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Factors influencing customer retention in South African retail banks

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Factors influencing customer retention in South African retail banks

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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ABSTRACT

Increased retention of its customers increases a bank's market share and can have a significant impact on profits (Reichheld and Sasser 1990). Many customer satisfaction studies have shown clear links between customer satisfaction, customer loyalty and customer retention. Although customer satisfaction is seen as the main driver for customer retention, the objective of this research was to identify the underlying factors that influence a customer to close his or her account and move to another bank.

The methodology used was quantitative, with questionnaires made available on the Internet. A sample of 290 respondents who possess a cheque account at a bank in South Africa was used. A snowballing sampling technique was used to be able to achieve the sample size required.

The study found service elements to be the main drivers for customer retention in South African retail banks, but did, however, find that the product itself factored together with service elements, suggesting that in the banking industry the boundaries between the product and service becomes blurred. The second and third factors indicated the need for convenience, whether online or through other channels, and should be taken into account in all service delivery plans.

The key message and conclusion of the research is that the product and the service offering from the bank are interlinked and should not be seen as separate offerings to customers.

The study may be of value to other service related companies.

DECLARATION

I. Martin Boyens declare that this research report is my own work, except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination to this or any other university.

Martin Boyens

Signed at ……

On the …….. day of …… 2009

DEDICATION

This document is dedicated to my wife, Michelle, and my two daughters, Menandi and Nicole. If it was not for your love and support, completing my degree would not have been possible.

ACKNOWLEDGEMENTS

I wish to express my sincere thanks to my supervisor Mark Peters for assistance; to Dr Anthony Stacey for his guidance with the factor analysis; to the respondents who took the time to complete the questionnaire; and lastly to my employer, FNB, who supported me during the completion of my studies.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

When banks talk about their customer retention strategy, the words “cross-sell” and “service” are often used in the same context. Many researchers, as seen in this study, agree that there are also other factors that contribute to customer retention, but the question remains whether those are the factors that customers value, and will make them stay longer with a retail bank.

Given the different behaviours demonstrated by different people, we cannot ignore the influence of social, lifestyle and cultural factors, and even actions by the bank, in the choices that consumers make to remain with or to leave their bank. Ultimately these factors, amongst others, inform perceptions, and it is largely upon perceptions that actions follow and decisions are made. It is therefore in the bank’s interest to explore the factors beyond the customer experience realm.

With very little product differentiation evident within the financial services industry, and with varied and increasing marketing and brand awareness activities and actions, respective banks’ customers are “forced” to consider alternative options. By understanding the importance that customers place on certain elements of “retention factors” or “drivers”, retail banks might be better equipped to reduce their defection rates

Not only will retail banks lessen customer defection rates, but, through insights gained, they will be able to embark on initiatives to improve the total customer experience by exceeding customer expectations.

Porter (1980) is of the opinion that for a company to build a competitive advantage, its strategies should be based on one or more of the following core strategies:

- **Cost Leadership:** This is probably one of the most difficult areas to compete in, unless the bank is operationally much more efficient than it’s

competitors. The similarities between the big four banks (ABSA, Standard Bank, First National Bank and Nedbank) in South Africa can be seen in that the respective bank charges and rates are much the same. New Acts and Regulations such as the National Credit Act (South Africa 2005), make it even more difficult for retail banks to compete on price, given the emphasis on risk avoidance.

- **Segmented or Niche focus:** The big four banks do have different strategies for the different segments of the bankable population, but all four banks operate across the whole spectrum of possible customers. They are therefore not operating as "niche banks" as do some smaller banks (such as Investec Private Bank) which cater mainly for more affluent customers.

- **Differentiation:** Very little product differentiation can be seen between the big four banks, as the core banking products are similar. The main areas where banks seem to be able to differentiate are service and brand image.

Based on Porter's (1985) three core strategies, and the fact that retail banks in South Africa operate in an ever-increasing competitive environment, with international banks entering the market locally, survival of local retail banks will partly depend on how well they can dissuade their customers from defecting to other banks.

Various authors, such as Reichheld and Sasser (1990), came to conclusion that is cheaper to retain existing customers than to acquire new customers. Reichheld and Sasser (1990) states that a 5% improvement in customer retention could lift a company's profit by up to 20%.

One of the key strategies of South African retail banks could be to retain key customers. This strategy focuses on the approximately 20% of customers that generate 80% of the bank's revenue.

In order for any bank or company to determine which of those 20% customers will make up 80% of the revenue, or even better, which new customer is likely to be part of the group of customers that will contribute to the bottom line of the company, it is critical to profile or segment customers to offer a tailored product and service offering.

Being motivated by the events in the Financial Services Industry in 2008 and 2009, with many banks in the world battling for survival, this study seeks to answer two of the critical questions in retail banking; namely:

1. What are the elements influencing customers' decisions before they close their banking account and move to another bank?

2. Is there any specific rank order importance for the factors that the customers value?

1.2 Context of the study

The proliferation of new financial products from non-traditional service providers, exposure to global markets and increased competitor activity means, more than ever, that customer retention and loyalty cannot be taken for granted. This presents an opportunity for South African retail banks to place the promotion of customer retention high on its strategic imperative dashboard. To obtain a better understanding of the drivers of customer loyalty or, in this case, retention of customers, this study hopes to reveal insights for retail banks to respond to and implement effective retention plans.

Bad decision-making and the current economic climate have forced many retail banks in the world into bankruptcy, but most banks have existed for many years and should be able to withstand the current problems. Doing the fundamentals right and not incurring unnecessary costs, combined with increased customer profitability, will be the key to a retail bank being successful.

Two of the biggest costs for a retail bank are a) the cost of acquiring a new customer and b) the cost of closing an account. If these costs can be minimised, one will clearly see a huge improvement in the profitability of a retail bank.

1.3 Problem statement

1.3.1 *Main problem*

The purpose of this study is to identify factors that will influence South African retail banking customers' decision to move to another retail bank, in order of importance.

1.4 Significance of the study

How significant is it for banks to be profitable in order to sustain themselves? Without doubt, this remains one of the key measures on every bank's scorecard. In turn, the key driver behind sustainable profits is the firm's ability to attract and retain customers that add to the bank's profitability.

The study provides insights surrounding customer retention in the South African retail banking market. The research is of value to retail bank management, as it enables them to identify why customers defect and what elements to consider when creating a customer retention strategy.

Researchers such as Reinartz, Thomas and Kumar (2005) recommend that companies should put their efforts into retention of, rather than acquisition of, customers, and argue that the reasoning behind this is that it is cheaper to retain existing customers than to acquire new customers.

1.5 Delimitations of the study

The research explores the possible factors that influence customer retention in South African retail banks. Some of these factors could also be important to customer acquisition, but the scope is to focus on retention of customers.

The customers that are included in this study are customers with at least one cheque account held with a South African retail bank. Customers with only a savings or a loan product were excluded, as most of these products are bound by time. For example a 32-day notice deposit that matures after a certain time will be excluded.

When the research refers to the concept of retention, it excludes closures that are a result of a customer emigrating or closing his/her account because it is no longer required, and therefore no questions were posed in the questionnaire about this point.

The study does not investigate the factors that affect the opening and closing costs of accounts, but merely those factors valued by customers that retail banks should take into consideration when developing their customer retention strategies, and therefore keeping customers longer and minimising costs.

1.6 Definition of terms and abbreviations

Customer lock-in: Where a customer is locked-in to the organisation due to factors such as a 24 month contract. An example is a cell phone contract in South Africa.

Big four: The four biggest banks in South Africa, namely, ABSA (Amalgamated Banks of South Africa), Standard Bank of South Africa Limited, FNB (First National Bank of South Africa) and Nedbank Limited.

CRM: Customer Relationship Management.

Marketing Mix 4P's: Price, Product, Placement and Promotion as described by Borden (2001).

1.7 Assumptions

It is assumed that the interviewees and respondents gave honest feedback during the research process.

The assumption is that the customers of the different banks are similar in nature, and therefore this study could be expanded to other banks, apart from the big four banks.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

Various research studies have highlighted the importance of customer retention and the benefits thereof. For example, the longer a customer stays with an organisation the more profits he/she will create.

The literature review will firstly focus on consumer behaviour and then consider variables that influence this consumer behaviour. The relationship between the variables is also examined to show that they do not exist in isolation, but affect each other as well.

The literature review also examines theories and different marketing instruments to identify possible critical elements that could influence customers to stay or leave their bank. Main marketing instruments and theories are examined, whilst keeping in mind that the goal is to focus on identifying underlying customer retention, and not customer acquisition, factors.

Apart from identifying this researcher's own list of variables, the literature also explores already ranked variables identified by researchers that customers value in a bank.

2.2. A definition of consumer behaviour

The actions by a customer that involve obtaining, consuming and disposing of products or services are defined by Engel, Blackwell and Miniard (1990) as consumer behaviour. The study focuses specifically on the decision to dispose of products or services, as this is considered to be important from a customer retention point of view.

Sandusen (2000) argues that consumer's post-purchase behaviour will be based on certain stimuli as shown in the Black Box model in Table 1. This clearly shows that customer's behaviour patterns should change over time if any of the stimuli change.

Table 1: Black Box Model (Sandusen 2000)

Environmental Factors		**Buyer's Black Box**		
Marketing Stimuli	**Environmental Stimuli**	**Buyer Characteristics**	**Decision Process**	**Buyer's response**
Product	Economic	Attitudes	Problem recognition	Product choice
Price	Technical	Motivation	Information search	Brand choice
Place	Political	Perceptions	Alternative evaluation	Dealer choice
Promotion	Cultural	Personality	Purchase decision	Purchase timing
		Lifestyle	Post-purchase behaviour	Purchase amount

Mowen (2000) gives another view on consumer behaviour, but this view is consistent with that of Sandusen (2000), in that Mowen (2000) states that it is the behaviour that customers display in response to environmental factors.

The fact that nothing remains constant, and that external factors as well as the marketing efforts of competitors are changing, makes it critical to know that the importance and even the factors of the underlying reasons could change.

2.3. Elements that impact on consumer behaviour

2.3.1 Price

Price is one of the four pillars of the Marketing Mix that is used by marketers and academics when developing a marketing strategy for companies. Price is always an issue, as customers will not purchase anything if they do not know the price.

The price (or interest rates on savings or loan products) has been identified by many researchers (Javalgi 1989; Khazeh and Decker 1992; Ta and Har 2000) as an important factor that influences a customer's behaviour in the banking industry over the last few years, and could be expected to be a factor in the future as well.

The relative importance of price has varied in all of the abovementioned research studies, but what is important is that it has always surfaced as an issue.

Homburg *et al.* (2005) have tested the assumption that customers are willing to pay more for a service the more satisfied they are with the service. The findings also point out that that, in certain cases, customers will be willing to pay more for a product, but that there are limits to what they will pay.

The second point highlighted is the fact that there is definitely a link between price and customer satisfaction, and that the one will affect the other, as customers would judge the service satisfaction levels, according to the price they pay for that service.

Given the above, it is expected that price (and/or interest rates on saving and investment products) is an important factor that will surface in this research study.

2.3.2 Product

Product, the second factor of the Marketing Mix in the banking context consists of the actual cheque account and chequebook the customer receives.

Cheque accounts issued by the different banks are very similar in nature, and the only differentiation that can be seen is in the appearance of the chequebook. All cheque accounts have the similar features. Anecdotal evidence does exist that there are differences in the cheque account benefits between the banks, where a customer could have, for example, automatic life cover in the case of death as an additional benefit.

In none of the research studies' (Javalgi 1989; Khazeh and Decker 1992; Haron, Ahmad and Planisek 1994; Boyd, Leonard and White 1994; Zineldin 1996; Ta and Har 2000; Almossawi 2001; Bick, Brown and Abratt 2004) results explored did product feature as one of the most important factors that customers value in their relationship with their bank.

A banking account could be seen as a grudge purchase. A grudge purchase can be defined as a product the customer needs to fulfil a basic requirement, for example, an account into which his or her salary must be deposited, as required by the organisation that employs him or her, and can actually not do any financial transactions without the product.

Given the above, it is expected that product will feature very low as a factor that the customers find important when deciding to close the account and move to another bank.

2.3.3 Physical environment and delivery channels

Unlike manufacturers that produce goods and deliver their goods at fixed locations, retail banking is different in that banking customers require banks to deliver their service at virtually any place at any time. For example, if a customer from a bank branch in Johannesburg travels to Cape Town and needs

to pay for a product at ten in the evening, it is crucial that this service is available and done correctly with minimum effort.

In research conducted by Johnston (1997) on the factors influencing service quality, the following seven reasons were identified as “dissatisfying” factors for customers:

- Aesthetics
- Functionality
- Reliability
- Security
- Cleanliness/tidiness
- Access
- Availability

Johnston (1997) came to the conclusion that it is much more important to deal with the factors that cause dissatisfaction with service levels than the ones causing satisfaction, and for this reason are the variables included in the document, as it can influence the customer’s decision to defect.

Since 1997, distribution channels and associated factors have been seen as factors that the customers require or value in a bank. Bick, Brown and Abratt (2004) found that, in the South African banking market, efficient online service and convenient and hassle-free service are two of the factors valued by customers. Although they are seen as service measures, it is clear that they pertain to the channel of service delivery.

Given the literature review and the fact that the customer’s cheque account is a means to an end, the underlying physical environment factors that cause dissatisfaction as described will also be important to customer retention.

2.3.4 Customer loyalty

Storbacka *et al.* (1994), defined customer loyalty in simple terms as repeat purchase behaviour in a relationship. This repeat purchase means that customers will stay longer. Clark (1997) supports this by mentioning that customer loyalty is one of the most important factors in determining a company's future.

According to Clark (1997), loyalty can be attained in two different ways. The first is through mechanisms such as vouchers, coupons or loyalty programs. The second (and inseparable from the first), is exceptional levels of service and trust, as mentioned by various researchers. However, Dick and Basu (1994) are of the opinion that there are two types of loyalty. The first is "spurious" loyalty and the second is "true" loyalty.

True loyalty comes from customer satisfaction, service excellence and pricing as discussed by Burnham, Frels and Mahajan (2003). Brand loyalty (or brand trust) is of critical importance in services industries such as banks, where it is difficult to evaluate the individual products, according to Berry (1995) and Liljander and Strandvik (1997). This will apply to cheque accounts as there is not much difference between the different cheque accounts provided by the different banks.

Jones *et al.* (2000), stated that "spurious" loyalty stems mainly from switching costs that cause the customer to experience a feeling of entrapment. Becket *et al.* (2000) supported this in that they found that particular customers might appear to be loyal (because they are not switching banks), but this Loyalty is rather because of perceived high switching costs, that dissuades the customer to close his/her account.

From the literature it is apparent that customer loyalty will definitely be a factor to consider when identifying factors that would influence customers to close their accounts and move to a different bank.

What is evident from the above is that customer loyalty is a result of different factors that will surface in chapters to follow.

2.3.5 Loyalty programs

Loyalty programs (and the success or lack of success thereof), have been a topic of discussion for many academics in recent years. Researchers such as Dowling and Uncles (1997), Dowling (2002) and lately Naidoo and Leonard (2007) question the usefulness of loyalty programs as a means to retaining customers. Researchers such as Reinartz and Kumar (2003) and Verhoef (2003), on the other hand, affirm the usefulness thereof.

Loyalty implies both an emotional and physiological bond, and in the case of customer loyalty, as discussed above, also implies repeat purchase or usage behaviour. The researchers that oppose the true value of loyalty programs state that loyalty programs are one-sided, thus making the customer a hostage to the firm, by raising the switching costs.

Dowling and Uncles (1997) say that heavy or frequent users are not necessarily committed or loyal to only one company, thus stating that usage itself is not an indication of loyalty.

Clark (1997) does, however, believe that loyalty programs will assist with customer loyalty. It is therefore important to add this to the list of possible variables that will be tested in the research questionnaire.

2.3.6 Reputation or Image

The brand, reputation and image aspects of a company are very closely interlinked (Schultz *et al.* 2000), and should be discussed in conjunction with each other.

Peklo (1995) states that: “Strong brands buy a very special place in the minds of our customers” and that banks have to act now to brand their products and services to “remain as the cornerstone of financial life for households”

Nguyen and Leblanc (2001) maintain that reputation is probably the most reliable indicator of the ability of a services organisation to satisfy it's customers needs.

The reputation of a retail bank is not only important to measure ability to satisfy customer's needs, but also to retain customers. It has been seen in 2008 where a "run on the bank" took place in Iceland and the United States. As soon as the customers suspected, or the bank had the image that it was, or could become, insolvent, customers closed their accounts and withdrew their money.

In the current economic climate in 2009 with banks being bailed out in the United States by their government, it is expected that reputation or image will feature as an important factor in deciding whether customers will stay with a bank.

2.3.7 Communication

Common understanding of the word "communication" is that it is a two-way discussion, and not just one party talking to the other.

Griffin (1995) points out that one of the top four reasons why customers leave (or "do not return", as she calls it), is because of a breakdown of communication between the organisation and the customer.

Services industries, such as banks, are in the business of selling services and not just a product. Therefore the importance of communication could not be made any clearer than to say it is critical for the company's survival.

Based on the above, communication from the bank, is tested in the questionnaire as a variable that influences the customer's decision to defect.

2.3.8 Switching costs

Switching costs, switching barriers or even “barriers to exit”, thus named by Porter (1985), are what all marketers are striving for. Once the company has the customer, it will use all available instruments to try to keep the customer.

Kim *et al.* (2003), whilst investigating switching costs for loan products in Israel, found that 23% of the customer’s value-add to the bank could be attributable to switching costs.

From the underlying dimensions of switching costs as described by Jones *et al.* (2000) (see Table 2) and the work done by Kim *et al.* (2003), it is clear that switching costs is a function of other variables and the correlations between them.

Table 2: Switching Costs Dimensions (Jones *et al.* 2000)

Dimension	Description	Potential correlates
1) Lost performance costs	Perceptions of the benefits and privileges lost by switching	• Service quality • Interpersonal bonds • Repurchase intentions
2) Uncertainty cost	Perceptions of the likelihood of lower performance when switching	• Heterogeneity of service outcomes • Intangibility of service • Repurchase intentions
3) Pre-switching search and evaluation costs	Perceptions of the time and effort of gathering and evaluating information prior to switching	• Geographic dispersion • Limited alternatives • Low brand awareness • Intangibility of service • Repurchase intentions
4) Post-switching	Perceptions of the time	• High customisation

Dimension	Description	Potential correlates
behavioural and cognitive costs	and effort of learning a new service routine subsequent to switching	• Detailed service scripts • High customer involvement • Repurchase intentions
5) Set-up costs	Perceptions of the time, effort, and expense of relaying needs and information to provider subsequent to switching	• High customisation • Cumbersome information-gathering procedures • Repurchase intentions
6) Sunk costs	Perceptions of investments	• Length of patronage

Although switching costs by itself is not tested in the questionnaire because of the interrelationships that exist, a variable trying to measure the strength of switching costs as a barrier is. For example, “To what extent would having multiple accounts influence a possible decision to close your account and move to another bank?”

2.3.9 Technology

Cumby and Barnes (1996) suggested that customer satisfaction in the services industries should be viewed at five different levels:

- The core service provided
- The support systems that contribute to the delivery of the service
- Technical accuracy of the core and support systems

- The interaction the customer has with the organisation
- How the customer is made to feel.

Analysing the five points above, it is clear that technology could be employed in any of the five steps to improve customer satisfaction levels, thus extending customer retention. In the case of retail banks in this study, the functionality and reliability of Internet banking and ATMs are included in the questionnaire.

Porter (1985), supports this by saying that technology could play a very important role in any of the core strategies. In the light of this, the abovementioned technology questions are included as variables in the questionnaire.

2.3.10 Perceived value

To analyse perceived value, the researcher could look at the subject either from the retail bank's point of view, or from the customer's point of view. For the purpose of this study, it is important to consider it from the customer's viewpoint, as it is the customer that will make the decision to close his/her account.

Perceived value has been researched extensively over the past few years and with different approaches by different researchers, but all came to very similar conclusions, and Zeithaml (1988:6) probably best defines the concept :

"*Value is the consumer's overall assessment of the utility of a product, based on perceptions of what is received and what is given"*

The important point to notice here is that it is the customer's viewpoint that counts, based on his or her perception. In this case it could be said that "the perception is the reality" to the customer.

Petrick (2002) developed a scale to measure perceived value in the service industries, called the SERV-PERVAL model. The model consists of five focus areas;

1. Quality (reliability and consistency)
2. Emotional response (the feelings that the service produce)
3. Monetary price (the price of the service in monetary value)
4. Behavioural price (price of service in terms of sacrifices by the customer)
5. Reputation (the reputation of the service provider).

It is accepted that perceived value could lead to overall satisfaction, which leads to loyalty, which in turn leads to customer retention, and is therefore included in the list of possible variables.

2.3.11 Segmentation

Segmenting the markets and offering specialised products and services to customers is probably one of the oldest concepts in business, and is employed by every single company today. Companies create products and services for specific segments, and price, sell and brand them accordingly.

Based on Porter's (1985) segmentation strategy, it is crucial for the products and services to match the specific segment's needs in order to be successful.

If the argument is applied to banking, which is mainly a service provider, where very little differentiation in the product ranges exists, differentiation in levels of service to meet customer's expectations are critical for success.

For the purpose of this study segmentation is not tested *per se,* but rather the fact that different segments value different elements differently.

2.3.12 Customer Relationship Management (CRM)

In the last few years, CRM or CRM tools has become an increasingly important topic amongst practitioners and researchers. Retail banks are employing relationship managers and buying CRM tools, and many researchers are trying to get to grips with the workings of CRM. The “one” point that is very often quoted with CRM is that it will assist with customer retention. In addition to the supposed benefit of customer retention, CRM is very seldom confused with loyalty programs or even with an IT system (Payne and Frow 2005), and it should rather seen as a total integration of many functions.

Peppard (2000) found in his research that most banks have a very narrow view of CRM, and to most banks it is a technology solution rather than a strategy. The reasoning behind this is that there many different definitions of what CRM is (Ngai 2005).

Peppard (2000) probably gives the best definition of what CRM is, and the elements of his definition, which he called ECRM, will be explored in this study. Peppard (2000) said that the four letters in ECRM denote the four central concepts of ECRM (ECRM in this context refer to CRM with the addition of Ebusiness) namely;

“E: Ebusiness.”

“C: Channel management — the channel of greatest impact on economy anytime, anywhere, and anyone — integrated and interactive channels of access and distribution”

“R: Relationships — real commercial relationships built on service excellence, value and convenience”

“M: Management of the total enterprise — total back-office/front-office process integration”

From the above definition the following elements stand out, and some can also be found in previous sections of this document, are explored in this study.

- Channel management
- Relationship management
- Service excellence
- Value creation
- Convenience

The last variable of Back-office / Front-office integration is not explored in this study as the customer has very little knowledge about this internal process of a bank.

2.3.13 Customer Service Quality

Customer service quality is probably, to most companies, the over-arching theme in customer retention, but for the purpose of this study it is seen as a separate tool to influence customer retention. Good service is one of the most important elements to retain customers, and anecdotal evidence for this can be found in many companies today.

Many researchers have tried to untangle the factors of service. In the late 1980's Parasuraman, Zeithaml, and Berry (1988) developed the SERVQUAL service quality framework. Although a few researchers (Nyeck, Morales, Ladhari, and Pons 2002) have criticized elements in the framework, it is still one of the main service measuring tools in business. The criticism is mainly around the questions itself, and those questions are not included in the questionnaire, but rather the overarching dimensions as explained later. This study does not

analyse the strengths and weaknesses of the SERVQUAL model, but merely identifies the elements within it, and uses it as possible variables in the questionnaire.

SERVQUAL is a scale that measures the gap between the customer's expectation of service and the perceptions of the actual service, and therefore it can be said that the elements or dimensions within the SERVQUAL measure could be influencing both the customer's expectations of service and the perceptions of the actual service.

Market segmentation theory states that different homogeneous groups have different needs and wants. It is therefore critical for retail banks to differentiate between the needs and wants of the different segments in their markets.

The big four banks have segmented their markets, as can be seen with the different product offerings such as Platinum, Gold and Silver product offerings. Apart from the product branding, the differentiation in the service offering is more difficult to notice. All the big four banks have a specific offering for their top clients through a business suite of Premier or Prestige Lounges, but the one place where the lack of differentiation becomes very obvious is in the branch itself, where very little or no differentiation takes place. For example, a customer who pays R500 service fees per month will receive the same service as someone paying only R20 per month, and they will stand in the same queues when they visit a branch.

Although the SERVQUAL service quality framework has been widely used since the 1990's, the dimensions to measure the service quality still holds, namely:

1. Reliability: Providing the service as promised, which means that customer problems are handled in a dependable manner and on time, and keeping the customer informed.

2. Responsiveness: Prompt service, willingness and readiness to respond to customer requests.

3. Assurance: Instilling confidence in the customers that makes them feel safe about the transactions.

4. Empathy: Caring for the customer and making sure that the customer's needs are understood, and giving the customer individual attention.

5. Tangibility: Visually appealing facilities related to the services offered, with professional-looking employees operating at hours convenient for the customer.

Keaveney (1995) finds, in addition to some of the above factors, that failed service recoveries also contribute to customers either switching, or leaving the organisation.

2.4. How customers select service providers

Since developed countries' economies are dominated by services, it is important to understand why customers choose a specific service provider.

Selection of a service provider has been a crucial, but also a very challenging issue for marketers. This is partly because customers categorise service by it's intangible aspects, therefore making this a complex issue (Hill and Neely 1998). Because of this fact and the fact that customers can only evaluate the bank or service provider during or after the purchase of a banking product, and not prior thereto, (Day and Barksdale 2003), the customers use substitutes or proxies such as corporate image, recommendations from friends and so forth, to help in selecting a retail bank.

The reasoning why this study is intensely interested in how customers select service providers, is that for a customer to close his account and move to another bank, the selection criteria he or she will use will probably have some of the elements in them that bothered him or her at the previous bank.

Many researchers have tried to untangle this puzzle, and almost every one came up with a different set of variables or factors, as shown in Table 1, and therefore reached different conclusions (Devlin 2002). This could partly be explained by the fact that the researchers analysed different market segments when conducting their research. Porter (1985) and the Marketing Mix concept clearly indicate that different segments of the market will have different needs and wants.

The main attributes or variables that customers are looking for in a bank are summarised in table 3 below, and are tested in the questionnaire:

Table 3: Criteria and Variables customer value in Retail Banking)

Authors	Date	Country	Variables or Criteria
Javalgi, Armacost and Hosseini	1989	USA	Safety, high interest rates on savings, location, reputation, quality of service, low interest rates on loans.
Khazeh and Decker	1992	USA	Reputation, service fees, interest rates on loans, friendliness of staff.
Haron, Ahmad and Planisek	1994	Malaysia	Fast and efficient service, friendliness of staff, speed of transactions,
Boyd, Leonard and White	1994	USA	Reputation, interest charged on loans, and savings accounts.
Zineldin	1996	Sweden	Friendly and helpful staff, account

Authors	Date	Country	Variables or Criteria
			accuracy in account management, efficiency in correcting mistakes
Ta and Har	2000	Singapore	High interest rates, convenient location, quality of service
Almossawi	2001	Bahrain	Convenient ATM locations, reputation
Yavas, Babakus and Eroglu	2004	USA	Interest rates, access to overdrafts, fees charged.
Bick, Brown and Abratt	2004	South Africa	Efficient personal service, efficient online service, convenient and hassle-free service, fair value for bank charges.

2.5. Strategic issues in global banking

Porter's (1985) three generic strategies have been widely used in literature and academic institutions worldwide. The generic strategies are most often used by businesses to gain or maintain a competitive advantage, and therefore stay successful.

Although Porter's (1985) generic strategies still hold, Jagersma (2006) discusses the four stages of strategic business marketing in the banking arena and mentions that banks would have to change to meet the new challenges.

Jagersma (2006) identifies the four distinct areas:

1. The sales area (from second world war to the 1950's)
2. The product/service area (1960's – 1970's)
3. The customer area (1980's – 1990's)
4. The needs driven area (1990's onwards)

Based on these four areas and the literature in previous sections, it appears that banks and services industries are stuck in the first three areas, and have not progressed to area four.

Jagersma (2006) argues that companies will have to adapt to understand consumer buying behaviour and use particular strategies to identify customer's needs, such as being proactive and managing information efficiently and effectively.

The key to attaining a competitive advantage in the new era will be to satisfy the explicit and implicit needs of the customer (Jagersma 2006), and only thus will banks really understand the needs of customers.

2.6. Conclusion of literature review

From the literature it is evident that there are many variables that may cause a customer to close his or her account and move to another bank. The salient point is the fact that most of the variables are under the bank's control.

All these variables are very closely interlinked, and if one had to put it in a flow chart, arrows would flow to and from most of the blocks.

The following variables have been identified in the sections above in the literature as candidates to explain the underlying factors in customer retention;

Table 4: Possible variables in customer retention

Reputation	Customer satisfaction	Functionality of electronic channels/ATM
Image	Service quality	Aesthetics of branch
Product	Segmentation	Communication
Price (as well interest rates)	Location of ATM/branch	Relationship management
Economic risk	Availability of service	Responsiveness
Switching costs	Convenience	Empathy
Customer lock-In	Access	Perceived value
Loyalty programs	Security around branch/ATM	Value creation
Reliability of service channels	Service recoveries	Prompt service
Differentiation	Understanding of needs	Long queues

2.5.1 Proposition:

The research study, using the many highlighted variables, identifies clusters of variables (factors) that the customers view as important in their decision to leave a retail bank.

The following clusters of variables will surface as the main factors and in the following order:

- Customer service quality
- Perceived value
- Convenience

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Research methodology /paradigm

This chapter defines the nature of the research and methods used to test the proposition derived from the literature review. The research method is a quantitative analysis of the data collected through a survey made available to customers online.

From the literature review it is evident that there are different variables that could be very closely related or even correlated. Quantitative analysis of the data where the number of variables could be reduced would be appropriate for this research.

The paradigm chosen for this research will be of a positivist nature. Positivism assumes that science can quantitatively measure independent facts about a single reality (Healy and Perry 2000).

Positivists has been criticised for trying to reduce everything down to its basic form and ignoring subjectivity of the matter (Healy and Perry 2000). To guard against this from happening, the researcher will have to be cognisant of this fact and the principles surrounding validity and reliability.

3.2 Research design

The research is in the form of a questionnaire that was completed by a sample of bank customers.

One of the disadvantages of this type of questionnaire is that it was difficult to get the required number of respondents to participate. Double the required

number of questionnaires was sent out, as the researcher expected that a high percentage of people would not respond.

The questionnaire was made available over the Internet to make it as easy as possible for the respondent to give feedback.

3.3 Population and sample

3.3.1 Population

The population consisted of all retail banking customers in South Africa. A retail banking customer in this report is defined as any customer holding a transactional account such as a cheque account at any of the banks.

3.3.2 Sample and sampling method

The sampling method was non-probability convenience sampling with snowballing. Respondents were selected purely on recommendation and willingness to respond. The aim, however, was to obtain as diverse a set of respondents as possible.

The Central Limit Theorem states that, when a sample size is around 30, the means will be normally distributed. For this reason a sample greater than 30 but approximately 290 respondents were selected. For factor analysis to be applied correctly, the rule of thumb is a ratio of about 5 to 10 respondents per question, and in this research 10 respondents per question were used.

Table 5: Profile of respondents

Description of respondent	Number sampled
Customers	290

3.4 The research instrument

The research instrument was an online questionnaire made on the internet via http://docs.google.com . A link to the questionnaire was mailed to 53 friends and acquaintances, with a request to complete the survey and forward the email to a group of about 10 of their friends again. The actual research instrument can be viewed in Appendix A

3.5 Procedure for data collection

"if the questions one asks are not crucial, then differences in responses are not crucial either" (Creswell 1998: 335).

Data collection for the questionnaire consisted of an online questionnaire. Online surveys could benefit this research in two ways, as described by Ilieva, Baron and Healey (2002):

1. Allows for the messages or survey to be delivered instantly, irrespective of where the recipients are; and

2. Online surveys are cheaper, and limitations and scale of the survey will not be determined by finances.

The questionnaire consisted of two parts. The first was to capture demographic information about the respondent. The second part consisted of a seven point Likert scale ranging from "None:0" and "Definitely:7".

The survey was tested before going “live” to ensure that the questionnaire could be completed in 15 minutes, and it was found that it could be completed in less than 5 minutes.

3.6 Data analysis and interpretation

Factor Analysis was used to reduce and summarise the information. Again, the basic idea here is to represent a set of variables by a smaller set of variables. Common Factor Analysis, which estimates factors based on correlations between the variables was used.

Factor analysis is designed for interval data, although it can also be used for ordinal data (such as scores in Likert scales).

According to Rencher (2002) and Manly (2004) there are three steps involved in Factor Analysis;

1. calculate initial factor loadings;
2. factor rotation;
3. calculation of factor scores.

During the factor rotation stage, is where the factors are “clustered” which makes the data easier to interpret, are formed. In other words, this is where the models find groups of variables that are very strongly correlated.

A combination of the Scree Plot and Eigenvalues identified where the cut-off was for the factors during the process of identifying the underlying factors.

3.7 Limitations of the study

If there is a non-linear relationship between the variables, factor analysis would not have picked up these relationships, as factor analysis is based on the correlation coefficients between sets of variables (Gorsuch 1990), which works on linear relationships between variables.

There could have been more variables, that have not been identified in the literature research that could have influenced or modified the model.

3.8 Validity and reliability

3.8.1 External validity

External validity defines how the results of a study could be used in situations outside the study itself (Leedy and Ormrod 2005).

Due to the fact that all of the respondents had access to the Internet to complete the survey, which could potentially compromise the sample, the assumption was made that if someone can afford Internet, they can afford a cheque account also, and only people with cheque accounts were asked to complete the survey.

3.8.2 Internal validity

Internal validity is the extent to which the data and design of the research allow for the researcher to draw accurate conclusions about the cause and effect relationships on the data, and eventually on the final results of the study. (Leedy and Ormrod 2005)

3.8.3 Reliability

Reliability is determined by the quality and consistency of the measurement instrument. (Leedy and Ormrod 2005).

Although extraneous factors could affect the data collected, the use of a proven method and seven point Likert scale will enhance reliability.

CHAPTER 4: PRESENTATION OF RESULTS

This chapter presents the data that was obtained from the online questionnaire, and the analysis thereof. The conclusions drawn from the analysis in response to the research proposition are provided in the following chapter of this document.

4.1 Introduction

The responses received from the online questionnaire resulted in 290 complete, clean and usable responses. 331 responses were originally received and the data was prepared to:

- Firstly, remove the responses where the variance was zero across all ratings. This occurs where the respondent answered all the questions equally, indicating that the respondent merely filled in the questionnaire without giving it sufficient thought. A total of sixteen respondents was removed;
- and lastly, remove twenty five respondents who completed the questionnaire but who did not have a cheque account at any bank.

4.2 Demographic profile of respondents

4.2.1 Gender

Respondents were asked information about their race and gender. The results for race can be seen in Table 6 below. A nearly equal split between female and male can be seen with totals of 146 and 144 respectively.

Table 6: Gender of respondents

	Number of respondents	% of respondents
Female	146	50%
Male	144	50%

4.2.2 Race

The majority of the respondents selected “white” as their race. The number of respondents who selected “Indian” or “Coloured” is nearly equal at 7% of the sample as can be seen in Table 7 below.

Table 7: Race of respondents

	Number of respondents	% of respondents
Black	**54**	**19%**
Coloured	**20**	**7%**
Indian	**23**	**8%**
White	**193**	**67%**
Total	**290**	**100%**

4.2.3 Age

The majority of the respondents are between 19 and 35 years of age with the 26-35 year band being the highest at 36% of the sample, and the over-55's comprising only 8% of the sample, as seen in Table 8 below.

Table 8: Age of respondents

Age group	Number of respondents	% of respondents
19-25	**61**	**21%**
26-35	**104**	**36%**
36-45	**65**	**22%**
46-55	**36**	**12%**
Over-55	**24**	**8%**

4.3 Results pertaining to factor analysis

For this analysis every respondent answered every one of the questions on a seven-point Likert Scale.

A factor analysis was conducted on the responses using Number Cruncher Statistical Software (NCSS) with Varimax Factor Rotation.

4.3.1 Descriptive Statistics

The two variables with the lowest means of 3.4 and 3.7 are Economy (Q28) and Image (Q22) respectively. The highest means of 5.4 and 5.5 are Quality (Q27) and Response_query (Q13) respectively. A lookup table could be found in Appendix D for a more detailed description of the variables.

Queues (Q3) and Rel_Int_Bank (Q8) has the biggest Standard Deviations of just bigger than 2

Only 3 variables have low communalities of below 0.25, as can be seen in Table 9 below, and could be removed, but might be useful in a well defined factor and will therefore was not removed.

Table 9: Descriptive Statistics

Variables	Count	Mean	Standard Deviation	Communality
Q1. Communication	**290**	**3.996552**	**1.91063**	**0.389779**
Q2. Reputation	**290**	**4.634483**	**1.83889**	**0.379397**

Variables	Count	Mean	Standard Deviation	Communality
Q3. Queues	290	4.175862	2.00176	0.171937
Q4. Pref_treatment	290	4.734483	1.8718	0.306959
Q5. Unique	290	3.913793	1.68942	0.442394
Q6. Loyalty_Prog	290	4.155172	1.87131	0.36038
Q7. Get_value	290	5.251724	1.60732	0.488349
Q8. Rel__Int__Bank	290	5.2	2.03295	0.715633
Q9. Rel__ATM	290	5.337931	1.82532	0.584343
Q10. Convenience	290	5.293103	1.76087	0.683645
Q11. Service_recovery	290	4.94138	1.61524	0.55181
Q12. Value_create	290	4.906897	1.54795	0.588333
Q13. Response_query	290	5.472414	1.62408	0.648358
Q14. Relationship	290	4.806897	1.6795	0.434722
Q15. Loc__ATM	290	4.468966	1.75115	0.482797

Variables	Count	Mean	Standard Deviation	Communality
Q16. Loc__Branch	290	4.089655	1.73671	0.495509
Q17. Multiple	290	4.155172	1.91517	0.206096
Q18. Promptness	290	5.32069	1.62717	0.721847
Q19. Empathy	290	4.851724	1.65191	0.489606
Q20. Func__Int	290	4.917242	1.88053	0.615049
Q21. Func__ATM	290	4.751724	1.83594	0.547917
Q22. Image	290	3.682759	1.77333	0.455467
Q23. Charges	290	5.317241	1.70569	0.396133
Q24. Func__Acc	290	4.403448	1.8394	0.412841
Q25. Security	290	5.137931	1.77885	0.45667
Q26. Access_services	290	4.865517	1.71877	0.518763
Q27. Quality	290	5.393104	1.6525	0.732188
Q28. Economy	290	3.42069	1.84773	0.221343

Variables	Count	Mean	Standard Deviation	Communality
Q29. Understand_need	**290**	**4.875862**	**1.67366**	**0.618864**

4.3.2 Correlation matrix

All of the variables have a positive correlation with each other and the detailed results are provided in Appendix C. None of the correlations between the variables is greater than 0.8, and therefore all variables were included in the model.

The end of the correlation section shows the Bartlett's test of sphericity which is used to test the appropriateness of the factor model. The model returns a value of 4592.22 with a probability of 0.000000, thus confirming the appropriateness of conducting a factor analysis

4.3.3 Eigenvalues after Varimax rotation

The first four factors account for 99.15% of the variance in the variables of this model. Factor 1 is the strongest at 40.42% of the variance, and Factors 2 and 3 nearly the same size although factor 3's individual percentage is greater than that of Factor 2 as can be seen in Table 10.

There are clear breaks after Factor 1 and also after Factor 4 on the Scree Plot.

Table 10: Descriptive Statistics

		Individual	Cumulative	
No.	Eigenvalue	Percent	Percent	Scree Plot
1	5.754926	40.42	40.42	||||||||
2	3.013774	21.17	61.59	|||||
3	3.123029	21.94	83.52	|||||
4	2.225402	15.63	99.15	||||
5	0.544858	3.83	102.98	|
6	0.400471	2.81	105.79	|
7	0.345892	2.43	108.22	|
8	0.295297	2.07	110.3	|

4.3.4 Factor loadings after Varimax rotation

All but two of the variables in Factors 1 and 2 have negative loadings. A strong crossloading can be seen for Q10 (Convenience) in both factors and needs to be interpreted in both factors.

Q18, which refers to the question on promptness of service has the strongest loading on Factor 1.

Q8, which refers to the question on the reliability of Internet banking has the strongest loading on Factor 2 as can be seen in Table 11 below.

Table 11: Factor loadings for Factors 1 and 2

Question Number	Variables	Factor1	Factor2
Q1	Communication	-0.13893	-0.07717
Q2	Reputation	-0.25286	-0.29089
Q3	Queues	-0.20098	0.098098
Q4	Pref_treatment	-0.4089	-0.05863
Q5	Unique	-0.14206	-0.12714
Q6	Loyalty_Prog	-0.22522	-0.16896
Q7	Get_value	-0.50659	-0.28284
Q8	Rel__Int__Bank	-0.36164	-0.72978
Q9	Rel__ATM	-0.26879	-0.48565
Q10	Convenience	-0.58584	-0.54187

Question Number	Variables	Factor1	Factor2
Q11	Service_recovery	-0.55073	-0.34908
Q12	Value_create	-0.62284	-0.3896
Q13	Response_query	-0.6837	-0.31777
Q14	Relationship	-0.54777	-0.18065
Q15	Loc__ATM	-0.11912	-0.31679
Q16	Loc__Branch	-0.2286	-0.08271
Q17	Multiple	-0.25716	-0.1623
Q18	Promptness	-0.71272	-0.33867
Q19	Empathy	-0.59041	-0.06621
Q20	Func__Int	-0.31586	-0.70458
Q21	Func__ATM	-0.304	-0.39405
Q22	Image	-0.11562	-0.15046
Q23	Charges	-0.47303	-0.28615

Question Number	Variables	Factor1	Factor2
Q24	Func__Acc	-0.4866	-0.30776
Q25	Security	-0.44584	-0.18599
Q26	Access_services	-0.57187	-0.18547
Q27	Quality	-0.70547	-0.35928
Q28	Economy	-0.16662	0.110199
Q29	Understand need	-0.65201	-0.04848

All the variables in Factor 3 have negative loadings, whilst all the variables in Factor 4 have positive loadings, with very weak cross-loadings to be seen between the factors.

Questions Q15 and Q16, which refer to the location of branches and ATMs have the strongest loadings on Factor 3.

Q1 which refers to the question on the communication from the bank, has the strongest loading on Factor 4 as can be seen in Table 12.

Table 12: Factor loadings for Factors 3 and 4

Question Number	Variables	Factor3	Factor4
Q1	Communication	-0.06533	0.600211
Q2	Reputation	-0.20907	0.432592
Q3	Queues	-0.26267	0.230062
Q4	Pref_treatment	-0.10198	0.354854
Q5	Unique	-0.28881	0.568012
Q6	Loyalty_Prog	-0.22004	0.482382
Q7	Get_value	-0.09459	0.377856
Q8	Rel__Int__Bank	-0.0804	0.214041
Q9	Rel__ATM	-0.48466	0.203332
Q10	Convenience	-0.15549	0.150453
Q11	Service_recovery	-0.25295	0.250344
Q12	Value_create	-0.12641	0.180651

Question Number	Variables	Factor3	Factor4
Q13	Response_query	-0.18808	0.211101
Q14	Relationship	-0.19784	0.250797
Q15	Loc__ATM	-0.60144	0.080748
Q16	Loc__Branch	-0.65096	0.112508
Q17	Multiple	-0.29092	0.170259
Q18	Promptness	-0.20789	0.236555
Q19	Empathy	-0.32547	0.175243
Q20	Func__Int	-0.07956	0.111902
Q21	Func__ATM	-0.53396	0.122962
Q22	Image	-0.54304	0.352944
Q23	Charges	-0.25179	0.164594
Q24	Func__Acc	-0.27485	0.076215
Q25	Security	-0.44081	0.170261

Question Number	Variables	Factor3	Factor4
Q26	Access_services	-0.38887	0.078128
Q27	Quality	-0.23623	0.222729
Q28	Economy	-0.40015	0.146001
Q29	Understand_need	-0.35898	0.250062

4.4 Summary of the results

The data was screened for any outliers and these were removed from the sample, which left 290 usable responses. The minimum amount of data required for factor analysis was satisfied with 10 responses per question.

Only variables identified in the literature were used in the questionnaire, and a correlation matrix showed a positive correlation between all of the variables with no inverse correlations.

The Bartlett's test for sphericity was significant, with a Bartlett Test value of 4592.22 and a probability of 0.000000. Finally, all but 2 of the variables communalities were in the accepted range of above 0.25 for inclusion into the model. The model was run twice with the 2 borderline variables first excluded and then included. The structure of the model changed very little and a decision was made to leave the variables in the model. Given these overall indicators, all 29 variables were included in the model.

Factor Analysis was used because the reason for this research was to find the underlying factors or structure in the data.

The selection of the number of factors was based on a combination of the individual Eigenvalues of the factors and the levelling of the Scree plot. The four factors explain 99% of the variance and the factors are supported by the literature review.

4.4.1 Factor 1

All the variables with absolute factor loadings of 0.4 or above were included in the interpretation of the Factor and the variables describing Factor 1 are:

Table 13: Factor 1

Question Number	Description of variables	Factor loading
Q18	**Prompt service**	**-0.713**
Q27	**Quality service**	**-0.705**
Q13	**Responsiveness to queries**	**-0.684**
Q29	**Understanding of needs**	**-0.652**
Q12	**Value creation**	**-0.623**
Q19	**Empathy**	**-0.59**
Q10	**Convenience**	**-0.586**
Q26	**Access to services**	**-0.572**
Q11	**Service recovery**	**-0.551**
Q14	**Relationship**	**-0.548**

Question Number	Description of variables	Factor loading
Q7	**Get value**	**-0.507**
Q24	**Functionality cheque account**	**-0.487**
Q23	**Bank charges**	**-0.473**
Q25	**Security around the branch**	**-0.446**
Q4	**Preferential treatment**	**-0.409**

All the variables above relate to service issues, perceived value and the bank ‘s understanding of the customer’s needs, and the service that goes with it. The factor accounts for 40.42% of the total variance and is the largest of the four factors.

This factor was called **Value Adding Service**

4.4.2 Factor 2

The variables for Factor 2, that makes up 21.17% of the variance, and the 3rd largest of the factors relates to reliable and convenient electronic banking. Factor 2 was named **Reliable Convenience**

Table 14: Factor 2

Question Number	Description of variables	Factor2
Q8	**Reliable Internet banking**	**-0.73**
Q20	**Functionality Internet bank**	**-0.705**
Q10	**Convenience**	**-0.542**
Q9	**Reliable ATM**	**-0.486**

4.4.3 Factor 3

The variables for Factor 3, that make up 21.94% of the variance, and the 2nd largest of the factors relates to the branches. ATMs, the image of the bank and security around the branches and ATMs.

Factor 3 was called **Safe Functional Infrastructure**

Table 15: Factor 3

Question Number	Description of variables	Factor3
Q16	Location of the branches	-0.651
Q15	Location of the ATMs	-0.601
Q22	Image	-0.543
Q21	Functionality of ATMs	-0.534
Q9	Reliability of ATMs	-0.485
Q25	Security around Branches and ATMs	-0.441
Q28	Economy	-0.4

4.4.4 Factor 4

The last Factor that makes up 15.63% of the variance, and the smallest of the factors relates to the way the bank communicates with the customer, the uniqueness of the bank and the bank's loyalty programs.

Factor 4 is the most difficult to name but was called **Feel-good Elements**

Table 16: Factor 4

Question Number	Description of variables	Factor4
Q1	**Communication from my bank**	**0.6002**
Q5	**Uniqueness of my bank**	**0.568**
Q6	**Loyalty programs**	**0.4824**
Q2	**Reputation of my bank**	**0.4326**

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

The researcher will, in this chapter look at the four individual factors identified in the previous chapter and discuss and explain the results in reference with the literature review as well as other authors.

5.2 Discussion pertaining to Proposition

5.2.1 Factor 1 (Value Adding Service)

It is not surprising that the most prominent variables that factored together under this factor were mostly service related elements. What was interesting, however, was that the functionality of the product (cheque account) factored together with the service related variables.

In none of the research studies (Javalgi 1989; Khazeh and Decker 1992; Haron, Ahmad and Planisek 1994; Boyd, Leonard and White 1994; Zineldin 1996; Ta and Har 2000; Almossawi 2001; Bick, Brown and Abratt 2004) results explored did “product” feature as one of the most important factors that customers value in their relationship with their bank. This begs the question why the product would factor together with the service element?

If banking products are seen as services, it makes sense that the product and service variables would factor together. In other words, the physical product (the cheque account) is turned into a service offering.

Bank charges and value for money also factored together with the elements above into this factor. To understand how a customer perceives price or value for money, one should consider that customers use price as an indicator for

quality of the product (or rather service, in this case). Customers who receive the same quality of service as other customers who pay less bank charges might feel that they are either paying too much, or are not receiving the quality of service that they are paying for. In a situation such as this it will only be the customers that pay the lowest account fees that would be satisfied with the service.

While good service quality leads to customer satisfaction, it is important to note that customer satisfaction is the result of the service encounter. As mentioned in the literature review, there is a definite link between service quality, satisfaction and loyalty, and it can thus be said that the quality of the service will have a definite impact on customer retention.

The quality of service, in turn, is affected by the price or perceived value, from the customer's point of view. Therefore these factors are not mutually exclusive.

"Preferential treatment" factored together with service, which supports the proposition that the equality of service for all customers could cause certain customers to believe that they are over-paying for their service, when compared with other customers in the banking hall. This, however, would be a very difficult problem to solve, as certain customers would feel there is discrimination in the banking hall if other customers receive preferential treatment.

Product (or service in this instance), together with pricing, are the two biggest elements, which are also two of the Marketing Mix's 4P's, combined into one factor. It is expected that product (or service, if the service is seen as product) would be the first and biggest factor.

5.2.2 Factor 2 (Reliable convenience)

Bick, Brown and Abratt (2004), found efficient online service to be one of the factors customers value in a South African bank. This is supported by the variables that constructed this factor.

Convenience factored together with the Internet-related questions, and this is why the naming convention of Bick, Brown and Abratt (2004) was not followed. Not all the questions in the questionnaire were similar to those in the research done by Bick, Brown and Abratt (2004), and this fact supported the decision not to use the same naming convention, as it became clear that, although the factor was about reliability and convenience, it was, for the purposes of this study, based on usage of the Internet channel.

In today's electronic world, where geographic location is not as important as in the past, due to the fact that one can now do one's business on-line, this can also be seen as the "Place" component of the Marketing Mix's 4Ps.

In the questionnaire it was seen that the responses were either on the low end or on the high end of the scale. Very few responses were in the middle range, (4's or 5's). It is assumed that only customers with Internet banking would mark the Internet questions as being important, but this did not make a difference to the forming of factors, as can be seen here with this factor.

With the growth in the Internet usage and the need for convenience in today's 24/7 society, where customers do not want to be restricted by the times when they can do their banking, one would expect this factor to become of greater importance over the next few years.

Walker and Johnson (2005) found that "Time and personal constraints" were the main reasons why customers adopted the Internet banking channel, as it allowed them total freedom and convenience when doing their banking. "Time and personal constraints" were quoted as comprising 71% of the reasons. They did, however, come to the conclusion that Internet banking should not be seen as a substitute for person-to person service encounters, but rather as another channel for servicing customers. This point emphasises the importance of

developing the systems on this channel to enhance the current service offering, in order to foster a positive attitude towards the banks. Walker and Johnson (2005) also argue that more attention should be given to the functionality of this channel to compensate for the lack of personal interaction. .

5.2.3 Factor 3 (Safe functional infrastructure)

Ta and Har (2000) found that conveniently located branches are one of the main elements customers look for in a bank. Almossawi (2001) found very similar results, although in his study conveniently placed ATMs ranked as one of the most important factors.

One of the fundamental differences between the product and the service industries is the fact that, in the service industries, the customer is very often physically present or part of the process.

If one understands the role of the customer in the process, together with the customer's perception of value or price, the location of ATMs and branches becomes critical. For the customer to be part of the process, he or she will need to make a sacrifice of time and effort to get to a branch or ATM to effect transactions.

In a study from Braff and DeVine (2009) for McKinsey's, it was found that, although banks invested most of their capital expenditure for ATMs on the user interface, this only improved the overall customer satisfaction rating by 5%. The existence of sufficient and well-situated ATMs, with the constant availability of cash, was 50% more important to the customers than the actual interface. The variables in this factor supports this statement from Braff and DeVine (2009), showing the importance of well situated and functional ATMs.

Although factor 2 and factor 3 both have an element of convenience, it is clear that there are two types of convenience that customers value, as seen by two separate factors. The first is online convenience as in factor 2, and the second

is with regard to the physical infrastructure. The probable reasons why it resulted in two different factors is that not all customers have adopted Internet banking, together with the fact that customers will still need the ATMs, regardless of Internet banking.

5.2.4 Factor 4 (Feel-good elements)

Factor 4 is the most difficult to name, as the variables that factored together here at first seemed not to make sense. The closest naming conventions found in marketing were “brand preference” or “brand affinity”. The reason why factor 4 would be closely related to these is that it describes the things that would make customers feel good about a certain brand or company.

Jalili and Breitkopf (2007) found in their study on loyalty cards and reward programs that nearly 46% of customers are not interested in reward programs at all, thus infering that nearly half of the customers are interested in loyalty cards or programs. Although one can state that 46% of customers are not interested in the loyalty cards, what was interesting in this study was that this number has jumped by 10% in one year from 36% the previous year.

The reasoning by Jalili and Breitkopf (2007) was that customers, although initially interested, later started to feel that loyalty programs are a “fraud”, and “Contributing to this apathy are expiration dates, minimum points for redemption, and blockout dates for air miles that prevent people from taking advantage of rewards programs”.

In other words, for this factor, the uniqueness of the bank, the loyalty programs and the way that the bank communicates with the customer are important in the decision the customer might make to close the cheque account and move to another bank.

5.3 Conclusion regarding proposition

Bloemer *et al.* (1998) found surprisingly similar factors whilst investigating drivers of bank loyalty. In their findings they identified factors influencing loyalty to a retail bank. They found that customer satisfaction with service was not the sole determinant of customer loyalty, but that reliability and efficiency should be also viewed as important determinants.

Storbacka *et al.* (1994) defined customer loyalty in simple terms as “repeat purchase behaviour in a relationship”. Repeat purchase means that customers will stay longer and it will therefore assist with the retention of customers

In the study from Van Jaarsveld and Van Heerden (2007), too could not find any difference in the constructs regarding the perceptions of customers of various service delivery aspects in a bank branch. In this study, a similar view is expressed, with all the service questions factoring together under one factor. The assumption is thus made that customers do not differentiate between the various service delivery questions, but view service as a whole, and not as comprised of separate elements.

It is evident, from the formulation of the factors that explained 99% of the variance on the model, that nearly all the variables had some impact on the customer’s decision to close his/her account and move to another bank as described by the literature review.

Cause and effect were not investigated, but merely the elements that could influence the customer’s decision to defect. In other words, it was not tested whether quality service would influence customer loyalty, for example. The model only identified that both these elements would to some degree influence the possible decision, but did not identify any linkages between the elements.

The proposition stated that the following clusters of variables (or factors) would surface as the main factors and in the following order:

- Customer service quality
- Perceived value
- Convenience

The proposition is partially accepted, as factor 1 corresponds to the first and second factor in the proposition. Factor 2 and factor 3 correspond to the third factor in the proposition.

Based on the Eigenvalues and the variance explained in the model, the factors would rank as follows;

- Value adding service
- Save functional infrastructure
- Reliable convenience
- Feel-good elements

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter, the last in this report, consolidates the main findings of the research conducted and presents recommendations to retail bankers. The findings are based on the responses from the survey and the output from Factor Analysis, and should always be viewed in conjunction with existing literature. To conclude the document, ideas for future research are also presented.

6.2 Conclusions of the study

The underlying factors that influence retail banking customers' decision to close their accounts and move to another bank are;

- Value adding service
- Safe functional infrastructure
- Reliable convenience
- Feel-good elements

The factors did not come as a surprise and reinforced what many quoted researchers in the literature review also stated. The service element and how customers perceive value for money is still one of the most important factors for any bank to consider.

Apart from the factors identified, the two most surprising findings in this study were:

- Service variables, bank charges and the functionality of the product factored together. In the customers' eyes the product and the service that goes with it, is seen as the same thing, and should be treated as such.

- Secondly, the convenience element could be seen in 2 factors, firstly with Internet banking, and secondly with ATMs and branches.

Service in retail banking is often seen as an add-on or secondary to the product itself. It became clear that, in the mind of the customer, the cheque account and service should be treated as the same. To better explain this is to think of a cheque account as a membership card to a golf club. Customers do not buy the membership card just to have the card; the reason they get the card is to obtain the services that that card provides access to.

6.3 Recommendations

The researcher deems it important to make several suggestions to both the management and the employees of the retail bank. Spending money and time on improving customer service can certainly benefit banks as suggested Reichheld and Sasser (1990).

Customer retention is often seen as the role only of the service department, and that other departments have little or no role to play in this regard. Customer retention is a function of every department in the bank, and employees should be measured and rewarded for fulfilling this function. It can be seen from the different factors that even the functionality of the ATMs influenced a possible decision to close the account and move to another bank.

Customer service is often described as the intangible element and products as the tangible “stuff”. The researcher would like to say that in the customer’s eyes the opposite is actually true. Customers see the product itself as intangible and see the actual service as the tangible, because these are the main elements they choose to use when deciding whether to close their accounts. Vargo and Lusch (2006) also considers the boundaries between goods and services to become blurred as the differences between good and services becomes “artificial”. ***This perspective considers the product only as a distribution mechanism for the service offering, and says that customers buy products for the services they provide.***

To have merely a separate measure on the balanced scorecard pertaining to customer retention does not say much in itself. Turn the measure into a Rand value for customers lost and it will have a much bigger impact throughout the organisation. Branches or departments can then see what the revenue, Cost-to-Income ratios and so forth would have been if customer had been retained.

Measurement of actual losses will not in itself solve a customer retention problem. Banks must carefully note customers’ reasons for leaving and act on this data. It is one thing to measure customer service or satisfaction levels, but the underlying reasons for leaving could be so much more important. The data collected in such a manner could be used to validate or improve on current customer satisfaction levels, which are also measured via questionnaires in most banks.

As is seen in factor 1, where the service and product factored together, it is important to remember that service is not the by-product of the cheque account. Customers open cheque accounts to have the access to services. In other words, they are buying the service and not the product, and with every single service encounter the bank is selling a service to the customer.

The word “service” has many connotations; for example “He did me a service to fix my door” or “He found the butcher’s service to be excellent”. In this context it is clear that the words service and favour are synonyms. Service should never been seen as a favour to the customer.

6.4 Suggestions for further research

Service factors

Although the Internet and ATMs have supplanted the human interface in many of the service encounters with customers, this may cause customers to feel that the bank does not care, or is not giving them the service they require. The individual variables under factor 1, for example “Service quality” could be researched in terms of delivery channel as well. It could be that customers have a different view per variable depending on the channel through which they are served.

Product-Service relationship

There seems to be a definite and very strong link between the actual banking product and the service required from customers. Research where these links and similarities are explored could be very valuable to the banking industry. Is the product secondary to the services required, or rather what is the primary requirement from customers? If this is properly understood, banks will be able to satisfy customers’ needs better and strategise accordingly.

Pull or Push Factors

Although an attempt was made in this research to identify factors that could possibly influence customers’ decisions to close their accounts and move to another bank, it is clear that certain factors could be more of a push than a pull factor. An example of an important factor would be loyalty programs, which could be a pull factor. In other words, it influences the customer’s decision to stay rather than to leave. Bad service, on the other hand, could be more a push factor, and have a bigger influence on the decision to leave rather than to stay.

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APPENDIX A

Actual Research Instrument

Gender

- ○ Male
- ○ Female

Race

- ○ Black
- ○ White
- ○ Coloured
- ○ Indian
- ○ Other

Age 19-25

Main Bank

- ○ Absa
- ○ FNB

- Standard Bank
- Nedbank
- Other

To what degree would your bank's COMMUNICATION with you, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all								Very Likely

To what degree would your bank's REPUTATION influence a possible decision to close your accounts and move to another bank?.

	1	2	3	4	5	6	7	
Not at all								Very Likely

To what degree would the QUEUES in your bank, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would PREFERENTIAL TREATMENT (customer who pay more would get better service) from your bank, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the UNIQENESS of your bank, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the LOYALTY PROGRAMS from your bank, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the VALUE you get from your bank, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the RELIABILITY OF your bank's INTERNET BANKING, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the RELIABILITY OF ATMS of your bank, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's method of making banking CONVENIENT to you, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the way your bank is RECOVERING FROM SERVICE FAILURES, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the way your bank CREATES VALUE for you, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's RESPONSIVENESS to your QUERIES, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the RELATIONSHIP WITH YOUR BANK, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's LOCATION OF ATMS, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's LOCATION OF BRANCHES, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would HAVING MULTIPLE ACCOUNTS AT YOUR BANK, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's PROMPTNESS of SERVICE, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's EMPATHY with your financial situation, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the FUNCTIONALITY OF your bank's INTERNET BANKING, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the FUNCTIONALITY OF your bank's ATMS, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's BRAND IMAGE, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's BANK CHARGES, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the FUNCTIONALITY OF YOUR CHEQUE ACCOUNT, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would SECURITY around your bank's ATMS/BRANCH, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the ACCESS TO SERVICES (you can do everything at your branch) of your bank, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's QUALITY of SERVICE, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would the ECONOMY, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

To what degree would your bank's UNDERSTANDING OF YOUR NEEDS, influence a possible decision to close your accounts and move to another bank?

	1	2	3	4	5	6	7	
Not at all	○	○	○	○	○	○	○	Very Likely

How likely are you to close your accounts and move to another bank in the next 3 month?

	1	2	3	4	5	6	7	
Not at all								Very Likely

What would you say is the most important factor that would influence your decision to close your accounts and move to another bank?

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APPENDIX B

Consistency matrix

The purpose of this study is to identify factors that will influence South African retail banking customers' decision to move to another retail bank, in order of importance.					
Problem	**Literature Review**	**Proposition**	**Source of data**	**Type of data**	**Analysis**
The purpose of this study is to identify factors that will influence South African retail banking customers' decision to move to another retail bank, in order of importance	Jones, Mothersbaugh and Beatty (2000); Keaveney (1995); Liljander and Strandvik (1995); Parasuraman, Zeithaml and Berry (1988); Payne and Frow (2005); Peppard (2000); Reinartz, Thomas and Kumar (2005);	The following clusters of variables will surface as the main factors and in the following order: • Customer service quality • Perceived value • Convenience	Questionnaire	Ordinal data	Factor Analysis

APPENDIX C

Factor Analysis Results

Descriptive Statistics Section

Variables	Count	Mean	Standard Deviation	Communality
Communication	290	3.9966	1.9106	0.3898
Reputation	290	4.6345	1.8389	0.3794
Queues	290	4.1759	2.0018	0.1719
Pref_treatment	290	4.7345	1.8718	0.307
Unique	290	3.9138	1.6894	0.4424
Loyalty_Prog	290	4.1552	1.8713	0.3604
Get_value	290	5.2517	1.6073	0.4883
Rel__Int__Bank	290	5.2	2.0329	0.7156
Rel__ATM	290	5.3379	1.8253	0.5843
Convenience	290	5.2931	1.7609	0.6836

Variables	Count	Mean	Standard Deviation	Communality
Service_recovery	290	4.9414	1.6152	0.5518
Value_create	290	4.9069	1.5479	0.5883
Response_query	290	5.4724	1.6241	0.6484
Relationship	290	4.8069	1.6795	0.4347
Loc__ATM	290	4.469	1.7511	0.4828
Loc__Branch	290	4.0897	1.7367	0.4955
Multiple	290	4.1552	1.9152	0.2061
Promptness	290	5.3207	1.6272	0.7218
Empathy	290	4.8517	1.6519	0.4896
Func__Int	290	4.9172	1.8805	0.615
Func__ATM	290	4.7517	1.8359	0.5479
Image	290	3.6828	1.7733	0.4555
Charges	290	5.3172	1.7057	0.3961

Variables	Count	Mean	Standard Deviation	Communality
Func__Acc	290	4.4034	1.8394	0.4128
Security	290	5.1379	1.7788	0.4567
Access_services	290	4.8655	1.7188	0.5188
Quality	290	5.3931	1.6525	0.7322
Economy	290	3.4207	1.8477	0.2213
Understand_need	290	4.8759	1.6737	0.6189

Correlation Matrix

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24	Q25	Q26	Q27	Q28	Q29
Q1	1.0	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.3	0.1	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.3	0.2	0.3
Q2	0.4	1.0	0.1	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.5	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.5	0.1	0.3
Q3	0.3	0.1	1.0	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.0	0.2	0.3	0.0	0.2	0.2	0.2	0.1	0.3	0.2	0.2	0.2	0.2
Q4	0.3	0.3	0.2	1.0	0.3	0.3	0.4	0.3	0.3	0.3	0.4	0.3	0.4	0.3	0.1	0.2	0.3	0.4	0.4	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.1	0.4
Q5	0.3	0.3	0.2	0.3	1.0	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.4	0.4	0.2	0.2	0.3	0.3	0.3	0.2	0.4
Q6	0.3	0.3	0.2	0.3	0.4	1.0	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.2	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.4	0.3	0.4	0.2	0.4
Q7	0.3	0.3	0.2	0.4	0.3	0.5	1.0	0.5	0.4	0.5	0.5	0.5	0.6	0.4	0.3	0.2	0.3	0.6	0.5	0.4	0.3	0.3	0.5	0.4	0.3	0.3	0.5	0.2	0.5
Q8	0.2	0.4	0.1	0.3	0.3	0.4	0.5	1.0	0.6	0.6	0.5	0.5	0.5	0.5	0.3	0.2	0.3	0.5	0.4	0.8	0.4	0.2	0.5	0.4	0.3	0.4	0.6	0.0	0.4
Q9	0.2	0.4	0.2	0.3	0.4	0.3	0.4	0.6	1.0	0.6	0.5	0.4	0.5	0.3	0.5	0.4	0.3	0.5	0.4	0.4	0.7	0.4	0.4	0.4	0.5	0.4	0.5	0.2	0.4
Q10	0.2	0.4	0.2	0.3	0.3	0.3	0.5	0.6	0.6	1.0	0.6	0.7	0.6	0.5	0.3	0.3	0.3	0.7	0.4	0.5	0.5	0.3	0.5	0.5	0.5	0.5	0.7	0.1	0.5
Q11	0.3	0.5	0.2	0.4	0.3	0.3	0.5	0.5	0.5	0.6	1.0	0.6	0.6	0.4	0.4	0.3	0.4	0.7	0.4	0.4	0.4	0.3	0.5	0.4	0.4	0.5	0.6	0.2	0.5
Q12	0.3	0.4	0.1	0.3	0.3	0.3	0.5	0.5	0.4	0.7	0.6	1.0	0.6	0.5	0.3	0.3	0.3	0.7	0.4	0.5	0.4	0.3	0.5	0.5	0.5	0.5	0.6	0.1	0.5
Q13	0.3	0.4	0.2	0.4	0.3	0.3	0.6	0.5	0.5	0.6	0.6	0.6	1.0	0.5	0.3	0.3	0.3	0.7	0.5	0.5	0.5	0.3	0.5	0.5	0.5	0.5	0.6	0.2	0.6
Q14	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.5	0.3	0.5	0.4	0.5	0.5	1.0	0.3	0.4	0.3	0.5	0.5	0.4	0.3	0.2	0.4	0.4	0.5	0.5	0.5	0.2	0.5
Q15	0.2	0.3	0.2	0.1	0.2	0.2	0.3	0.3	0.5	0.3	0.4	0.3	0.3	0.3	1.0	0.5	0.3	0.3	0.3	0.3	0.5	0.4	0.4	0.3	0.4	0.3	0.3	0.2	0.3
Q16	0.1	0.3	0.2	0.2	0.3	0.3	0.2	0.2	0.4	0.3	0.3	0.3	0.3	0.4	0.5	1.0	0.4	0.4	0.3	0.2	0.4	0.4	0.3	0.3	0.5	0.5	0.4	0.3	0.4
Q17	0.1	0.3	0.0	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.4	1.0	0.4	0.3	0.3	0.2	0.3	0.2	0.3	0.3	0.2	0.4	0.2	0.3
Q18	0.3	0.5	0.2	0.4	0.3	0.4	0.6	0.5	0.5	0.7	0.7	0.7	0.7	0.5	0.3	0.4	0.4	1.0	0.5	0.5	0.5	0.3	0.5	0.5	0.5	0.6	0.8	0.1	0.6
Q19	0.1	0.3	0.3	0.4	0.3	0.3	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.3	0.3	0.3	0.5	1.0	0.3	0.4	0.3	0.4	0.4	0.4	0.4	0.5	0.3	0.7
Q20	0.2	0.3	0.0	0.2	0.2	0.3	0.4	0.8	0.4	0.5	0.4	0.5	0.5	0.4	0.3	0.2	0.3	0.5	0.3	1.0	0.4	0.2	0.4	0.4	0.3	0.4	0.5	0.0	0.3
Q21	0.2	0.4	0.2	0.3	0.4	0.3	0.3	0.4	0.7	0.5	0.4	0.4	0.5	0.3	0.5	0.4	0.2	0.5	0.4	0.4	1.0	0.4	0.4	0.5	0.4	0.5	0.5	0.2	0.5
Q22	0.2	0.4	0.2	0.2	0.4	0.4	0.3	0.2	0.4	0.3	0.3	0.3	0.3	0.2	0.4	0.4	0.3	0.3	0.3	0.2	0.4	1.0	0.3	0.3	0.4	0.4	0.3	0.3	0.4
Q23	0.2	0.3	0.2	0.3	0.2	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.2	0.5	0.4	0.4	0.4	0.3	1.0	0.5	0.4	0.4	0.5	0.3	0.5
Q24	0.1	0.3	0.1	0.3	0.2	0.3	0.4	0.4	0.4	0.5	0.4	0.5	0.5	0.4	0.3	0.3	0.3	0.5	0.4	0.4	0.5	0.3	0.5	1.0	0.4	0.4	0.5	0.2	0.4
Q25	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.5	0.5	0.4	0.5	0.5	0.5	0.4	0.5	0.3	0.5	0.4	0.3	0.4	0.4	0.4	0.4	1.0	0.5	0.6	0.2	0.5
Q26	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.3	0.5	0.2	0.6	0.4	0.4	0.5	0.4	0.4	0.4	0.5	1.0	0.7	0.2	0.5

Q27	0.3	0.5	0.2	0.4	0.3	0.4	0.5	0.6	0.5	0.7	0.6	0.6	0.6	0.5	0.3	0.4	0.4	0.8	0.5	0.5	0.5	0.3	0.5	0.5	0.6	0.7	1.0	0.1	0.6
Q28	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.0	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.3	0.2	0.1	0.3	0.0	0.2	0.3	0.3	0.2	0.2	0.2	0.1	1.0	0.3
Q29	0.3	0.3	0.2	0.4	0.4	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.6	0.5	0.3	0.4	0.3	0.6	0.7	0.3	0.5	0.4	0.5	0.4	0.5	0.5	0.6	0.3	1.0

Phi=0.385773 Log(Det|R|)=-16.489131 Bartlett Test=4592.22 DF=406 Prob=0.000000

Eigenvalues after Varimax Rotation

No.	Eigenvalue	Individual Percent	Cumulative Percent	Scree Plot
1	5.754926	40.42	40.42	||||||||
2	3.013774	21.17	61.59	|||||
3	3.123029	21.94	83.52	|||||
4	2.225402	15.63	99.15	||||
5	0.544858	3.83	102.98	|
6	0.400471	2.81	105.79	|
7	0.345892	2.43	108.22	|
8	0.295297	2.07	110.30	|
9	0.243952	1.71	112.01	|
10	0.179362	1.26	113.27	|
11	0.111395	0.78	114.05	|
12	0.094516	0.66	114.72	|
13	0.074290	0.52	115.24	|
14	0.043855	0.31	115.55	|
15	0.010852	0.08	115.62	|
16	-0.024799	-0.17	115.45	|
17	-0.040935	-0.29	115.16	|
18	-0.062958	-0.44	114.72	|
19	-0.096228	-0.68	114.04	|
20	-0.099002	-0.70	113.35	|
21	-0.119117	-0.84	112.51	|
22	-0.146843	-1.03	111.48	|
23	-0.156212	-1.10	110.38	|
24	-0.189718	-1.33	109.05	|
25	-0.210410	-1.48	107.57	|

26	-0.225005	-1.58	105.99	|
27	-0.269556	-1.89	104.10	|
28	-0.287583	-2.02	102.08	|
29	-0.295973	-2.08	100.00	|

Eigenvectors after Varimax Rotation

	Factors			
Variables	**Factor1**	**Factor2**	**Factor3**	**Factor4**
Communication	-0.112953	0.127319	0.310817	0.423726
Reputation	-0.165761	0.049152	0.061598	0.290883
Queues	-0.088266	0.223418	0.145652	-0.037133
Pref_treatment	-0.144322	0.026801	0.286686	0.050430
Unique	-0.146397	0.239558	0.151446	0.370289
Loyalty_Prog	-0.150682	0.132368	0.148423	0.287281
Get_value	-0.195884	-0.100139	0.204376	0.118934
Rel__Int__Bank	-0.205850	-0.320633	-0.224095	0.286347
Rel__ATM	-0.206608	0.073904	-0.318257	0.128042
Convenience	-0.230086	-0.259389	-0.080250	-0.002023
Service_recovery	-0.220944	-0.072716	0.032514	-0.013382
Value_create	-0.216851	-0.209677	0.063099	-0.064939
Response_query	-0.231323	-0.144380	0.121027	-0.123715
Relationship	-0.190620	-0.029932	0.165156	-0.078628
Loc__ATM	-0.155369	0.233437	-0.403081	0.011928
Loc__Branch	-0.156774	0.353496	-0.214836	-0.148306
Multiple	-0.131806	0.091919	-0.041102	-0.001679
Promptness	-0.245495	-0.141994	0.124700	-0.114788
Empathy	-0.192865	0.074688	0.150569	-0.246714
Func__Int	-0.181816	-0.324453	-0.284172	0.219307
Func__ATM	-0.199449	0.118036	-0.314080	-0.011509

Image	-0.154360	0.343936	-0.120335	0.167596
Charges	-0.187040	-0.046970	-0.008508	-0.066180
Func__Acc	-0.186155	-0.068459	-0.076497	-0.140233
Security	-0.193767	0.129709	-0.048372	-0.134552
Access_services	-0.202777	0.040247	-0.017959	-0.271715
Quality	-0.249002	-0.134909	0.086764	-0.118173
Economy	-0.088651	0.304747	0.023298	-0.120637
Understand_need	-0.215798	0.108238	0.213246	-0.238448

Communalities after Varimax Rotation

	Factors			
Variables	**Factor1**	**Factor2**	**Factor3**	**Factor4**
	Communality			
Communication	0.019303	0.005954	0.004269	0.360254
	0.389779			
Reputation	0.063935	0.084615	0.043711	0.187136
	0.379397			
Queues	0.040392	0.009623	0.068993	0.052929
	0.171937			
Pref_treatment	0.167200	0.003438	0.010400	0.125921
	0.306959			
Unique	0.020182	0.016164	0.083410	0.322638
	0.442394			
Loyalty_Prog	0.050724	0.028547	0.048417	0.232692
	0.360380			
Get_value	0.256629	0.079998	0.008947	0.142775
	0.488349			
Rel__Int__Bank	0.130783	0.532571	0.006465	0.045813
	0.715633			
Rel__ATM	0.072246	0.235858	0.234894	0.041344
	0.584343			
Convenience	0.343205	0.293627	0.024177	0.022636
	0.683645			
Service_recovery	0.303297	0.121855	0.063986	0.062672
	0.551810			

Value_create	0.387933 0.588333	0.151785	0.015981	0.032635
Response_query	0.467446 0.648358	0.100975	0.035374	0.044564
Relationship	0.300050 0.434722	0.032634	0.039139	0.062899
Loc__ATM	0.014189 0.482797	0.100354	0.361734	0.006520
Loc__Branch	0.052258 0.495509	0.006841	0.423753	0.012658
Multiple	0.066129 0.206096	0.026342	0.084637	0.028988
Promptness	0.507976 0.721847	0.114697	0.043216	0.055958
Empathy	0.348584 0.489606	0.004384	0.105928	0.030710
Func__Int	0.099768 0.615049	0.496429	0.006330	0.012522
Func__ATM	0.092413 0.547917	0.155277	0.285107	0.015120
Image	0.013368 0.455467	0.022638	0.294891	0.124569
Charges	0.223760 0.396133	0.081884	0.063398	0.027091
Func__Acc	0.236777 0.412841	0.094714	0.075541	0.005809
Security	0.198774 0.456670	0.034591	0.194316	0.028989
Access_services	0.327037 0.518763	0.034399	0.151223	0.006104
Quality	0.497689 0.732188	0.129085	0.055805	0.049608
Economy	0.027762 0.221343	0.012144	0.160121	0.021316
Understand_need	0.425116 0.618864	0.002351	0.128866	0.062531

Factor Structure Summary after Varimax Rotation

	Factors		
Factor1	**Factor2**	**Factor3**	**Factor4**
Promptness	Rel__Int__Bank	Loc__Branch	Communication
Quality	Func__Int	Loc__ATM	Unique
Response_query	Convenience	Image	Loyalty_Prog
Understand_need	Rel__ATM	Func__ATM	Reputation
Value_create		Rel__ATM	
Empathy		Security	
Convenience		Economy	
Access_services			
Service_recovery			
Relationship			
Get_value			
Func__Acc			
Charges			
Security			
Pref_treatment			

Score Coefficients after Varimax Rotation

	Factors			
Variables	**Factor1**	**Factor2**	**Factor3**	**Factor4**
Communication	0.1227602	3.952453E-02	0.1511335	0.5583025
Reputation	0.122603	-9.792871E-02	4.107488E-02	0.2991322
Queues	-4.663702E-02	0.2004368	-9.163026E-02	0.1182128
Pref_treatment	-0.1184775	0.1500514	0.117629	0.2215763
Unique	0.1826856	1.146931E-02	-1.709334E-02	0.4601032
Loyalty_Prog	0.1069148	-1.169348E-03	3.180632E-02	0.3641644
Get_value	-8.526218E-02	5.155081E-04	0.1668686	0.203914
Rel__Int__Bank	0.1420464	-0.4514807	0.1312421	4.595122E-02
Rel__ATM	0.1905985	-0.2546202	-0.2056689	-3.086091E-02
Convenience	-7.982222E-02	-0.199716	9.663759E-02	-8.834153E-02
Service_recovery	-8.621613E-02	-3.610971E-02	3.095089E-02	1.231409E-02
Value_create	-0.1640331	-5.499091E-02	0.1238938	-4.839106E-02
Response_query	-0.2102337	3.740283E-02	9.571446E-02	-4.519519E-02
Relationship	-0.1653656	0.1020542	5.909869E-02	4.081554E-02
Loc__ATM	0.210627	-0.1730309	-0.3698608	-0.1353078
Loc__Branch	6.448449E-02	7.636508E-02	-0.3890628	-0.1290687
Multiple	1.324267E-02	-3.814982E-04	-9.775236E-02	1.420802E-02
Promptness	-0.2088999	3.471446E-02	9.609199E-02	-3.381385E-02
Empathy	-0.2316478	0.2200511	-5.312583E-02	-0.0751745
Func__Int	0.1328237	-0.4562718	9.216201E-02	-4.482596E-02
Func__ATM	0.1194074	-0.1648505	-0.2619099	-0.1302609
Image	0.2071383	-1.723402E-02	-0.2658157	0.1748037
Charges	-0.0857977	-2.068269E-02	-1.328416E-02	-4.985645E-02
Func__Acc	-0.104977	-3.837105E-02	-4.950717E-02	-0.1527241
Security	-6.489651E-02	6.688497E-02	-0.1633001	-8.025742E-02

Access_services	-0.1835847	0.108419	-0.1217426	-0.1962322
Quality	-0.1932361	1.518684E-02	7.138286E-02	-0.0552604
Economy	-2.164323E-02	0.2000914	-0.2236622	4.594758E-03
Understand_need	-0.2503267	0.2680547	-4.476856E-02	-2.269224E-02

Factor Score after Varimax Rotation

	Factors			
Row	**Factor1**	**Factor2**	**Factor3**	**Factor4**
1	-0.9780	0.4530	-0.4100	1.2620
2	0.4704	0.6358	-0.9116	0.1155
3	0.3139	0.3459	0.3486	2.3040
4	0.4350	-0.5286	-1.4480	0.0662
5	1.5340	0.3808	1.1168	-1.7584
6	-0.3719	-0.0260	-0.6495	1.4603
7	-0.3083	-0.3831	-0.7332	1.3594
8	-0.2584	-0.4580	-1.5105	1.1364
9	1.3586	0.9736	0.8056	-1.8846
10	-0.5983	0.1519	-1.1396	1.0850
11	2.1407	1.3110	1.6145	-1.5880
12	1.0621	-1.3646	-0.2256	1.5363
13	1.4887	1.8209	1.6748	-0.8834
14	-0.1483	0.6960	-1.1088	-0.1234
15	0.2802	1.5804	0.0839	0.6497
16	2.2487	1.1299	1.3938	-1.7937
17	0.6755	0.9707	0.1203	0.2851
18	-0.9316	-0.5427	-0.7458	0.0791
19	-0.0974	-0.0891	0.2365	1.7004
20	0.5822	0.4466	0.2256	-0.8062

21	-0.1181	-0.6384	-0.2239	0.1986
22	-0.7064	1.2936	-0.6608	1.1870
23	0.5274	-0.1301	0.1950	0.9004
24	1.2350	1.0801	0.1682	-0.8163
25	-0.8513	0.0734	-2.2488	0.7650
26	1.2492	0.7103	0.1231	-0.3929
27	0.3967	0.0437	-0.1793	1.6524
28	0.4882	-1.6452	-0.2421	1.4666
29	1.5579	1.1668	0.8195	-1.5488
30	-0.2465	-1.1801	-0.9425	1.0416
31	0.3955	-0.6234	-1.1359	2.3311
32	0.8351	1.7929	0.4668	-0.6128
33	-0.6437	0.6666	-1.4430	1.7042
34	0.2265	0.1734	-0.5827	1.8489
35	-0.5005	-0.7543	-1.3570	0.2857
36	0.0313	-0.5706	-1.2378	0.4164
37	-0.0832	-0.1258	0.0236	0.3678
38	-0.2958	-0.6727	0.9175	-0.3022
39	0.8027	2.8007	1.0115	0.3541
40	-0.5552	0.9756	-1.2118	1.7282
41	0.1941	0.2400	-0.7046	1.1818
42	-0.6067	0.1729	-0.4253	-0.4809
43	0.7697	0.4916	0.2857	0.9436
44	2.1108	1.5161	1.3963	-1.4671
45	0.0452	0.2350	-0.7901	0.7789
46	0.9150	-1.2351	-0.1232	0.9935
47	-0.7527	1.1698	-1.3711	1.2301
48	2.1849	-0.7676	1.6639	-0.7934

Factor Score after Varimax Rotation

	Factors			
Row	**Factor1**	**Factor2**	**Factor3**	**Factor4**
49	0.6179	-0.0103	-0.1158	1.1560
50	-0.1480	0.3990	-0.4843	0.7652
51	0.6550	-0.4616	-0.6477	0.6777
52	1.5144	1.7608	1.3694	-1.2983
53	1.2529	0.1391	-0.0418	0.3937
54	1.9855	0.0910	-0.1015	-1.0173
55	-0.1976	-0.1750	-1.3556	-1.7085
56	-0.1536	0.7597	-0.9208	-1.9921
57	-0.0339	-0.9816	-0.6273	2.2654
58	0.2586	-0.1892	-0.3072	0.4525
59	0.6446	-0.1574	-0.4061	-1.1100
60	0.0373	-0.2239	-0.3611	0.7709
61	-1.1898	-0.4617	0.3255	0.7015
62	0.9502	1.6253	-0.0156	-1.9600
63	0.6890	-0.6427	-1.5224	-0.4706
64	0.1211	-0.2549	-0.5866	0.1885
65	-0.4490	-0.6798	-1.0131	-0.4577
66	-0.4288	-0.4505	-1.2780	-0.0195
67	0.4486	-0.9040	-1.6128	0.8695
68	0.3686	1.3742	-0.3207	1.3888
69	0.7735	1.1881	-1.5135	0.9942
70	-0.6711	-0.3870	-0.6262	0.2170
71	-0.3834	-0.9911	0.1372	-0.0197
72	-0.5941	-0.1495	0.9651	1.7909
73	1.0061	0.7744	0.4052	-2.0198

74	-0.9586	0.1247	-1.6579	-0.8058
75	0.4655	-0.9060	0.3562	0.4830
76	1.5659	1.6710	-0.2884	-1.9544
77	0.5334	0.0375	0.1889	0.9962
78	1.2959	-0.7447	-0.9938	-0.2554
79	-0.9066	0.2350	-0.1365	-1.7089
80	0.9097	-1.4254	-0.5433	0.9585
81	-0.1389	0.4944	-0.4174	-0.2463
82	0.2091	-0.4066	0.0137	1.2474
83	-0.2709	-0.2267	-0.9547	-0.2354
84	-0.4190	-0.3005	-0.8540	1.4930
85	-0.9159	-0.6664	-1.7672	-0.9027
86	-0.4798	0.5475	1.3322	-0.4206
87	0.6057	-1.5687	-0.4947	0.7900
88	0.1400	-0.7074	0.6238	1.5463
89	-0.9333	0.3967	1.0571	-0.9402
90	0.4149	0.4122	-0.3427	-0.2611
91	-1.3361	-0.2132	0.7419	-1.0644
92	-1.2868	1.0180	2.6108	0.5425
93	-0.8013	0.0471	-0.2074	0.1048
94	0.7309	0.5016	0.5615	1.4693
95	0.1212	-1.2346	-1.0369	-0.1030
96	-0.7685	-0.2833	-1.0446	0.6398

Factor Score after Varimax Rotation

	Factors			
Row	**Factor1**	**Factor2**	**Factor3**	**Factor4**
97	0.5291	0.2804	-0.0404	0.4908
98	1.1777	-2.0908	-0.5361	0.2109
99	-0.0223	-0.7122	0.0408	1.5949
100	-1.0686	0.5545	-0.2258	0.0967
101	0.6972	-1.8006	0.5718	0.0596
102	-0.6113	-0.6800	0.4326	0.3864
103	0.7526	-0.3790	-0.9976	-2.4689
104	2.6031	0.5127	0.4368	1.1312
105	0.7100	1.3836	1.0499	-1.1379
106	-0.5399	-0.7712	0.7993	-0.4889
107	1.1556	-1.6114	-0.6384	-0.8515
108	1.0796	0.8142	-0.9866	0.4895
109	1.8660	-0.2728	2.8694	1.1849
110	0.8614	0.5515	-1.7668	-2.3357
111	2.8769	-0.1589	-0.9255	-1.1734
112	-0.2944	0.0493	1.8781	-1.2829
113	-0.0218	1.7664	1.7300	0.4961
114	-0.5159	-0.4409	1.9498	1.3172
115	-0.3172	-0.6635	0.6665	0.7610
116	-0.9332	0.6512	-2.4361	-1.5536
117	-0.5267	-0.0061	2.1445	1.8194
118	-0.9646	-0.0872	-1.4475	-0.6982
119	1.0720	-1.0094	0.6795	0.6673
120	0.3291	-0.5348	-0.8783	0.7001
121	-0.1158	-0.0218	-0.8865	-0.7318

122	-0.6641	-0.3513	-2.1965	-0.5314
123	0.8776	1.0523	-1.0919	0.7726
124	0.3321	-0.8010	0.8184	0.9499
125	0.1871	-0.6790	0.5726	0.9626
126	-0.4487	-0.2378	0.2261	0.1735
127	-0.7653	-0.8902	-0.8556	0.5538
128	0.4177	0.6308	-0.8476	0.9247
129	-0.2865	-0.5066	-0.4288	-0.2922
130	-0.3697	-0.3051	0.6189	1.0832
131	-0.4324	0.2155	-0.4087	0.1298
132	0.1295	-0.4605	-0.6261	0.7029
133	1.3939	-0.2403	-0.0367	0.9613
134	0.2238	0.1384	-0.9527	0.3484
135	0.5271	-1.2096	-2.7449	-1.4025
136	1.0081	1.0738	0.7611	1.4383
137	1.3071	0.0720	-0.7936	0.0478
138	0.1023	2.2884	-1.8220	-0.2281
139	1.2011	0.0365	-0.7136	0.0166
140	-0.8478	-0.5746	0.2876	-0.4508
141	-0.6673	-1.3464	-0.9347	-1.3443
142	0.8609	1.1278	-0.0009	1.1376
143	0.7894	1.6263	-0.7183	-0.5923
144	0.4316	-1.2429	0.5980	0.7731

Factor Score after Varimax Rotation

	Factors			
Row	**Factor1**	**Factor2**	**Factor3**	**Factor4**
145	0.1527	-0.8551	1.7934	0.9631
146	-1.4113	0.9734	1.6549	0.6884
147	-0.3357	-0.7796	-0.2693	-0.4690
148	-0.2457	-1.6800	-0.5062	-0.5273
149	-1.0025	0.6262	0.0241	2.1650
150	-0.6886	-0.2315	0.1974	0.1078
151	-0.7153	-0.7733	0.7991	1.1384
152	-1.0408	-0.0181	1.6247	0.5020
153	1.1753	-1.5222	0.8576	-1.0243
154	1.2279	0.1189	0.9122	2.2887
155	0.5138	0.2154	-0.4919	0.4558
156	1.2279	1.1576	0.9066	1.1895
157	-0.4821	-0.3717	-0.6023	-0.6369
158	-1.3153	-0.4882	-0.1012	0.5536
159	-1.8327	1.6759	0.7292	0.2003
160	0.5105	-1.1290	0.2002	0.6642
161	-0.8590	-0.2239	1.7129	-2.8430
162	0.2917	1.0807	0.8243	-1.0236
163	0.1778	-1.0804	-0.4280	-0.1339
164	-0.9755	-0.2470	0.5755	-0.5220
165	0.9297	-2.2154	0.3060	-2.5502
166	-0.5221	-1.1624	0.5301	0.9460
167	0.6921	-1.3539	0.5040	1.3355
168	-0.0291	-1.7704	0.4563	-0.6805
169	-1.2762	0.2593	0.3916	-1.0617

170	-0.2884	-0.1373	0.7545	1.1476
171	-0.7737	1.4509	-0.7329	-2.1316
172	-3.7728	3.1328	1.7908	-0.5015
173	-0.9983	-1.5355	-0.1053	-1.5864
174	0.3055	-0.8905	-0.7555	-0.1397
175	1.6542	-2.8073	-1.1713	-4.3496
176	-1.0268	-0.2660	1.1534	-0.0362
177	0.2311	-0.6110	0.5626	-0.2242
178	-0.8261	-0.6583	-0.3416	-2.8165
179	0.7755	-3.1140	1.8223	0.0953
180	0.2912	-0.8004	-0.5276	0.2500
181	-0.6327	-1.3344	1.5960	0.1929
182	-0.0897	-1.5791	1.0094	0.8416
183	-0.2633	0.2605	-0.3918	-0.8031
184	-0.8047	-0.6330	1.8756	2.6823
185	-0.1814	1.8346	0.4098	0.4954
186	-0.3619	-1.0431	2.2303	0.9192
187	-1.1997	-1.4672	-0.1389	-2.6943
188	1.6356	0.0181	-1.0032	0.2022
189	-3.2591	2.2800	0.9117	-2.4983
190	-1.0062	-0.7449	0.0237	-0.0357
191	-0.2914	-0.0974	1.3976	1.2935
192	-2.3013	-0.2297	1.1350	-2.9054

Factor Score after Varimax Rotation

	Factors			
Row	**Factor1**	**Factor2**	**Factor3**	**Factor4**
193	2.0115	1.6702	1.6605	0.8302
194	-1.3571	0.1080	0.8030	0.1222
195	-0.7768	1.9256	-0.8192	0.3069
196	0.4182	-1.9488	1.9280	1.3251
197	-0.7553	2.1885	-2.3035	-0.8328
198	-3.0800	0.8592	3.3525	-1.5341
199	-0.9363	-0.4860	-0.5136	-0.8406
200	-1.8492	-1.4569	4.1827	-1.3371
201	2.9559	1.0236	2.5743	2.2209
202	-0.3621	-0.5210	1.0601	0.0025
203	-1.4752	0.7416	-0.1035	-1.6921
204	0.4162	0.5623	-0.1998	1.2994
205	1.0476	0.9839	0.3503	0.7076
206	0.6027	-2.6701	2.5238	1.9044
207	-0.4286	-0.3024	1.6558	-2.8767
208	-1.2395	0.4226	0.6573	0.9957
209	-0.6948	0.9033	1.8024	2.3064
210	-1.4853	0.9175	0.5702	0.1655
211	-1.2006	-0.8600	1.0873	0.7903
212	-1.3856	1.5848	-1.1579	-3.1291
213	-0.8347	-0.7562	-1.2630	0.3242
214	-0.3341	1.4081	-1.0834	-0.8271
215	-1.6091	0.1731	1.1633	0.9067
216	2.2177	1.0489	-1.7670	1.5445
217	-0.6907	-0.7669	2.5634	-0.8623

218	1.6162	-3.2973	0.1586	-0.9575
219	-0.2561	-0.7413	-0.0987	-0.2213
220	0.1266	-1.6789	-1.6893	-0.1333
221	0.0898	1.5237	-2.8966	0.3044
222	0.4298	-1.3199	-1.0377	-1.3791
223	2.6675	1.8795	2.0224	1.7907
224	-0.2860	0.5257	-0.8031	-1.5289
225	-1.8217	1.3723	-0.1570	0.2905
226	-1.5733	2.3033	-1.4009	-0.4342
227	-0.5446	-0.9432	0.0681	0.6765
228	-1.3273	-0.0830	2.2423	-1.9192
229	2.7780	0.2025	-0.6578	-1.6189
230	-0.9090	2.0024	-0.6315	-0.5359
231	2.1511	-3.5396	0.5803	-0.0428
232	0.9413	-2.2170	0.0310	-0.6069
233	0.5096	0.4875	-1.6053	-2.0099
234	-1.6263	-0.5220	0.4506	-0.1573
235	1.8614	0.9757	0.9931	0.3837
236	2.2088	-1.8845	0.8163	1.8298
237	-0.4508	-1.1176	-0.7340	-1.1938
238	1.3245	1.7878	0.0145	-0.7934
239	0.8772	1.7701	1.7975	1.6791
240	-0.1219	0.9187	-1.1700	0.6861

Factor Score after Varimax Rotation

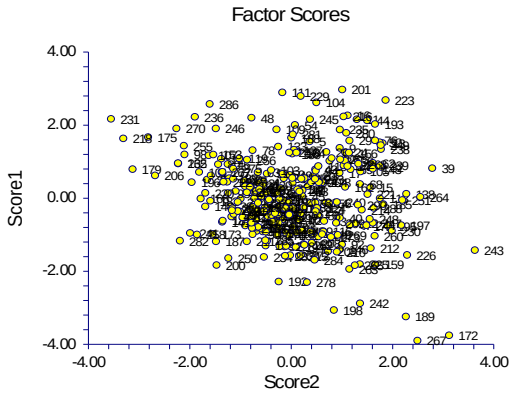
	Factors			
Row	**Factor1**	**Factor2**	**Factor3**	**Factor4**
241	-0.9717	-1.9794	1.0529	-1.2470
242	-2.8972	1.3756	-0.0370	-2.0176
243	-1.4407	3.6417	0.6674	0.6255
244	-0.7598	1.5028	-1.6615	-1.7379
245	2.1428	0.3858	-0.6072	-1.9977
246	1.8895	-1.4714	-1.6672	-0.2072
247	-0.6951	1.6277	-1.0537	0.9266
248	-0.5828	1.5657	-1.3749	0.8584
249	1.4311	1.7837	-2.0364	1.8357
250	-1.6586	-1.2248	0.5120	-1.5522
251	-0.0702	2.2084	-1.3805	1.7725
252	-1.2962	0.2757	-0.2065	0.9831
253	0.1646	0.1794	0.5394	0.4216
254	-0.3735	0.4976	-0.4847	2.0022
255	1.4193	-2.1014	-1.2069	-3.0095
256	1.0364	-0.8546	0.8435	2.1775
257	1.2338	-0.0232	2.0385	0.5193
258	-1.0131	-1.8435	3.3848	-0.6496
259	0.1407	-0.8590	0.1940	1.4693
260	-1.0496	1.6632	-1.2692	-1.8547
261	-0.2946	-1.1434	-1.0263	-1.2846
262	-1.5815	-0.0056	1.3136	0.2823
263	-1.9555	1.1637	-0.4299	-0.7326
264	0.0179	2.5637	-1.3070	-0.4229
265	-1.8523	1.2718	1.8446	2.1361

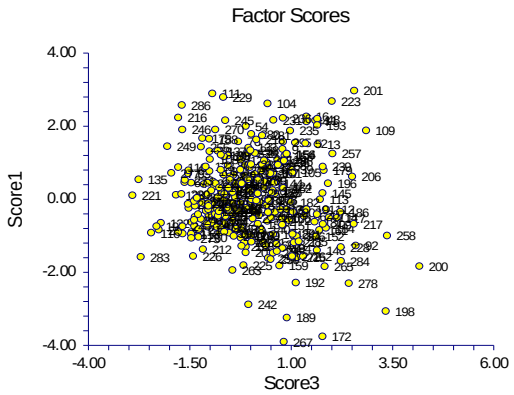
266	-0.4685	-0.0233	-0.7852	-0.8809
267	-3.9168	2.5089	0.8362	-2.2855
268	0.9245	1.3418	0.6924	3.3863
269	-1.0242	0.9356	-0.3974	-1.5408
270	1.8884	-2.2487	-0.8530	-2.7804
271	-0.3742	-1.0377	0.4485	0.7470
272	-1.5770	0.2069	1.0416	0.1439
273	-1.0772	0.8018	-1.4458	0.9930
274	-0.1227	-1.0382	-1.0275	-1.6005
275	0.7915	-1.1278	-0.2341	-0.7058
276	-0.0488	-0.2176	0.4642	-0.0979
277	0.7032	-1.3408	-1.9379	-0.0953
278	-2.3168	0.3271	2.4417	-0.6368
279	-0.3479	-1.1528	-0.7651	-0.0709
280	1.7702	1.1025	0.0336	-1.2054
281	1.7272	0.0490	0.3038	1.0697
282	-1.1838	-2.1795	0.0412	-1.9899
283	-1.5949	-0.1033	-2.6910	-2.3165
284	-1.7058	0.4775	2.2452	-0.3419
285	-1.1703	-0.4936	1.2072	-0.2045
286	2.5602	-1.5918	-1.6796	-0.5108
287	-0.1458	-0.6378	-1.5264	0.4574
288	-0.2857	1.6432	-0.5298	0.6570

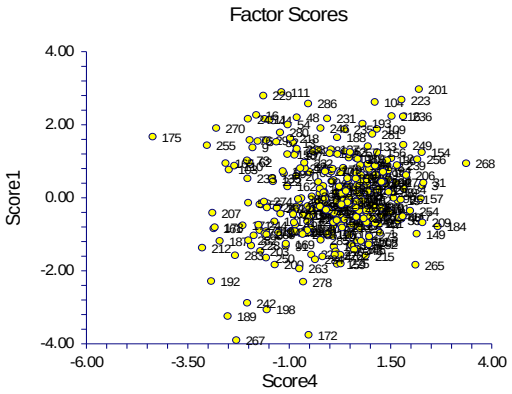
Factor Score after Varimax Rotation

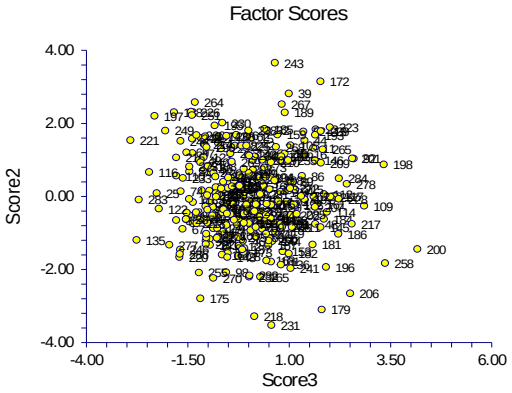
	Factors			
Row	**Factor1**	**Factor2**	**Factor3**	**Factor4**
289	-0.0525	-0.4213	0.1609	-0.7601
290	-0.1973	1.3321	-1.0212	0.3097

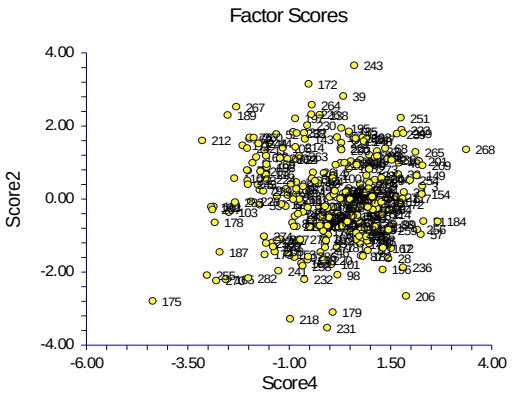
Plots Section

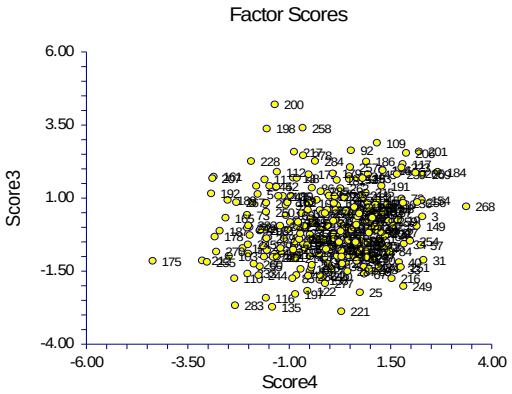


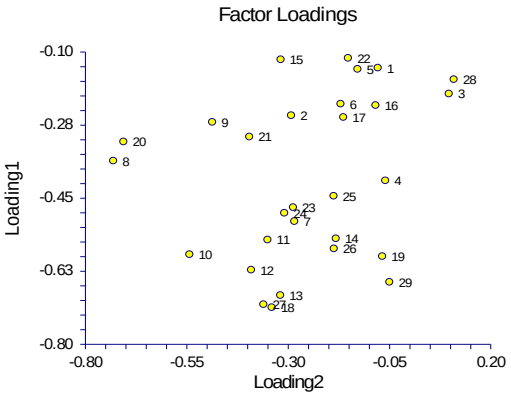


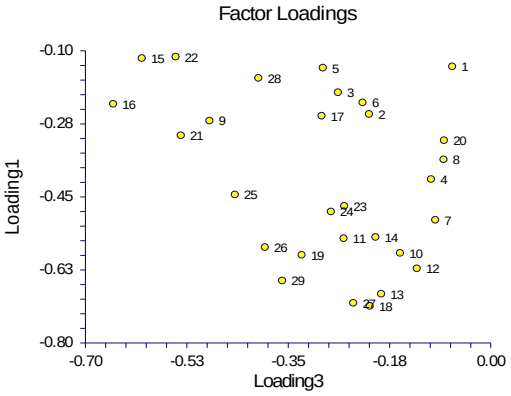

Factor Scores
Score1
Score4
4.00
2.00
0.00
-2.00
-4.00
-6.00
-3.50
-1.00
1.50
4.00

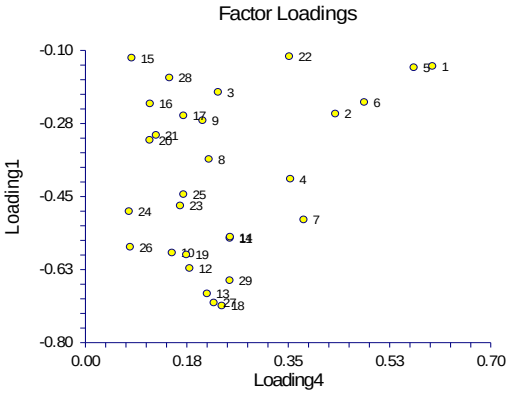

Factor Scores
Score2
Score3
4.00
2.00
0.00
-2.00
-4.00
-4.00
-1.50
1.00
3.50
6.00

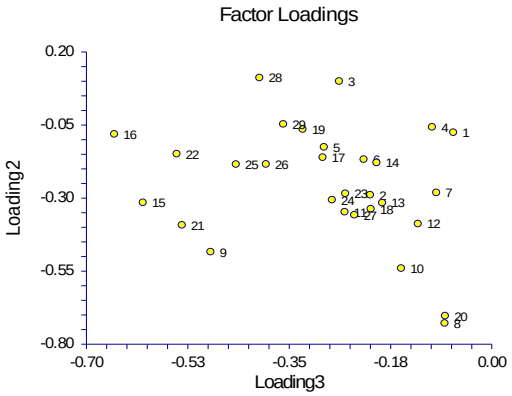

Factor Scores
Score2
Score4
4.00
2.00
0.00
-2.00
-4.00
-6.00
-3.50
-1.00
1.50
4.00

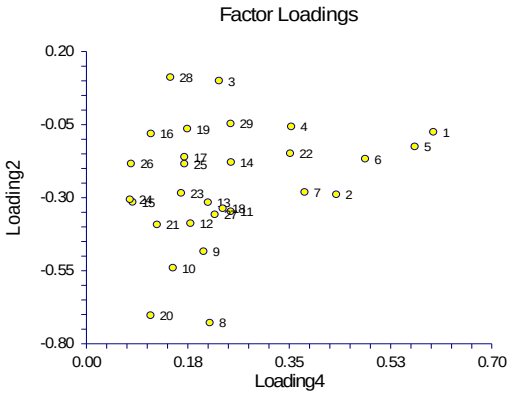

Factor Scores
Score3
Score4
6.00
3.50
1.00
-1.50
-4.00
-6.00
-3.50
-1.00
1.50
4.00

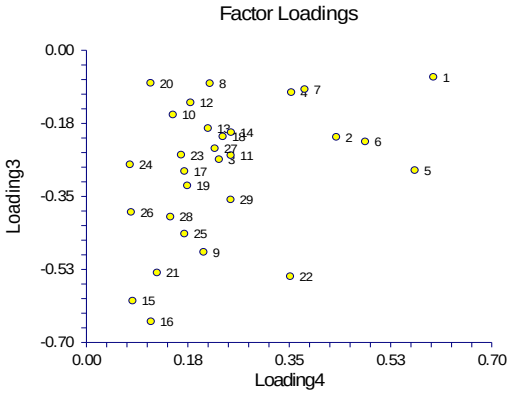

Factor Loadings
Loading1
Loading2
-0.10
-0.28
-0.45
-0.63
-0.80
-0.80
-0.55
-0.30
-0.05
0.20


Factor Loadings
Loading1
Loading3
-0.10
-0.28
-0.45
-0.63
-0.80
-0.70
-0.53
-0.35
-0.18
0.00


Factor Loadings
Loading1
Loading4
-0.10
-0.28
-0.45
-0.63
-0.80
0.00
0.18
0.35
0.53
0.70


Factor Loadings
Loading2
Loading3
0.20
-0.05
-0.30
-0.55
-0.80
-0.70
-0.53
-0.35
-0.18
0.00


Factor Loadings
Loading2
Loading4
0.20
-0.05
-0.30
-0.55
-0.80
0.00
0.18
0.35
0.53
0.70


Factor Loadings
Loading3
Loading4
0.00
-0.18
-0.35
-0.53
-0.70
0.00
0.18
0.35
0.53
0.70

APPENDIX D

Question Number	Variables	Explanations
Q1	Communication	Communication from the bank
Q2	Reputation	Reputation of the bank
Q3	Queues	Queues in the banking hall
Q4	Pref_treatment	Preferential Treatment
Q5	Unique	Uniqueness of the bank
Q6	Loyalty_Prog	Loyalty Programs
Q7	Get_value	Perceived Value
Q8	Rel__Int__Bank	Reliability of Internet Banking
Q9	Rel__ATM	Reliability of ATMs
Q10	Convenience	Convenience
Q11	Service_recovery	Recovering from Service Failures
Q12	Value_create	Value Creation
Q13	Response_query	Responsiveness to queries
Q14	Relationship	Relationship with bank
Q15	Loc__ATM	Location of the ATMs
Q16	Loc__Branch	Location of the Branches
Q17	Multiple	Multiple Accounts
Q18	Promptness	Service Promptness
Q19	Empathy	Empathy with financial situation
Q20	Func__Int	Functionality of Internet Banking
Q21	Func__ATM	Functionality of ATMs
Q22	Image	Image of the bank
Q23	Charges	Bank Charges
Q24	Func__Acc	Functionality of the actual product
Q25	Security	Security around branches and ATMs
Q26	Access_services	Access to Services
Q27	Quality	Quality of Service
Q28	Economy	Economy
Q29	Understand_need	Bank understand my needs