmunai north DS division. Data were obtained from the sample 186 customers, and convenience sampling was used. The descriptive statistics, correlation and regression analysis were used to analyze the data.

The results were as follows; First, five out of seven indicators highly relating to the switching cost and finally the result of all the statistical analysis shows the impact of switching cost have a strong positive effect on customer retention. Therefore these findings will help the banks to establish a customer oriented strategy to retain their customers in future.

**Key words:** Customer Retention, Switching cost, Internet banking

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