

Differences in the Intention of Customers to Switch Commercial Banks in Dar es Salaam: A Case of Tanzania Postal Bank and National Bank of Commerce

Nasra Kara¹ & Seule Nzowa²

Email: nasra.kara@out.ac.tz¹

The Open University of Tanzania¹., Tanzania Institute of Accountancy²

ABSTRACT

The purpose of this study was to identify whether commercial banks customers in Tanzania had the intentions of switching banks services and examine the differences in their intentions to switch banks. The study sample included; customers banking with Tanzania Postal Bank Plc and those banking with the National Bank of Commerce in Dar es Salaam Region. Data was collected using self-administered questionnaires. Multistage sampling was employed to generate 188 respondents for the study. Descriptive statistics and an independent t-test were used to analyze the collected information. The results demonstrated that half of all the TPB Bank customers had higher intentions of switching banks than NBC customers. Additionally, the results also found out no significant differences in the intention to switch banks among commercial bank customers. This implied that bankers need to ensure that they deliver the desired services to their customers to reduce the intentions of the switchers because this would have an impact on the actual switching behaviour.

Keywords: *bank services, customer switching behaviour, commercial banks services, Tanzania*

INTRODUCTION

It is acknowledged that customer switching behaviour in the banking industry is a universal phenomenon across the globe. Thorsten *et al.* (2021) indicated that one-quarter of banking customers are planning to switch banks. In Europe, 25% of people had switched banks every three to five years (Norrestad, 2021). Statistics in different countries indicates that customer switching behaviour in the banking sector is increasing day after day. For example, over 700 thousand customers in the UK have shifted from one bank to another in 2020 (Statista, 2021). In Australia, over 2.8 million customers have shifted from one bank to another in 2019 (Australia Banking Association, 2021). In the USA, over 49% of the total banking customers have switched their banking services from one service provider to another (Marketing Charts Online News, 2021). In the context of Africa, issues of customer switching behaviour in the banking sector have been reported. For example, 83% of South African bank customers have switched their banking services from their primary banks to others (BSG, 2017). Similar issues were also reported in Zimbabwe, whereby an average of 9% per cent of bank customers intended to switch banks.

The situation got worse in 2017 when customers switching intentions rose to 11% and rose to 21% in 2018 (Munatsi & Zhuwau, 2019). In the context of Tanzania, banking has also been facing issues of customer switching behaviours. Factors such as interest rate on loans, cost of bank transactions and unfair charges were reported to be among the significant factors influencing switching behaviour in commercial banks in the country (Nzowa *et al.*, 2020). The tendency of customers to switch banks is linked with the introduction of reforms in the financial sector in the 1990s. The reform has caused the flourishing of financial institutions where commercial banks constituted the largest proportion of all banks in Tanzania (Ally, 2013). As a result, Tanzania has started to witness an increasing number of commercial banks. In 2019, about 39 fully licensed commercial banks in Tanzania were launched (BOT, 2019). The banking industry in the country comprises of both local and international banks operating under high competition. This competition has offered opportunities for customers to switch between banks searching for the best services. According to Tanzania Postal Bank (TPB), Strategic Plan of 2020, TPB experienced an increasing in the number of customers to 1,251,573 by the end of 2020 from 1,186,333 in 2017. The increase was a result of customers shifting from other commercial banks. A similar trend was also seen in NBC, whereby by the end of 2020 the bank had 1,246,296 from 1,130,122 reported in 2018 (NBC Annual Report, 2020). In commercial banks, customer switching behaviour is one of the serious problems. The tendency of customers to move from one commercial bank to

the other comes with a cost (Msoka & Msoka, 2014). The costs include loss of customers & sales (Aurier & Mejia, 2017), reduced market share, impaired profitability, and increasing operational costs (Bansal & Taylor, 2002). Losing customers also affects future earnings (Sathish *et al.*, 2011). It adds five times more cost to the organization to acquire a new customer than to retain the existing ones (Mittal & Lassar, 1988). New customers require a grace period to become profitable (Athanasopoulos *et al.*, 2011). Also, when customers switch from one bank to another, they tend to communicate negatively about their former service providers (Keaveney, 1995). Hence, understanding the factors affecting customer switching behaviour is important for the banking sector to stay competitive since switching behaviour has become a serious problem in the marketing of services (Vyas & Raitani, 2014). Due to the complex nature of this problem, several studies have been done to examine factors influencing banking customers from shifting between banks. The findings from those studies indicated that reputation, competition, effective advertising and distance were the key factors influencing customers from shifting banks (Clemes *et al.*, 2010; Bugeyi, 2019).

Other factors reported included interest rates & quality (Pirzada *et al.*, 2014), satisfaction, trust, commitment, core service preferences (Kaur *et al.*, 2014), bank costs, bank products & customer participation (Anton, 2018), compliance with shariah, price and service failure (Rama, 2017; Siswanto *et al.*, 2020), financial sustainability (Sharmin, 2017), customer confidence, awareness (Riptiono *et al.*, 2020), price and services offered by banks also influenced customers from switching banks (Zakiy, 2019). On top of that, financial literacy and faith to use the internet were reported to be the crucial factors influencing customers to switch banks (Callari *et al.*, 2018), lower banking fees (Antoni *et al.*, 2018), attractiveness, the convenience of bank location and inability to respond to system failure (Nyarko, 2015) were also reported to be key determinants of customer switching behaviour in the banking sector. Most existing studies have not been conducted in Tanzania despite extensive research work, making the analysis relevant. Those done in Tanzania employed qualitative techniques in the analysis (Murungu, 2013), while others employed Man-Whitney to analyze focused customer satisfaction with banking services using a case of Cooperative and Rural Development Bank (Mkoma, 2014). All of these studies did not address differences in the intention of customers to switch banks. Studies that addressed the differences in the intention of customers to switch banks are limited. One among those studies include a work by Farah (2017b), which was done to reveal differences between British and Spanish consumers on the merger between banks in Scotland. Subramaniam and Ramchandran (2012) examined differences in switching behaviour among Malaysia's three largest

ethnic group customers. While, Asnawi and Safitri (2020) examined customer switching behaviour in Malaysian banks, taking into account customer differences in gender and education. Therefore, knowledge regarding differences in customers' intentions to switch banks in Tanzania is needed to bridge the knowledge gap. The foundation of this study was guided by the theory of planned behaviour (TPB). Although TPB has been used by Olsson and Gall (2012) and Chukwuemeka and Godswill (2017), and Farah (2017a) in addressing banking customers switching behaviours, none of those studies had examined differences in the intentions of commercial bank customers from switching commercial banks. Therefore, this study will bridge this knowledge gap. This study is very important because currently, Tanzania has 39 fully-fledged commercial banks (BOT, 2019). Since the investment process has been simplified, there is a possibility of more commercial banks being introduced in the country. Therefore, a study on the intention of customers to switch banks is very important because customer switching behaviour is likely to occur when the intention to switch is high (Farah, 2017a).

Therefore, TPB and NBC need to make sure that they satisfy their customers to control the actual switching behaviour. According to Gerrard and Cunningham (2004), if a customer is not satisfied with the bank services, s/he will switch to get the desired service. Customer switching behaviour is a very serious problem to banks because it affects the ability of banks to retain their customers which lead to a loss of revenue (Keramati *et al.*, 2010), market share & profit margin (Yi & Gong, 2013) and ads cost of attracting new customers (Lai & Zeng, 2014). Therefore, if customer switching intention is managed then banks will not incur the cost of attracting new customers. Also, an understanding of the differences in the intention to switch banks will help banks to predict future financial losses or gains from one bank to another. Therefore, the study's findings may help commercial banks develop strategies to retain potential customers and reduce those with the intention of switching banks. Policymakers can use the findings to develop friendly investment policies & regulations to attract more investors in the financial institutions that offer the desired quality services to customers as this would help banks to reduce the intention of customers to switch service providers. This study also intended to add knowledge on customer switching behaviour in the banking sector since there were limited studies in Tanzania.

Theoretical Literature Review

The Theory of Planned Behaviour (TPB)

TPB is an extension of the Theory of Reasoned Action (TRA). Ajzen developed this theory in 1991 to predict one's behaviour. It states that individuals' behaviours' are explained by one behavioural intention. The

behavioural intention is explained jointly by individual attitude toward behaviour (favourable or unfavourable), subjective norms (beliefs or perception of social pressures to perform or not to perform the behaviour) and perceived behaviour control (the perceived difficulty or ease of performing the behaviour). TPB has been criticized because it assumes that one's attitude is partially influencing behavioural intention. Furthermore, TPB main focus is on rational reasoning; however, it ignores the role played by an individual's sub consciousness and feelings (Sniehotta *et al.*, 2014). It also ignores other important factors such as unconscious motives as well as spontaneous moments. TPB also ignores the role played by an individual's motivation and past behaviour (Lam & Hsu, 2004) in explaining the actual behaviour. Also, factors such as lack of behavioural resources and limited opportunities may affect ones' attitude; hence, individual behaviour may be affected. Despite these criticisms, this theory has been extensively used by Olsson and Gall (2012), Chukwuemeka and Godswill (2017) and Farah (2017a) to predict customers switching behaviour in the banking sector, although, its applicability on assessing intentions of customers to switch banks has been limited.

This theory is relevant because the foundation of understanding ones' intention can be traced back to TPB. One of the key variables in TPB is the intention to perform a certain behaviour (Ajzen, 1991). In the context of this study, it is predicted that customers intention to switch banks might be different because of the differences in the way they perceive the quality of services, or due to the way the bank performs. The proposed framework for the study may not utilize all the variables in TPB but it is intending to reveal whether there are significant differences in the intention of customers to switch banks. Assessment of this study becomes valid since most of the existing customer switching studies in the banking sector have focused on identifying factors influencing customer switching behaviour (Marungu, 2013; Vlas & Raitani 2013; Kaur *et al.*, 2014; Mahapatra & Kumar (2017); Al Ghammari & Ahmed, 2017; Ceesay, 2017; Chukwuemeka & Godswill, 2017; Agarwal, 2019). Very few studies have addressed differences in the intention of switching banks in countries such as Malaysia (Subramaniam & Ramachandran, 2012) Asnawi & Safitri, 2020) or in Scotland (Farah, 2017b). A study that examines the subject matter in the context of Tanzania is lacking.

Empirical Literature

Customer switching behaviour is one of the serious issues of concern to service providers (Vyas & Raitani, 2014). Customers do switch service providers for reasons such as; pricing, inconvenience, core failures, personal reactions to service failures, service encounter failures, competitor

attractiveness, personal reactions to service failures, ethical problems and spontaneous switching (Keaveney, 1995). Financial institutions are the one of the sectors that have been affected by customer switching tendencies. As a result, financial institutions are continuously bearing the burden of losing customers. Studies have indicated that nowadays customers are not willing to stay with a bank that does not satisfy their needs, they are more likely to switch to those that satisfies their desires (Gerrard & Cunningham, 2004). Furthermore, technological changes have offered power for customers to be knowledgeable regarding banking services, thereby easing the switching process (Clemes *et al.*, 2010). The changes have equipped customers about competitors offerings, risks associated with switching and advantages associated with moving from one financial institution to the other (Laksamana *et al.*, 2013). Due to complex nature of customer switching behaviour, several studies have been done in that area. The overall findings have indicated that quality of service (Mkoma, 2014; Chukwuemeka & Godswill, 2017), price, reputation, advertising (Agarwal, 2019), interest rates (Pirzada *et al.*, 2014), communication (Mahapatra & Kumar, 2017), competition, customer commitment & involvement (Vlas & Raitani, 2014) and bank distance (Marungu, 2013) were among the key factors explaining customer switching behaviour in the banking sector.

This implies that bankers need to be aware that customers are not homogeneous; they put value on different things. Therefore, maintaining reputation or offering competitive rates alone may not control the switching behaviour in the banking sector. Assessment of customers' intention to switch banks can offer important information to bankers so that they can develop proper strategies to control it before the actual switching behaviour happens. In the banking sector, issues of customer intentions have been covered by Kaur, Sharma and Mahajan (2014), Abdullah *et al.*, (2016), Al Ghammari and Ahmed (2017), Thaichon *et al.* (2017) and Ceesay (2017). In their studies, it was found out that satisfaction; trust, commitment and core service preference were significant predictors of customers' intention to switch banks (Kaur *et al.*, 2014). Other factors such as; customer service, service failure response, advertisement, credibility & customer value (Thaichon *et al.*, 2017), quality of services, celebrity endorsement, corporate image, and satisfaction (Ceesay, 2017) were also reported to be crucial in predicting customer intention to switch banks. The finding implies that the factors influencing customer intention and those influencing the actual switching behaviour are the same. Therefore, bankers need to make sure that they are controlling those with high switching intention by providing services that meet their expectation, because dissatisfied customers are more likely to switch service providers (Sharma & Adlakha, 2017). In Islamic banking, customers were found to behave quite differently compared to those in other

banks. More than half of the customers had no intention to switch banks (Al Ghammari & Ahmed, 2017) even if the banks offer returns to depositors (Abdullah *et al.*, 2016). The finding sends a message to the banking sector that there are loyal customers out there but retaining them can be possible if the banks continue to offer what they promised without compromising the quality of services. Therefore, continuous assessment on intention to switch banks become valid. Since intention to commit a certain behaviour differs among individuals, several studies have managed to examine differences in customer switching behaviour in the banking sector. Some of the studies have tried to determine whether the switching behaviour can be explained by the demographic factors. The literature confirms that gender and education had significant impact in explaining differences in customer switching behaviour (Asnawi & Safitri, 2020). On top of that culture was reported to play an important role in explaining customer switching behaviour. For example, individualistic customers are more likely to switch banks than collectivist customers (Farah, 2017b).

In the same vein, Subramaniam and Ramachandran (2012) examined differences in the switching behaviour among the three largest ethnic groups in Malaysia. Differences in their switching behaviours were explained by price and reputation while other factors such as service quality, involuntary actions, distance, cost were not significant predictors. This implies that there are differences in their switching behaviour among bank customers. This can be better explained by their demographic profiles. Such information can be used to segment bank customers. Therefore, the decision to introduce bank close to the customers' location may not control customers decision to switch service providers, but the switching behaviour may be accelerated as a result of ones' cultural values. Despite the existing researches on differences in the switching behaviour among banking customers, those studies focused on the actual switching behaviour and not the intention to switch banks. The existing studies were based in Malaysia (e.g., Subramaniam & Ramachandran (2012; Asnawi & Safitri, 2020). Studies that examined differences in the intention to switch banks in Tanzania are missing. Therefore, this study intends to shed light on the subject matter as this will bridge the existing knowledge gap.

Methodology

The positivist philosophical underpinning guided this study. The target population for this study was all customers of TPB and NBC. NBC Bank Ltd had 1,246,296 customers by December 2020 (NBC Annual Report, 2020). TPB bank Strategic Plan of 2020 indicated that TPB bank Plc had 1,251,573 customers as of December 2020. Therefore, the total population for the study was 2,497,869 customers. In the contest of this study, a customer is an

individual pursuing banking service with TPB bank Plc or NBC. The two banks were selected because the data from their banks indicated that they experienced more customer switching behaviour compared to other banks. TPB Plc was selected because it was one of the oldest banks as it was started in 1925 as Tanganyika Post Office. Also, the bank had 48 fully-fledged branches and 36 mini branches all over Tanzania. It dealt with loan products, cash collections for other banks such as; Citi Bank, Standard Chartered & Higher learning Student Board (HELSEB), offered money transfer services, had partnership with M-Pesa, Airtel Money, Tigo Pesa, Ezy Pesa and Halotel money. It also dealt with international money transfers via western union (The Citizen, 2021). NBC was also selected because it was one of the banks in the country with five decades of experience. The bank had 51 branches and over 250 ATMs across the country. It offered retail, business, and corporate and investment banking services (National Bank of Commerce, nd). However, the focus of this study was the number of customers in a selected commercial bank and not the number of bank accounts one had.

The study was conducted in Dar es Salaam city; hence customers found in commercial banks (TPB and NBC) in Temeke, Ilala and Kinondoni Municipalities were involved in the study to generate true sample representative. Dar es Salaam was selected because there were 39 licensed commercial banks (BOT, 2019) and the head offices for the selected banks were located in Dar es Salaam, hence it was easy to get as many respondents as possible. Dar es Salaam was also the fastest growing city and largest commercial hub of Tanzania (Jonathan, 2019), thus the cash inflow in the city was estimated to be high so was the number of customers performing banking services in the commercial banks. A total of 188 respondents (92 from TPB & 96 from NBC) were approached randomly in the selected banks and asked to participate in the study. The reason why 188 respondents were selected was based on the fact that a t-test could be performed even with a small sample, i.e. $n \leq 30$ (Bedre, 2021). Also, the Shapiro Wilk Test was appropriate when the sample size was <50 (Mishra *et al.*, 2019); hence a selected sample size was appropriate for the study. Before the analysis, the assumption of outliers was performed using Skewness and Kurtosis test. The results indicated that all values were within the recommended range of ± 2.5 , as Hair *et al.* (2014) indicated. Shapiro-Wilks Test was performed to see if the data followed a normal distribution. Bedre (2021) reports that the t-test is robust to the assumption of normality and homogeneity of variance when the sample size is large (i.e., $n \geq 30$). The multistage sampling design was adopted to generate the required sample for the study. Multistage sampling technique has been used in banking studies. For example, Abduh (2014) employed it to assess the withdrawal behaviour of Malaysian Islamic Bank customers, Maiyak (2011) used it to determine banks' selection and

preference in Nigerian retail banking while Namahoot and Laohavichien (2018) used it to examine the intentions to use internet banking. Therefore, this justified why such a technique was adopted in this study. In the process of obtaining the sample, first, the stratified sampling design was undertaken. The sample was divided into two groups (NBC and TPB). Secondly, simple random sampling was used to select samples from the three locations (Ilala, Temeke and Kinondoni). This technique was employed to avoid creating bias, and all the respondents had an equal chance of being picked. Data for the study were collected using a closed-ended questionnaire. Survey had three main sections whereby the first part was covered by the demographic characteristics of the respondents. This section had two questions. Part two covered information related to customer switching behaviour. This part had also one question and the last part was covered by questions related to customer switching intention. This part had two questions.

Measurement of Variables

Customer switching intentions were measured using items such as “my likelihood of moving to another bank has always been pre-occupied my thinking”, “I intend to switch from this bank few years to come” using a 7 point Likert scale ranging from 1(Extremely unlikely to 7(Extremely likely). The scale was borrowed from Anton *et al.*, (2007) and Murad (2011). Furthermore, customers were also asked whether they had shifted from banks before.

Results

Results from descriptive statistics indicated that 54.3% of the total respondents at TPB bank were males while 45.7% were females. On similar lines, 75% of the total respondents at NBC bank were males, while 25% were females. Furthermore, 33.7% of the total respondents at TPB bank had O-level and A-level education, while 4.2% of the total respondents at NBC bank had O- level and A-level education. The findings also reported that 10.9% of the total respondents at TPB bank had certificate education while 6.3% of the respondents at NBC bank had certificate education. It was also reported that 54.4% and 89.7% of the total respondents had diplomas, bachelor and masters degrees at TPB bank and NBC bank, respectively. Table 1 summarizes the respondent’s profiles in both banks.

Table 1: Demographic characteristics of respondents

Bank	TPB (f)	TPB (%)	NBC (f)	NBC (%)
Gender:				
Male	50	54.3	72	75.0
Female	42	45.7	24	25.0
Education:				
O-level	18	19.6	2	2.1
A-level	13	14.1	2	2.1
Certificate	10	10.9	6	6.3
Diploma	14	15.2	26	27.1
Bachelor	32	34.8	54	56.3
Masters	5	5.4	6	6.3

Reliability and Validity

Statistical Package for Social Science (SPSS) Version 23 was used to help the analysis. Internal consistency was tested using Cronbach alpha values. The results indicated that the items were reliable since the Cronbach alpha was above 0.7, as Nunally (1978) suggested. Before the actual data collection, the survey tool was piloted to 15 commercial bank customers to ensure that the items were reliable. The tool was amended to ensure that there was no missing or incomplete information. Content validity was ensured since customer switching behaviour items were borrowed from Anton *et al.*, (2007) and Murad (2011), making the items valid. Convergent validity was examined using AVE. The results indicated that the AVE value exceeded 0.50, as Fornell and Lacker (1991) recommended. Table 2 presents validity and reliability results.

Table 3: Validity and Reliability Results

	AVE	Cronbach alpha	N
Customer Switching intentions	0.643	0.782	2

In this study, respondents were asked whether they had switched banks, and the result revealed that 66.3% of the total respondents at TPB bank had, at one time or the other shifted from one bank to another. Similar findings were indicated whereby 61.5% of the respondents from NBC bank had ever shifted from one bank to another. A summary of the findings is presented in Table 4.

Table 4: Descriptive Statistics: Customer Switching Behaviours

Item	Bank	Response	Frequency	Percentage
Whether a respondent has ever shifted from one bank to another bank	TPB	Yes	61	66.3
		No	31	33.7
	NBC	Yes	59	61.5
		Yes	37	38.5

An independent t-test was used to analyze differences in the intention to switch banks. Before performing independent t-test analysis, the Shapiro Wilk test was performed to assess data normality. The results indicated that the value under the Shapiro-Wilk column is 0.540, was greater than 0.05 as recommended by Ahad (2011); hence the data was normally distributed. The results are summarized in Table 5. Skewness and Kurtosis were performed to assess if there were outliers. The findings of this study indicated that no outlier was detected as the value of skewness was -0.533 while Kurtosis was 1.340. The results indicated in Table 5 showed that the values were within the recommended range of ± 2.5 , as suggested by Hair *et al.*, (2014).

Table 5: Normality, Skewness & Kurtosis Tests

Kolmogorov-Smirnov ^a			Shapiro-Wilk			Skewness & Kurtosis Test			
Statistic	df	Sig.	Statistic	df	Sig.	Skewness	Std. Error	Kurtosis	Std. Error
.127	188	.190	.911	188	.540	-.533	.427	1.340	.833

Homogeneity of variance was tested using Levenes' Test, and it was revealed that the Levene value was 0.207, which was greater than the recommended value of 0.05 (Field (2009). Table 6 summarizes the homogeneity of variance results. Table 6: Homogeneity of variance Test.

Table 6: Homogeneity of Variance Test

Test of Homogeneity of Variance					
Variable		Levene Statistic	df1	df2	Sig.
Customer Intentions to switch banks	Based on Mean	1.600	1	186	.207
	Based on Median	1.622	1	186	.204
	Based on Median and with adjusted df	1.622	1	184.854	.204
	Based on trimmed mean	1.582	1	186	.210

Group Statistics Results

The findings of group statistics established that NBC bank customers had lower intention scores ($M = 4.7668$, $SD = 0.15353$) than those of TPB Bank Plc ($M = 4.7780$, $SD = 0.17257$). These findings implied that TPB Bank customers had slightly higher intentions to switch banks than NBC bank. The findings of group statistics are depicted in Table 7.

Table 7: Group Statistics

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Customer intentions to switch bank	NBC Bank Ltd	96	4.7668	.15353	.01567
	TPB Bank Plc	92	4.7780	.17257	.01799

Independent t-Test Results

Independent t-test indicates that on average, intentions of customers to switch banks were greater to TPB Bank Plc ($M = 4.7780$; $SE = .07799$) than to NBC ($M = 4.7668$; $SE = .01567$), although the difference was not significant $t(186) = -.468$, $p > .05$ and the effect size was small $r = 0.12$. This finding denotes that there were no significant differences between customers' intention to switch banks at NBC bank and TPB bank. Table 8 summarizes the independent t-test.

Table 8: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
Customer intention to switch bank	Equal variances assumed	1.600	.207	-.468	186	.640	-.01115	.02380	Lower	Upper
	Equal variances not assumed				-.467	181.420	.641	-.01115	.02386	-.05822

Discussion of Findings

Intention to Switch Banks

The overall findings of this study revealed that over 50% of all the TPB Bank Plc customers had higher intentions of switching banks compared to NBC customers. The findings of this study were not surprising since TPB Bank Plc did not perform well in 2019 hence leading management to change the logo to reflect a new image to improve its services to meet and reach more low-income customers from all regions in the country (Ngowi, 2021). Due to those problems, it was justified for TPB Bank Plc to experience customer switching behaviour than NBC. On the other hand, NBC is one of the commercial banks performing well for five decades. Quality customer services offered to its customers had outshined its image. They made it possible to be awarded for being a corporate bank of the year in 2005, the best local bank in Africa in 2009, 18 super brands in 2017 and best financial institution that supports SMEs and the best financial institution after BOT in 2018 (National Bank of Commerce, n.d.). This implies that being the oldest bank doesn't guarantee quality service. TPB Bank Plc had a lot to prove when it comes to service quality to its customers. This was very important because the banks' new strategic vision of 2020-2025 focuses on expanding its clientele to serve more traditional customers and attract corporate customers (TPB Bank Plc, 2019). Changing its logo would have not justified anything if it failed to improve customer services.

Differences in the Intentions to Switch Banks

The result founded no significant differences in customers' intention to switch banks. The results further had shown that the effect of customer switching intention in two commercial banks had a small effect i.e., $r = 0.2$ (Cohen, 1988). This implied that the difference between the two group means was less than 0.2 standard deviations, thus the difference was negligible. The finding of this study was contrary to the findings found by Subramaniam and Ramachandran (2012) and Farah (2017b). In their studies, they had found out differences in the intentions to switch banks. The differences were revealed in terms of gender and education (Asnawi & Safitri, 2020), price & convenience (Subramaniam & Ramachandran, 2012) and culture (Farah, 2017b). The fact that the effect was trivial had practical implications to financial institutions. This implied that financial institutions needed to pull up their services, making sure they offered the best services to their customers.

This was important because service quality was positively influencing customers from switching banks (Vyas & Raitani, 2013; Kaur, Sharma, & Mahajan, 2014; Pirzada *et al.*, 2014; Rama, 2017; Thaichon *et al.*, 2017; Ceesay, 2017; Chukwuemeka & Godswill, 2017; Mahapatra & Kumar, 2017; Sharma & Adlakha, 2017; Rama, 2017; Agarwal, 2019; Zakiy, 2019). Furthermore, service quality had an impact on customer satisfaction which in the end affected customer loyalty. Therefore, offering good quality service might have helped commercial banks to retain loyal customers because loyal customers were unlikely to switch banks (Mkoma, 2014; Hossain & Ahmed, 2018).

Conclusions and Implications of the Study

The main conclusion is taken from the study is that there were no significant differences in terms of the intention to switch banks among commercial bank customers. This implied that it was unwise to assume commercial banks customers were homogeneous; hence the financial institutions should take note of that matter and ensure that they delivered the desired services to their customers. Furthermore, the results showed that TPB Bank customers had more intention to switch banks compared to NBC customers; hence the findings of this study offered an insight for the bank to deliver the desired services so that it can retain its customers and improve its financial stability. NBC also needed to maintain the quality services offered to its customers if it wished to maintain loyal customers because loyal customers were unlikely to switch banks.

Managerial Implication

Overall, the study aimed at highlighting the intentions of customer switching behavior in commercial banks in Tanzania and to identify whether there was a significant difference in customers switching behaviors. The overall findings showed that customers had intentions of switching banks in Tanzania. Therefore, TPB and NBC marketers needed to make sure that they delivered the best services to avoid experiencing customer switching behaviors. Losing customers had a serious impact on firms' future financial earnings (Lopez *et al.*, 2006), as well as the brand image. Switching behavior also adds a cost of attracting new customers. Therefore, the management of NBC and TPB Banks needed to take note of this finding and make decisive steps to offer the desired services to maintain the existing customers but deliver superb services to attract new potential customers. Furthermore, this

study founded no significant differences in the intention to switch banks among NBC and TPB customers. Although, customers were revealed to have the intention of switching banks the effect of switching behaviour was small. This finding sends a clear message to bankers that TPB Bank needed to make sure that they satisfied their customers since they showed to have a greater intention of switching to other commercial banks. Policymakers can make use of these findings to design user-friendly investment policies to encourage financial institutions to offer the desired services to their customers. This might help to avoid switching behaviours hence future financial sustainability of the banks can be attained. Theoretically, TPB was found to be an important theory in the understanding of banking customers' behaviours and had been utilized in the previous studies to reveal the factors influencing customer switching behaviour in banks. This study used TPB to reveal differences in the intention to switch banks in Tanzania. The finding of the study had shown no significant differences in the intention to switch banks. This might have no significant impact on the actual behaviour to switch banks. Therefore, these findings were in favour of TPB, since the theory assumed that the actual behaviour was affected by ones' intention.

Limitations and Areas for Further Research

Although this study offered an understanding of the customer switching behaviour in commercial banks, this study focused on two commercial banks (TPB Bank Plc and NBC), limiting the study's generalization to specific areas. Future studies should focus on addressing the same issue by comparing more than two commercial banks, because in that way; the study findings can be validated. Additionally, this study did not account for the number of bank accounts that customers own but the tendency of customers to switch from one commercial bank to the other. Therefore, future studies could compare customer switching behaviour of those who own one account to those who own multiple bank accounts and see whether similar findings can be reached. Furthermore, intention to switch banks was measured using two items only. Therefore, future studies could examine similar variables using different items and see whether the current findings could be replicated elsewhere. Also, this study was limited to intention to switch commercial banks; therefore, future studies could be done on the actual switching behaviour to observe the impact of the switching behaviour over a long period using longitudinal study. A longitudinal study can reveal the effective strategies to

assist commercial banks in stopping losing their potential customers in the future. While this study offered insight into the intention of customer switching behaviour in commercial banks, each commercial bank needs to start conducting annual customer surveys on this subject matter so as to come up with new potential factors that might influence customers from switching banks in the future. This information can help them reveal the potential threats to the financial stability of the financial institutions; hence appropriate solutions can be developed. Methodologically, the previous studies employed PLS, multiple linear regression and qualitative techniques to analyze their data; while the current study employed an independent t-test. Although an independent t-test was the appropriate data analysis method, this method was not free from errors. Whenever the test was conducted, there was a possibility of committing a type 1 error. Therefore, future studies can be done using ANOVA, since this technique takes into account this type of errors. Although TPB theory had been extensively used in switching behaviour studies, its applicability in the context of Tanzania was limited. This study used it to reveal differences in the intention to switch banks. Therefore, only the intention to switch bank variable was drawn from the theory other studies could utilize all the variables in the theory and identify differences in each path. Such information could be used by bankers to know which path had a significant impact on the actual switching behaviour.

REFERENCES

- Abduh, M. (2014). Withdrawal Behaviour of Malaysian Islamic Bank Customers: Empirical Evidence from Three Major Issues. *Journal of Islamic Banking & Finance* , 31(4), 43-54.
- Abdullah, S., Hassan, S., & Masron, T. (2016). Switching intention of Muslim depositors in Islamic deposit account. *International Journal of Economics, Management and Accounting* , 24(1), 83-106.
- Agarwal, K. (2019). Drivers of bank/branch switching international behaviour in retail banking: Evidence from the Indian banking customers. *Journal of Marketing and Consumer Research* , 54, 1-12.
- Ahad, N., Yin, T., Othman, A., & Yaacob, C. (2011). Sensitivity of normality tests to non-normal data. *Sains Malaysiana* , 40(6), 637-641.
- Al Ghammari, K., & Ahmed, E. (2017). Customers' switching intention in Oman's banking industry. *Journal of Business and Financial Affairs* , 6(2), 2-6.
- Ally, Z. (2013). Efficiency analysis of commercial banks in Tanzania. *European Journal of Business and Management* , 5(31), 193-203.
- Anton, A. (2018). The influence of nontraditional banks' action on client switching behaviour. *Business Studies Journal* , 10(1), 35-45.
- Anton, C., Camerero, C., & Carrero, M. (2007). Analyzing the firm's failure as determinants of customer switching intentions. *European Journal of Marketing* , 41(2),135-158.
- Antoni, X., Matchaba, T., & Mathiyase, K. (2018). The influence of non-traditional banks actions on customer switching behaviour. *Business Studies Journal* , 10(1), 1-11.
- Asnawi, N., & Safitri, R. (2020). The switching behaviour determinants of sharia banking: Roles of gender and education. *PalArch's Journal of Archaeology of Egypt/Egyptology* , 17(3), 34-49.
- Association, A. B. (2021, October 10). *Millions of Australians switching financial products*. Retrieved August 6, 8, from Deloittee Choice in Banking Report: <https://www.ausbanking.org.au/millions-of-aust-ralians-switching-financial-products/>
- Athanassopoulos, A., Gounaris, S., & Stathakopoulo, V. (2011). Behavioural responses to customer satisfaction: an empirical study. *European journal of marketing*, 35(5/6), 687-707...
- Aurier, P., & Mejia, V. (2017). Brand-switching and consumers' lack of loyalty for FMCG: A dynamic duration model. Retrieved from https://www.researchgat.net/publication/314245889_brandswitching_and_consumers%_unloyalty_for_FMCG_a_dynamic_duration_.
- Bansal, H., & Taylor, S. (2002). Investigating interactive effects in the theory of planned behaviour in a service provider switching context . *Journal of psychology and marketing* , 19(5), 407-425.

- Bedre, R. (2021, June 18). *Perform Three Types of t test in Python*. Retrieved August 23, 2021, from <https://www.reneshbedre.com/blog/ttest.html>
- BOT. (2019). *Annual Report 2018/2019*. Dar es salaam: Bank of Tanzania .
- Bugyei, G. (2019). Customers' switching behaviour in the banking industry in Cape Coast Metropolis, Ghana. *Journal of Marketing and Consumer Research* , 61(1), 1-8.
- Callari, S., Moore, A., & Rovegno, L. (2018). Searching and switching in retail banking. CMA. *Economic Working Paper*.
- Ceesay, B. (2017). Consumer-band association: Determinants of consumer bank switching intention: Case of the Gambia retail banking sector. *Journal of Business Financial Affairs* , 6(4), 2-8.
- Chukwuemeka, O., & Godswill, A. (2017). Drivers of customers switching behaviour in Nigeria banking industry. *International Journal of Management and Commerce Innovations* , 4(2), 932- 943.
- Citizen, T. (2021, June 24). *TPB Banks' Financial Inclusion Agenda*. Retrieved August 27, 2021, from The Citizen Online News: <https://www.thecitizen.co.tz/tanzania/news/tpb-bank-s-financial-inclusion-agenda-3449380>
- Clemes, M., Gan, C., & Zhang, D. (2010). Customer switching behaviour in the Chinese retail banking industry. *The International Journal of Bnk Marketing* , 28(7), 519-546.
- Clemes, M., Gan, C., & Zhang, D. (2010). Customer switching behaviour in the Chinese retail Banking Industry. *International journal of Bank Marketing* , 28(7), 519-549.
- Cohen, J. (1988). *Statistical Power Analysis for the Behavioural Sciences, 2nd Edn*. New York, NY: Academic Press.
- Commerce, N. B. (n.d.). *About Us: Overview*. Retrieved August 27, 2021, from National Bank of Commerce: <https://www.nbc.co.tz/en/about-us/>
- Ernst, & Young. (2011). *A new era of customer expectation: Global consumer banking survey*. Retrieved August 6, 2021, from <https://www.ey.com/Publication/vwLUAssets/ey-a-ne-era-of-customer-expectation-global-consumer-banking-survey>
- Farah, F. (2017a). Application of the theory of planned behaviour to customer switching intention in the context of bank consolidations. *International Journal Bank Marketing* , 35(1), 147-170.
- Farah, M. (2017b). Consumers' switching motivations and intention in the case of bank mergers: A cross-cultural study. *International Journal of Bank Marketing*, 35(2), 254-274.
- Field, A. (2013). *Discovering statistics using IBM SPSS Statistics: And sex and drugs rock 'n' roll (4th Ed)*. London: Sage.
- Field, A. (2009). *Discovering statistics using spss third edition*. London: Sage Publication.

- Fornell, C., & Lacker, D. (1981). Evaluating structural Equation Models with unobservable variable and measurement error. *Journal of Marketing Research* , 18(1),39-50.
- Gerrard, P., & Cunningham, J. (2004). Consumer switching behaviour in the Asian banking market. *The Journal of Services Marketing* , 18(3), 215-223.
- Hair, J., Black, W., Babin, B., Anderson, R., & Tathan, R. (2014). *Multivariate data analysis (7th Ed)*. London (UK): Pearson.
- Hossain, M., & Ahmed, K. (2018). Assessing the Relationship between Service Quality and Customer's Propensity to Switch Brands in the Banking Industry of Bangladesh. *European Journal of Business and Management* , 10(24), 107-117.
- Jonathan, W. (2019, April 5). *This Tanzania City may soon be one of the World's populous: The City Issue*. Retrieved December 16, 2021, from Naational Geographic: <https://www.nationalgeographic.com/environment/article/tanzanian-city-may-soon-be-one-of-the-worlds-most-populous>
- Kaur, G., Sharma, R., & Mahajan, N. (2014). Segmentation of bank customers by loyalty and switching intentions- India . *VIKALPA* , 39(4), 75-89.
- Keaveney, S. (1995). Customer switching behaviour in service industries: An exploratory study. *Journal of marketing* , 59(2), 71-82.
- Keramati, A., Mehrabi, H., & Mojir, N. (2010). A process-oriented perspective on customer relationship management and organizational performance: An empirical investigation. *Industrial Marketing Management* , 1170-1185.
- Lai, Y., & Zeng, J. (2014). Analysis of customer churn behaviour in digital libraries. *Program* , 48(4), 370–382.
- Laksamana, P., Wong, D., Kingshott, R., & Muchtar, F. (2013). The role of interaction quality and switching costs in premium banking services. *Marketing Intelligence and Planning* , 31(3), 229-249.
- Lam, T., & Hsu, C. (2004). Theory of planned behaviour: Potential travelers from China. *Journal of Hospitality Research* , 28(4), 463-482.
- Lopez, J., Redondo, Y., & Olivan, F. (2006). The impact of customer relationship characteristics on customer switching behaviour: Differences between switchers and stayers. *Managing Service Quality An International Journal*, 16(6), 556-574.
- Mahapatra, S., & Kumar, P. (2017). Reasons why the customer dissolves their banking relationship from existing banks. *International Journal of Research* , 5(6), 261-271.

- Maiyaki, A. (2011). Factors determining bank's selection and preference in Nigerian retail banking. *International Journal of Business and Management* , 6(1), 253-257.
- Mishra, P., Pandey, C., Singh, U., & Gupta, A. (2019). Descriptive statistics and normality tests for statistical data. *Annals of Cardiac Anaesthesia* , 22(1), 67-72.
- Mittal, B., & Lassar, W. (1988). Why do customers switch? The dynamics of satisfaction versus loyalty. *Journal of services marketing* , 12(3),177-194.
- Mkoma, M. (2014). *Customers' satisfaction with banking services a case of Standard Chartered Bank*. Dar es salaam: The Open University of Tanzania.
- Msoka, C., & Msoka, E. (2014). Determinants of customer retention in commercial banks in Tanzania. *Journal of Finance and Bank Management* , 2(1), 9-30.
- Munatsi, M., & Zhuwau, R. (2019). Business survival during turbulent economic situations: Lessons from Zimbabwe. *International journal of business economics and social studies* , 3(1), 23-31.
- Murad, M. (2011). Direct and moderating factors affecting customer switching intention: An empirical study on the bank of Palestine and Cairo Amman banking in Gaza. *The Islamic University of Gaza* .
- Murungu, F. (2013). *Customers' switching behaviour on banking Performance: A case of national bank of Commerce Morogoro. Masters Dissertation*. Morogoro: Mzumbe University.
- Namahoot, K., & Laohavichien, T. (2018). Assessing the intentions to use internet banking: The role of perceived risk and trust as mediating factors. *International Journal of Bank Marketing* , 36(2), 256-276.
- NBC. (2020). *NBC Annual Report*. Dar es salaam: NBC.
- News, M. C. (2021, March 18). *7 in 10 Under 55s would switch Banks for a better experience*. Retrieved August 6, 2021, from Marketing Charts Banking Online News: <https://www.marketingcharts.com/industries/financial-services-116507>
- Ngowi, D. (2021, June 22). *Tanzania: TPB Now becomes Tanzania commercial Bank*. Retrieved August 27, 2021, from Tanzania Daily News: <https://allafrica.com/stories/202106220214.html>
- Norrestad, F. (2021, June 28). *Changing Bank Frequency in the United Kingdom 2020*. Retrieved December 15, 2021, from Statista: <https://www.statista.com/statistics/1246957/frequency-of-bank-change-uk/>
- Nunnally, J. (1978). *Psychometric Theory*. New York: McGraw-Hill.
- Nyarko, K. (2015). Evaluation of factors influencing switching behaviour by Ghana commercial bank. *British Journal of Marketing Studies*, (8),35-46.

- Nzowa, S., Kara, N., & Mbillinyi, B. (2020). Effect of Bank Charges on Customer Switching Behaviour in Selected Commercial Banks in Tanzania. *International Journal of Business Management and Economic Review* , 3(6), 32-44.
- Olsson, F., & Gall, G. (2012). *How do the predictors of switching intention influence switching behaviour? A quantitative study of students' switching behaviour in the retail banking context.*. Sweden: Umea School of Business and Economics.
- Pirzada, S., Nawaz, M., Javed, U., & Asab, Z. (2014). Which factors influence customer switching behaviour? *European Journal of Business and Management* , 6(11), 134-142.
- Rama, A. (2017). Customers' switching behaviour in Islamic banking industry. *Journal of Islamic Monetary Economics and Finance*, 2(2), 251-286.
- Riptionol, S., Suroso, A., & Anggraeni, I. (2020). The determinant factors on consumer switching intention toward Islamic banking in Central Java. *Humanities and Social Sciences Review* , 8(2), 364-372.
- Sathish, M., Kumar, K., Naveen, K., & Jeevan, V. (2011). A study on consumer switching behaviour in cellular service provider: A study with reference to Chennai. *Far East Journal of Psychology and Business* , 2(2), 71-81.
- Sharma, R., & Adlakha, D. (2017). Customer switching behaviour in retail banking in India. *International Journal of Engineering Technology* , 5(6), 72-84.
- Sharmin, N. (2017). *Switching behaviour in the Australian consumer banking industry. A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy.* Australia: Swinburne University of Technology.
- Siswanto, S., Asnawi, N., & Rafitri, . R. (2020). The switching behaviour determinants of Sharia banking: Roles of gender and education. *Palarch's Journal of Archaeology of Egypt* , 17(3), 34-49.
- Sniehotta, F., Presseau, J., & Araújo-Soares, V. (2014). Time to retire the theory of planned behaviour. *Health Psychology Review* , 8(1).1-7.
- Statista. (2021, May 14). *Annual Number of customers switching their current bank account provider in the UK from 2012 to 2020.* Retrieved August 6, 2021, from Statista: <https://www.statista.com/statistics/417417/number-of-switching-current-bank-accounts-annually-uk/>
- Subramaniam, R., & Ramachandran, J. (2012). Customers' switching behaviour in banking industry-empirical evidence from Malaysia. *International Journal of Business, Economics and Law* , 1, 156-162.

- Thaichon, P., Quach, S., Bavalur, S., & Nair, M. (2017). Managing customer switching behaviour in the banking industry. *Services Marketing Quarterly* , 38(3), 142-154.
- Thorsten, B., Chaojung, C., Jorge, C., Bharat, P., Muriel, D., Andy, M., et al. (2021, January). *Global Retail Banking*. Retrieved August 9, 2021, from The Digital Front to back Digital Retail Bank: file:///C:/Users/User/Desktop/Switching%20customer%20behaviour/Bcg-global-retail-banking-2021-the-front-to-back-digital-retail-bank-jan-2021.pdf
- TPB. (2020). *TPB Strategic Plan*. Dar es Salaam: TPB.
- Vyas, V., & Raitani, S. (2014). Drivers of customers' switching behaviour in Indian banking industry. *International Journal of Bank Marketing*, 32(4), 321-342.
- Yi, Y., & Gong, T. (2013). Customer value co-creation behaviour: Scale development and validation. *Journal of Business Research* , 66(9), 1279-1284.
- Zakiy, M. (2019). The Moderating effect of switching cost on the influence of price and service quality towards switching intention. *Advances in Social Science, Education and Humanities Research* , 353, 161-167.