Customer Exodus in the Banking Sector: A Behavioral Analysis in Bahir Dar, Ethiopia

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Abstract: *The research aims to investigate customers switching behavior in the banking sector of Ethiopia, Bahir dar. The literature provided discusses the concept of Switching behavior and its effect. The researcher used descriptive and explanatory research design which describes and explains quantitatively the factors that influence customers switching in the banking industry of Ethiopia. In this study conducted a questionnaire with a 5-point Liker scale, Variables were measured from 1 "strongly disagree" to 5 "strongly agree". The overall objective of this study is to analyze the factors that influence customers switching in the banking sector of Ethiopia. And determine the least and most important factor that influences customers switching behavior in the banking industry of Ethiopia. This study investigates the seven factors (Effective Advertising Competition, Price, Service tangibility, Reputation, distance, involuntary switching, and switching cost) of customer switching which affects banking operations in Ethiopia. To conduct the research, quantitative research approach has been employed and the population of this study comprises the bank users of Bahir dar city. To achieve this research objective the data was collected through a convenience sampling method. Due to the nature of the study, multiple regression and correlation analysis techniques were applied. Total 384 responses was recorded and show that all considered factors have significant effect on customer switching, although, switching cost factors, service tangibility factor, and effective advertising competition were identified as most important and price , reputation and distance factors identified as the least important influential factors respectively on customer switching behavior. In order to have profitable and sustain customers from original bank, it is very important for banks to retain customers. When customers close their accounts or move their main accounts to another bank, they carry away with them the revenue generating potential of the bank. It therefore becomes important for banks to understand the effect of various factors on customer switching behavior. In general the knowledge of bank management about the factors affecting their customers switching behavior has the greater their ability to develop appropriate strategies to reduce customers bank switching.*

Keywords: Customer switching behavior; Ethiopian banking sector; Customer satisfaction; Price; Advertising;

1. Introduction

This is an introductory chapter. It lays the foundation of the study. It highlights the influence of Price, Reputation, Service tangibility, Effective Advertising, Involuntary Switching, Distance and Switching costs, based on its effect on customers switching behavior in the banking sector. It provides background of the study, statement of the research problem, research objectives, research hypothesis, significance of the study, scope and limitation of the study, and the organization of the study.

Switching defined that the customer ends the relationship with the current service provider and may start over with an alternative service provider (Huang et al., 2014, Nikbin et al., 2012, Shin & Kim, 2008). According to Nikbin et al., 2012, the switch of customers has a negative effect on organizational profit.The customer's switching behavior is a negative response to dissatisfaction and can also be due to a variety of causes. According to Keaveney (1995), switch occurs as a result of dissatisfaction, but can also be involuntary. Factors beyond the control of customers and service providers can lead to an involuntary switch. Customer's switching behavior can occur even if the customer is satisfied with the supplier (Ganesh et al., 2000). Switching behavior can occur for various reasons other than dissatisfaction, for example, the customer moves to another area, changes job or family situation (Roos et al., 2004). The switch when customer is not satisfied may be due to a better offer from competing service providers, or the customer's perception of the service experience.

Customers are the heart of every successful business and therefore businesses need to more concentrate on customers more than ever. Except those who donate blood voluntarily, one is either selling a service or a product for a living. Politicians, bankers, clerks, messengers, bus conductors, mortuary attendant, ticket agents, market women and everyone who provides a trade or service has a customer (Amoako, 2012). According to Scott (2002), Customer service is a series of activities designed to enhance the level of customer satisfaction, that is, the feeling that a product or service has met the customer expectation. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization’s products.

The increasing competition in the national and international banking markets, and the new technological innovations herald major changes in banking environment, and challenge all banks to make timely preparations in order to enter into new competitive financial environment and maintain their loyal customers. The termination of a relationship with a specific service provider by the customer and beginning a relationship with another service provider is a phenomenon known as ‘customer switching behavior’ (Malallah, 2011). According to Zhang (2009) finding; Price, Reputation, Service Quality, Effective Advertising, Involuntary Switching, Distance and Switching Costs have an impact on customers’ bank switching behavior. Among the numerous reasons identified, factors influencing customer switching behaviors are: service quality, product quality, prices, reputation, convenience, effective advertising competition, involuntary switching and switching costs (Malallah, 2011).

Several researchers have investigated the reasons why customers switch service providers for example; Zhang (2009) indicates that price, service failures, and denied services are the most important factors that influence customers to switch banks in Chinese retail banking industry. On the other hand, Pull forces draw the customers towards the bank. For example, effective bank media, public relations and promotional campaigns pull customers towards them. Likewise, effective bank customer service, a market oriented culture, product innovation programs and strong relational bonds or ties pull the customer towards them through enhanced customer satisfaction and customer loyalty. The reverse is also true that push forces such as, poor customer services or better competitive offers push customers away from their existing bank (Gray, 2011).

Nowadays new technologies like Internet, Vibe, Skype, Face book, etc. built a huge social network, transferring information in a faster manner. Because of these advanced technologies, the customers are able to get enough Societal, Banking related awareness, details in a very easy manner. It enables the general public and bank customers to get enormous and adequate knowledge towards the current affairs and in banking sectors too. It’s also increasing the habit of people to search all kinds of information’s including the banking sectors and its advanced services too.

Banks, insurance companies and microfinance institutions are the main financial institutions operating in the Ethiopian formal financial system. Given the fact that customers have many options to choose from, it is important for service providers to not only attract customers but also to retain them. It is true that companies can replace „lost‟ customers with a new set of customers but the costs of acquisition are much higher than the cost of retention. They can save on costs of getting the new customers acquainted with the procedures of the company; they can also save on costs of inefficient dealings that may occur initially until the new customer fully learns the procedures of the company (Mittal and Lassar, 1998). Besides these savings, those customers who remain loyal to a company generate profits at an increasing rate each year they stay with a company as they usually spend more, would be willing to pay higher prices, would refer new clients and would be less costly for the companies to do business with(Reichheld and Sasser, 1990).

According to The National Bank of Ethiopia’s (NBE) quarterly bulletin report published in October 2022, there are thirty banks operating in the country consisting of 8,250 branches, serving the country’s population of nearly 115 million. Of

ISSN 2321-2926

which 29 are privately owned and 1 of them are government owned. Banks operating in Ethiopia are consequently put into lot of pressures due towards increase in competition. Various strategies are formulated to retain the customer and the key of it is to increase the service quality level. Even though there is a huge and incessantly expanding potential market for banking service in Ethiopia, the expansion in size of commercial and private banks has resulted in fierce competition in the industry.

In this competitive banking market of Ethiopia, customer switching is injurious for every bank. To establish and ensure long term share in the financial market and success in the banking sector, a full understanding of customers' switching behavior and customer satisfaction is crucial. Hence the purpose of this study is to analyze the factors that influence customers switching in the banking industry of Ethiopia.

Currently customers move from one bank to another in search for something that satisfies their needs and young banks snatch customers from existing banks and get many customers switch from old banks. New technologies like internet, vibe, Skype, Facebook and the like built a huge social network, transferring information in a faster manner. Because of these advanced technologies customers are able to get enough societal, banking related awareness, details in a very easy manner. It leads the customers to take quick and clear decisions without any hesitation to select banking services (Gajendran, (2015).

Several researchers have investigated the reasons why customers switch service providers within the context of their own country customer behaviours (Zhang, 2009; and Jones and Sasser, 1995). Even though there is a huge and incessantly expanding potential market for banking service in Ethiopia, the expansion in size of commercial and private banks has resulted in fierce competition in the industry. In this competitive banking market of Ethiopia, customer switching is injurious for every bank.

To establish and ensure long term share in the financial market and success in the banking sector, a full understanding of customers' switching behaviour and customer satisfaction is crucial.Hence the purpose of this study is to analyse the factors that influence customers switching in the banking industry of Ethiopia. To the best knowledge of the researcher empirical studies regarding the determinants of customer switching behaviour in Ethiopia banks at the country level which incorporates all dimensions of customers' switching seems lacking.

One of the related studies regarding customers' switching behaviour of bank in Ethiopia was the one done by Worku Fenta 2014 in which advertising competition and automated teller machine (ATM) have identified as most important and least important influential factors respectively on customer switching. Whereas, as far as the researcher's knowledge is concerned, only one previous empirical research work is found that considers, explore and examine factors of customers' switching behaviour in the banking industry of Ethiopia. However, these studies has not included all necessary customers' switching variables such as distance, involuntary switching and other variables; on the other hand, most researchers show that distance and switching cost have a significant effect on customer switching behaviour. Gerrard and Cunningham (2004) examined Singapore's graduate's bank switching behaviour and found that inconvenience is the most important switching factors and Keaveney(1995).Also pointed out that under the inconvenience category, a location is an important factor for service provider which influenced switching behaviour. In addition, Ganeshet, et al, (2000) reflected that involuntary switching represent the most common switching behaviour in their studies. Therefore, this study hasincorporatedadditional variables. The research paper was investigated the seven factors (Price, Reputation, Service tangibility, Effective Advertising Competition, Involuntary Switching, Distance and Switching Cost) and their influence in customers' switching behaviour.

The previous papers have focused only in private bank, or only government banks; however, as we know, there is some difference between private and government banks of Ethiopia such as by weighting time, availability and by price. This study incorporated commercial bank of Ethiopia, a government bank, as well as private banks. In general the previous research done on this area was scattered which focused on specific banks and not included all variables, so this paper was an attempt

ISSN 2321-2926

to fillthe gap by encompassing additional variables and tried to generalize the problem by including both private and government banks of Ethiopia.

Global deregulation of the banking industry that began in the early 1980s has contributed to increased customer switching. This situation is also evident in the Ethiopia banking industry. However, limited research has been published in academic marketing journals focusing on switching behavior in the banking industry. This study identifies and examines the factors that contribute to bank switching in Ethiopia from the customer's perspective.

In a conclusion, this study aimed to address the gap in previous research by including both private and government banks in Ethiopia, by incorporating additional variables, the study sought to provide a more comprehensive understanding of the banking sector in Ethiopia.

2. Objectives of the Study

The overall objective of the study is to investigate the determinant factors of customer's switching behavior in Ethiopia banking industry.

This study explored the factors influencing customers' bank switching behavior in the banking industry in Ethiopia Bahir dar. The specific objectives of this study are:

i. To analyze the effect of price on bank customers switching behavior

ii. To identify the impact of reputation on bank customers switching behavior

iii. To analyze the effect of tangibility of service quality on bank customers switching behavior

iv. To analyze the effectof advertising competition on bank customers switching behavior

v. To analyze the effectof distance on bank customers switching behavior

vi. To analyze the effectof involuntary switching on bank customers switching behavior

vii. To analyze the effectof switching costs on bank customers switching behavior

3. Literature Review

There have been many studies conducted in the various service sectors. The type of bond that exists between the service provider and the customer is different in different service sectors and so the effect of various factors on customer switching need not be the same. banking is an industry where contractual and relational bonds exist between a customer and the retail bank and the existence of these bonds make the process of switching difficult and complex (Rust and Zahorik, 1996). Stewart (1998) identified bank charges and their implementation, bank facilities and their availability, information availability and confidentiality and treatment of customers by the bank as four switching incidents in the banking context. Lévesque and Mcdougall (1996) identified is takes on account, employee willingness to help and location of the bank as important factors that influence customers to switch from a bank.

Ennew and Binks (1996) studied the impact of service quality and service characteristics on customer retention in small business and their banks in the UK. Colgate and Hedge (2001) studied the retail bank switching behavior of customers in Australia and New Zealand and identified pricing, service failures, and denied services as the major factors that influence bank switching behavior. Service failures, which were the second most influential factor in switching according to the study, comprised of service encounter failures, core service failures and inconvenience issues. customer switching is defined as an act of being loyal to one service categories (e.g. banking services), but switch from one service provider to another as a result of dissatisfaction or any other related problems (Keaveney & Parthasarathy, 2001; Sathish, Kumar, Naveen & Jeevanantham, 2011).

Bass (1974) initially applied brand-switching models to analyze market share in the goods market. However, for services, consumer switching behavior may be different because services are distinguished from goods based on five special characteristics: intangibility, inseparability, heterogeneity, perishability, and ownership (Clemes, Mollenkopf, and Burn, 2000).These special characteristics usually result in the absence of a tangible output in services and they distinguish services from goods (Gronroos, 1990).

Service switching is a growing research area in marketing. Several studies have revealed that the following factors contribute to customer switching: dissatisfaction in the insurance industry (Crosby and Stephen, 1987), service encounter failure in the retail industry (Kelley, Hoffman, and Davis, 1995), and perceptions of quality in the banking industry (Rust and Zahorik, 1993). Furthermore, previous studies have highlighted that service quality and satisfaction are related to service switching (Bitner, 1990; Zeithaml, Berry, and Parasuraman, 1996). Although it is acknowledged that service quality and customer satisfaction are important drivers of service switching, researchers have emphasized the need to shift away from a sole focus on these broadevaluative concepts of service. Instead, emphasis is being placed on classifying the specific problems, events and non-service factors that may cause service switching (Levesque and McDougall, 1996; Zeithaml, Berry, and Parasuraman, 1996).

Keaveney (1995) uses a generalized model to examine consumer switching behaviour across a broad spectrum of service providers including banks. The model includes eight factors influencing service switching: pricing, inconvenience, core service failure, service encounter failure, response to service failure, ethics, competition, and involuntary switching. However, Mittal, Ross, and Baldasare (1998) indicated that the unique characteristics of switching behavior in specific service contexts such as banking may be masked when generalized models are directly applied. For example, even though a problem may occur frequently and cause switching in some service industries, it does not necessarily mean that the problem will be an important influence on a customer's eventual decision to switch banks. In addition, Keaveney's (1995) switching model does not accurately assess the relative weight of these issues on a customer's decision to switch service providers (Colgate and Hedge, 2001). Therefore, additional research is necessary to ascertain the applicability of Keaveney's (1995) generalized switching model to the banking industry.

Stewart (1998) and Gerrard and Cunningham (2000) have studied customer switching behavior in the banking industry. Stewart (1998) suggested four types of switching incidents that relate to how customers were treated: facilities, provision of information and confidentiality, and services issues. Gerrard and Cunningham (2000) also identified six incidents that they considered to be important in gaining an understanding of switching between banks. These incidents were: inconvenience, service failures, pricing, unacceptable behavior, attitude or knowledge of staff, involuntary/seldom mentioned incidents, and attraction by competitors. In addition, other researchers, such as Lewis and Bingham (1991) and Colgate, Stewart, and Kinsalla (1996) have summarized reasons why customers switch banks. However, the authors investigated a range of matters associated with the banker-customer relationship, thus these studies' contribution to the development of switching behavior was limited. Worku Fenta (2014) identified three general problems, Price, Reputation, Service Quality, Effective Advertising Competition, and Availability of ATM that contributed to customers' switching banks in Ethiopia.

Although many international studies emphasize why customers switch service organizations (Keaveney, 1995; Levesque and McDougall, 1999; Zeithaml, Berry, and Parasuraman, 1996) and switching behavior importance (Mittal and Lassar, 1998; Reichheld, and Sasser, 1990), there has been little empirical research focused on the factors that have impact on bank switching behavior in the Ethiopia banking industry.

The five SERVQUAL dimensions that identified by Parasurman et al. (1985, 1988, 1991) have been widely used in assessing banking service quality. For example, Levesque & McDougall (1996) select a series of service quality items based on SERVQUAL measurement in order to find the determinants of customer satisfaction from the bank customer's perspective. Avkiran (1994) examines service quality in the Australia retail banking industry and identifies four dimensions containing 17 items based on the SERVQUAL model. The four dimensions are: staff conduct, credibility, communication, and access to teller services.

Based on Gronroos (1984a) service quality framework, Aldlaigan & Buttle (2002) propose four dimensions to measure customer service quality perceptions in the retail banking industry. These dimensions are: service system quality, behavioral service quality, service transactional accuracy, and machine service quality. Ennew and Bink (1996) study bank customers in the United Kingdom and develop three banking service quality dimensions. These are knowledge, advice offered, personalization in the service delivery, and general product characteristics. With the popularity of internet banking services, Jun & Cai (2001) summarized internet banking service quality from three perspectives: banking service product quality, customer service quality, and online systems quality. Product variety and the diverse features of the service products are categorized into bank service product quality. Customer service quality focuses on the difference between customers' expectations of banks' performance and their evaluation of the services they perceived. Online system quality relates to the quality that the customer perceived when they use the internet. Jun & Cai (2001) develop seventeen service quality dimensions base on these perspectives.

Conceptual Framework

Seven factors taking into consideration to analyze their individual effect on customers switching in banking industry of Ethiopia Bahir dar, which were examined in Zhang (2009) study. Factors will examine from most significant to least significant ones. the research were give brief detail about the factors that influence customers switching behavior and most important and least important factor that could have been influence on customers switching behavior in the banking industry of Ethiopia.

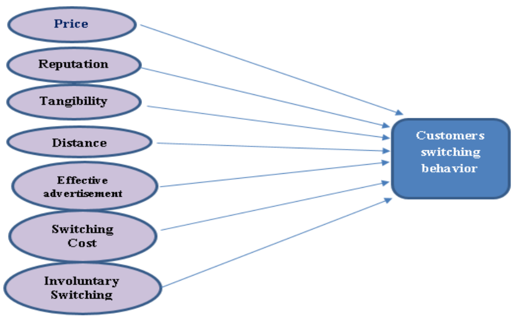

Figure: 2.1 Research Model of Factors that Influence Customers switching behaviorZhang (2009);(Malallah, 2011)

4. Methodology

The appropriate research design for this study is explanatory and descriptive research designs. Explanatory research aims to explain the causes and consequences of a well-defined problem, the dependent variable (customers switching behavior) andseven independent variable. Descriptive research designs typically involve collecting data on the demographics, attitudes, and behaviors of customers who have switched banks and for his purposewithout examining the underlying factors that led to their decision to switch.

To conduct the research, quantitative research approach are used, The quantitative approaches were used to examine the primary data, through statistical procedures, which were collected from sample customers by means of structured questionnaire.. Due to the nature of the study, multiple regression and correlation analysis techniques were applied. The collected data is analyzed using descriptive statistics analysis methods such as graphs, tables and ratios.

According to national bank of Ethiopia report, as of June 30, 2022 the number of Ethiopian commercial banks has increased from 18 to 29 (28 private, and 1 public). The target population of this study is all banks in Bahir dar, Ethiopia.

The researcher was use convenience sampling as sampling Techniques. Convenience sampling is a non-probability sampling method that involves selecting data from peoples easiest to find.

For the populations that are large, Cochran (1963:75) developed the equation 1 to yield a representative sample for the populations. The target populations of this research are large in number CBE alone retained more than 18.8 million customers. Because of this the researcher used Cochran (1963:75) formulas to select the sample size. So the researcher uses 384 samples by taking 95% confidence level and 5% precision. However by considering 10% the non-return questioners' rate, the researcher distributed 423 questioners.

Due to the nature of the study, multiple regression and correlation analysis techniques was applied. In line with this the researcher also used qualitative data analysis tools such as tables, ratio and graphs in order to explain descriptive data.

5. Data Analysis and Discussions

5.1. Regression Analysis

The overall objective of this study is to analyze the factors that influence customers switching in the banking industry of Ethiopia and Logistic regression analysis was used to satisfy the same.

Table 5.1: Logistic Regression Result

Factor	B	Sig
Price	.377	.000
Reputation	.364	.000
Service tangibility	.283	.000
Effective advertising competition	.247	.000
Involuntary switching	.315	.000
Distance	.389	.000
Switching cost	.224	.000

Source: Researcher Survey Result 2024

Table 5.1 shows the logistic regression results. All predicted influencing factors are statistically significant with P-value of 0.000 showing the model applied was significant enough in predicting the outcome variable.

Table 5.2:Model Summary result

Independent variable	**R-value**	**R-Squared**	**Adjusted R-squared**	**R Square change**	**SE**
A	.716a	.512	.511	.512	.32854
A,B	.852b	.725	.724	.213	.24698
A,B,C	.908c	.825	.824	.100	.19714
A,B,C,D	.942d	.887	.886	.062	.15879
A,B,C,D,E	.968e	.937	.936	.050	.11851
A,B,C,D,E,F	.983f	.967	.966	.029	.08658
A,B,C,D,E,F,G	0.99*g	0.99*	0.99*	.033	.00000

A	Predictors: (Constant), Reputation
B	Predictors: (Constant), Reputation, Distance
C	Predictors: (Constant), Reputation, Distance, Involuntary switching
D	Predictors: (Constant), Reputation, Distance, Involuntary switching, Service tangibility
E	Predictors: (Constant), Reputation, Distance, Involuntary switching, Service tangibility, Effective advertising competition
F	Predictors: (Constant), Reputation, Distance, Involuntary switching, Service tangibility, Effective advertising competition, switching cost
G	Predictors: (Constant), Reputation, Distance, Involuntary switching, Service tangibility, Effective advertising competition, Switching cost, Price

Source: Researcher Survey Result 2024

ISSN 2321-2926

The model summery Table 5.2 also shows that the dependent variable CSB R-squared is increases as the independent variable increases, from 51% to 96% and near to 100% explained by the independent variables. Thus, the regression model used for the study confirmed that very important variables that affect the result of the study are included in the model. "The researcher used adjusted R-squared to measure the fit of our linear regression model, given that we had multiple independent variables. The adjusted R-squared was (0.51, 0.72, 0.82, 0.88, 0.93, 0.96, and 0.99 respectively); these adjusted R-squared values show a progressive increase, indicating that as more predictors are added to the model, more variance in the dependent variable is explained. A high adjusted R-squared value (e.g., 0.96 or 0.99) suggests that the model is a good fit for the data and has strong explanatory power.

Table 5.3: Pseudo R-Square, Result

Pseudo R-Square	
Nagelkerke	.954
Cox and Snell	.954
McFadden	.289

Source: Researcher Survey Result 2024

As shown in Table 5.3, both Cox and Snell's pseudo-R2 and Nagelkerke's pseudo-R2 indicate a very good fit 95.4% close to 1, while McFadden's pseudo-R2 is lower but still indicates some explanatory power of the model. This is indicated that variation in the dependent variable was explained by the independent variables in our model.

5.2. Relative importance index of Variables on Customers Switching Behavior

The relative important index is a common technique to identify the most relevant and important indicators to the least relevant and important indicators from a set of questionnaire survey responses.The variable has the highest relative importance index (RII), indicates it has the most important factor that influences customers switching behavior and the smallest relative importance index indicates the least important factor that influences customers switching behavior in the banking industry of Ethiopia. The seven influencing factors from the logistic regression model are ranked as follows:

Table 5.4: Descriptive Statistics Results of independent variables

Statistics								
		Price	Reputation	service tangibility	Effective advertising competition	Involuntary switching	Distance	Switching cost
N	Valid	384	384	384	384	384	384	384
	Miss	0	0	0	0	0	0	0
Weighted mean		3.0163	3.15951	3.9015	3.8626	3.7786	3.6016	4.0250

Source: Researcher Survey Result 2024

According toresearchers survey descriptive Statistics in Table 5.4, result of seven independent variables (Price, Reputation Tangibility, Effective advertising competition, involuntary switching, Distance and Switching cost) withweighted mean scores of 3.02, 3.16, 3.90, 3.86, 3.78, 3.60 and 4.0 respectively. RII= (Weighted meanScore/∑Mean Scores) ×100, This formula is a widely used formula in quantitative research and analysis statistics textbooks, academic papers on research methodologies, or specific guides on analyzing survey or evaluation data, and used market research or social sciences to prioritize factors based on their impact or significance.RII (Price) = (3.02 / (3.02 + 3.16 + 3.90 + 3.86 + 3.78 + 3.60 + 4.0) = 0.119, RII (Reputation) = (3.16 / (3.02 + 3.16 + 3.90 + 3.86 + 3.78 + 3.60 + 4.0) = 0.125, RII (service tangibility) = (3.90 / (3.02 + 3.16 + 3.90 +3.86 + 3.78 + 3.60 + 4.0) = 0.154, RII (Effective advertising competition) = (3.86 / (3.02 + 3.16 + 3.90 + 3.86 + 3.78 + 3.60 + 4.0) = 0.152, RII (Involuntary switching) = (3.78 / (3.02 + 3.16 + 3.90 + 3.86 + 3.78 + 3.60 + 4.0) = 0.149, RII (Distance) = (3.60 / (3.02 + 3.16 + 3.90 + 3.86 + 3.78 + 3.60 + 4.0) = 0.142,RII (Switching cost) = (4.0 / (3.02 + 3.16 + 3.90 + 3.86 + 3.78 + 3.60 + 4.0) = 0.157

Table 5.5. Relative importance index of Variables on Customers Switching Behaviour

Factors Name	**Rank**	**RII**
Switching cost	1	0.157*
Service tangibility	2	0.154*
Effective advertising competition	3	0.152*
Involuntary switching	4	0.149*
Distance	5	0.142*
Reputation	6	0.125*
Price	7	0.119*

Source: Researcher Survey Result 2024

Table 5.5 illustrates that Switching cost factoris making the maximum impact on customer bank switching behavior; it suggests that customers in Bahir Dar city are significantly influenced by the costs associated with switching banks. Customers in Bahir Dar city are highly sensitive to switching costs. This means that factors such as time cost, account closure fees, transaction charges, or it will not cost much to switch to a new bank, indicates lower switching costs could make it easier for customers to explore alternative banking options and making the maximum impact on customer's bank switching behavior in banking industry of Ethiopia Bahir dar. The results show that a unit decreasesswitching cost results 15.7% probability that a customer will switch banks. Service tangibility is the second highest impact maker on customers bank switching behavior. A unit increases in price results in 15.4% probability that customers switch away from banks. A unit increase in the effective advertising competition results in 15.2% probability of customers switching banks. Involuntary switching holds the fourth place, the results show that a unit increase in involuntary switching results in a 14.9% probability that a customer will switch banks. Similarly, Distance, reputation and Price are the fifth, sixth and seventh important factors, 14.2%, 12.5% and 11.9%probability that impact customers' bank switching behavior respectively.

6. Recommendations

Based on the findings and the conclusions drawn above, the following recommendations havebeen forwarded.

- This study also shows that some factors are more influential than others.However the seven factors positivelyinfluencing the bank switching, an understanding of these influencing factors allows managers to direct efforts and resources in the most effective and efficient way to prevent customers' withdrawal, and reduce business losses in the long run that result from customers switching banks.
- Switching cost and Service tangibilityare identified as the most important factor that influences the customers to switch banks so bankers must consider both factors in their future strategic planning. However, according toGerrard & Cunningham, 2004, banks should not only rely on increasing service quality factorto retain their customer base because doing so could bring downside effects to banks, such as negative word-of-mouth from dissatisfied customers Positive efforts are necessary. Banks should improve their services tangibilityin line with their customers' needs,and customers may not cost or easily to switch to a new bank, due to these banks might provide incentive for customers not switch banks along time.
- Bank employees should be well trained and polite. And Staffs that satisfy the specific needs of customer in quick times must be rewarded.
- Bank managers trainee there employees staff about customers bank switching behavior, the greater the knowledge the bank staff has about the factors affecting their customers switching behavior, the greater their ability to develop appropriate strategies to reduce customers bank switching.

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