An Analysis of Customer Switching Internet Banks in Hong Kong

Dr. David S.Y. Cheng, Research Supervisor to the University of South Australia in Hong Kong

ABSTRACT

The convenience of banking via the Internet is allowing the growth of multiple banking relationships while maintaining an everyday account with another bank. Denton and Chan (1991) defined this kind of multiple banking as being conducted where people employ two or more bankers to handle their personal financial affairs. Gerrard and Cunningham (1999) indicated that socio-economic characteristics can be used to identify a multiple bank user(s) from a single bank user. According to Dick and Basu (1994), switching costs are a common strategy to maintain the loyalty. Switching costs have been identified as a factor contributing to maintaining a relationship (Morgan and Hunt, 1994). This research would be among the earliest attempts to study the consumer behavior issue in an Internet setting. Based on a review of the literature, a research model linking customer satisfaction, loyalty, switching costs and split Internet bank behavior was developed. The model has two main features. First, it examines the direct effects of customer satisfaction, loyalty and switching costs on split Internet bank behavior. Second, the model also examines the moderating role of socio-economic characteristics in the relationship between customer satisfaction, loyalty and switching costs - split Internet bank behavior.

Keywords: Split Internet bank behavior, customer satisfaction, switching costs, attitudinal loyalty, socio-economic characteristics, income, education, positions

INTRODUCTION

Many retail banks have a dense branch network and close relationship with their customers. The high activity and penetration rates of Internet banking are due to the high levels of customer satisfaction. To satisfy customers, it is important to listen to their needs and desires (Sterne, 1998). Patterson et al. (1997) found that customer satisfaction has a significant impact on repurchase intentions in a range of services. The aim of this research is to examine the main effects of customer satisfaction, loyalty and switching costs on split Internet bank behavior, and the moderating role of the socio-economic characteristics, namely, income, education and positions in the customer satisfaction, loyalty and switching costs - split Internet bank behavior relationship.

RESEARCH OBJECTIVES

Denton and Chan (1991) defined split banking as being conducted where people employ two or more bankers to handle their personal financial affairs. The range of socio-economic characteristics that are used in previous studies indicated that there is a positive relationship between income and level of education with using split Internet banking services (Gerrard and Cunningham, 1999). Significant differences are found statistically in the evaluation of the relative importance of these factors on split bank behavior based on sex, age, marital status, income and education discriminators (Denton and Chan, 1991). Switching costs play an important role and provide useful insight. The presence of switching costs can mean that some loyal customers are actually dissatisfied but do not defect because of high switching costs. As a result, the level of switching costs in fact moderates the relationship between customer satisfaction and loyalty (Lee, Lee and Feick, 2001). This research more specifically aims to see if certain socio-economic characteristics could be used to differentiate a split bank user from a single bank customer. In short, the objectives of this research are (1) to develop a research model to examine the main effects of customer satisfaction, loyalty and switching costs on split Internet bank behavior; and (2) to examine the moderating effects of socio-economic characteristics, namely, income, education and positions in the customer satisfaction, loyalty and switching costs - split Internet banking behavior relationship.
LITERATURE REVIEW

The purpose of this review is to examine the literature of consumer behavior in relation to customer satisfaction, loyalty, switching costs, split Internet bank behavior, socio-economic characteristics and concludes with the identification of a research gap in the literature.

CONCEPTUALIZATION OF CUSTOMER SATISFACTION

Since one of the objectives of this research concerns the overall customer satisfaction experienced by Internet bank users during the process of receiving Internet banking services from their Internet banks, it is important to examine customer satisfaction. Customer satisfaction in consumer banking is based on the multiple interactions between the bank and the customer (Levesque and McDougall, 1996). There are at least two different conceptualizations of customer satisfaction that exist in the literature: the first one is transaction-specific, while the second one is overall satisfaction (Anderson et al., 1994). Transaction-specific satisfaction is more likely to depend on performance on specific attributes of the service encounter, whereas overall satisfaction is more likely to depend on factors that occur across transactions. The main consequences of customer satisfaction include increased reputation and new customers, lower transaction costs, reduced price elasticity and reduced failure costs. Satisfaction is considered to act as an antecedent of loyalty, arising out of direct prior experience (Dick and Basu, 1994).

CONCEPTUALIZATION OF CUSTOMER LOYALTY

In order to measure customer loyalty, Lee, Lee and Feick (2001) used a subset of the original measures developed by Narayandas (1996). They are (1) resistance to switching to a competitors’ product that is superior to the preferred vendor’s product; (2) willingness to recommend preferred vendor’s product to friends and associates; and (3) repurchase intention. Attitudinal loyalty involves holding positive or negative attitudes towards their financial providers. Attitudinal approaches focused mainly on brand recommendations (Boulding et al., 1993); resistance to superior products (Narayandas, 1996); repurchase intention (Cronin and Taylor, 1992; Anderson and Sullivan, 1993) and willingness to pay a price premium (Narayandas, 1996). This means that customers must perceive the bank as better than competitors and that customer must like the bank better than competitors.

RELATIONSHIP BETWEEN LOYALTY AND CUSTOMER SATISFACTION

Jones and Sasser (1995) present a very intuitive classification of an individual’s relationship between customer satisfaction and loyalty. Customers were classified into four different groups: loyalist/apostle (high satisfaction and high loyalty), defector/terrorist (low satisfaction – low loyalty), mercenary (high satisfaction – low loyalty), and hostage (low satisfaction – high loyalty). Contrary to the general perception that Internet customers are often changing by nature, most of the consumers display a clear sense of loyalty. Web technologies could reinforce the inherent loyalty if used properly. Satisfied Internet bank customers are more loyal than satisfied non Internet bank customers (Reichheld and Scheffter, 2002). Without social interaction and personal service Internet customers would not become loyal to a bank (Karjaluoto, Mattila and Pento, 2002).

CONCEPTUALIZATION OF SWITCHING COSTS

Switching costs refer to the buyer’s perceived costs of switching from the existing to a new supplier (Heide and Weiss, 1995; Jackson, 1985 and Porter, 1980). The domain of switching costs thus include (1) loss of detailed knowledge; (2) learning costs, such as pre-switching search and evaluation costs, post-switching behavioral and cognitive costs, and set-up costs; (3) loss of performance costs; (4) benefit loss costs, and finally (5) sunk costs. Switching costs have a positive effect on affective loyalty. Customers might focus on the added value of one-stop banking relationship or customers regard the investment in a banking relationship as a sunk cost, thus disregarding the negative effects of being locked in (Methile and Nysveen, 1999).
THE ROLE OF SWITCHING COSTS ON THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND LOYALTY

According to Lee, Lee and Feick (2001), if switching costs are low, we should find very few false loyal (hostages), since dissatisfaction should result in changing providers. However, we are likely to find many mercenary customers who are satisfied but disloyal because low switching costs make change so easy. In contrast, if switching costs are high, we are likely to see many false loyal customers; even though they are not satisfied, switching costs make them less likely to change. Nevertheless, we are unlikely to see mercenaries, since the high switching costs make them less likely to change providers when they are satisfied.

RELATIONSHIP BETWEEN SWITCHING COSTS AND CONSUMER BEHAVIOR

According to Beckett, Hewer and Howcroft (2000), switching between financial providers generate little long-term benefits and hence force the consumer to incur disruption and financial costs. Consumers are locked into buying patterns and have little incentive to change. However, due to the presence of new forms of technology and deregulation have created highly competitive market conditions, which had has a critical impact upon consumer behavior. Consumers are more disposed to change their buying behavior when purchasing financial products and services. Deregulation and the Internet make it easier for consumers to switch between financial providers. However, bank switching may incur extra costs to Internet users.

CONCEPTUALIZATION OF SPLIT INTERNET BANK BEHAVIOR

Chan (1993) defined multiple banking as two or more banks being used as providers of the same financial service. Denton and Chan (1981) defined split banking as being conducted where people employ two or more bankers to handle their personal financial affairs. The definition proposed in this research is that split banking exists if a person maintains an account with two or more Internet banks to handle his or her personal financial affairs. If banks want to encourage and discourage split banking, an awareness of the types of customers who engage in this activity would be helpful. From a customer’s viewpoint, he or she would almost certainly benefit from access to a wider range of financial services and possibly from the ability to negotiate a better deal on a loan.

THE RELATIONSHIP BETWEEN SPLIT INTERNET BANK BEHAVIOR AND SOCIO-ECONOMIC CHARACTERISTICS

Of the socio-economic variables, global literature suggested that young age, high-level occupation and income, married and male are factors describing the typical Internet user. Internet banking usage correlates positively with education, occupation, household income and household size. Present Internet demographics suggested that those who are relatively well off and those who are well educated use the Internet, which means that the Internet users are potential high net worth customers. It assumes that a highly educated, young and wealthy market appears to be ready for Internet banking in most of the advanced countries. The use of Internet channel could increase market coverage by selling different banking products and services at various sectors (Jayawardhena and Foley, 2000). In conclusion, these sectors of Internet users may have the tendency to engage in multiple bank behavior.

SOCIO-ECONOMIC CHARACTERISTICS OF CONSUMERS

Global literature suggested that high proportions of those who are better educated are found to engage in split bank behavior. This sector of population is either relatively young or in the middle age. Mattila, Karjaluoto and Pento (2003) indicated that the level of higher education increased the likelihood of using Internet banking.
Studies also confirmed that profession correlate positively with the customers’ use of Internet banking. Also, profession correlates positively with the matured customers’ use of Internet banking and matured customers with higher positions in working life tend to use Internet banking. The highly educated and wealthy segment of the Internet bank users represents a more profitable and less risky customer base. They often deal with enormous sums of money, with high purchasing power in buying the banks’ products and services such as investment funds or insurance (Jayawardhena and Foley, 2000). Looking at the socio-economic profile of consumers of special brands, found that the high spenders were in the age range 25-34 and in the high-income group, most holding white-collar jobs and with tertiary education (Prendergast, Chuen and Phau, 2002).

INCOME / EDUCATION / POSITIONS

Burnett and Chonko (1981) found that split banking customers are likely to be high-income earners and older. This means that high-income earners would be expected to engage in split banking to a greater extent than their lower earning counterparts. The level of education increased the likelihood of using Internet banking, while Internet banking is much less common among the less educated (Mattila et al., 2002). Gerrard and Cunningham (1999) indicated that higher proportion of those who are better educated found to engage in split banking. Mattila et al. (2002) indicated that technical education and university degree impact the use of Internet banking. Mattila et al. (2003) indicated that profession correlates positively especially with the mature customers’ use of Internet banking. In our research survey, most of the respondents are professionals who are well-educated and high income earners with background in different areas including academics, teachers, professionals, entrepreneurs, civil servants and bankers.

LITERATURE GAP

According to Wan, Luk and Chow (2005), Hong Kong is one of the major international financial centers. Despite the importance of the Hong Kong market, not many academic studies have been researched on split Internet banking behavior. Based on the literature review, a number of critical research gaps still exist in the domain. Firstly, few studies have attempted to address the moderating effects of socio-economic factors in the customer satisfaction, loyalty and switching costs – split Internet banking behavior relationship. Secondly, few previous research studies have addressed effects in an Internet-based setting. Thirdly, there is little published literature in identifying factors leading to split Internet banking behavior. Fourthly, little attention has been paid to Asian countries regarding the impact of socio-economic characteristics on split Internet banking behavior. Finally, little research has attempted to identify a certain customer segment group (professionals/managers) of the Hong Kong population. The research is intended to fill the above gap in the literature.

AIMS OF RESEARCH

It has been widely recognized that socio-economic characteristics have a great impact on consumer attitudes and behavior (Karjaluoto et al., 2002) but few studies have tested for the moderating role of socio-economic factors in an Internet banking setting. This research attempted to identify a particular customer segment (professionals/managers) and examine the heterogeneity of the moderating effects of socio-economic characteristics in the customer satisfaction, loyalty and switching costs – split Internet banking behavior relationship. Specifically, the aims of this research are: (1) To develop a research model to examine the main effects of customer satisfaction, loyalty and switching costs on split Internet bank behavior; and (2) To examine the moderating effects of the socio-economic characteristics, namely, income, education and positions in the customer satisfaction, loyalty and switching costs – split Internet banking relationship.
RESEARCH MODEL

Since research on factors affecting split Internet bank behavior is relatively sparse, past research on the direct effects of customer satisfaction, loyalty and switching costs on split bank behavior as well as the moderating effect of socio-economic characteristics on the relationship between the customer satisfaction, loyalty and switching costs – multiple bank behavior in non-Internet settings were used to derive the research model. In other words, it is assumed that prior studies on the effects of customer satisfaction, loyalty and switching costs on split bank behavior in non-Internet settings be applied to split bank behavior within Internet banking setting.

Based on the literature review, a research model is developed to explain their relationship. For this task, the data obtained are used to test the eleven hypotheses of this research. Consistent with the aims for research, the research model has two main features. First, it examines each of the three independent factors (customer satisfaction, attitudinal loyalty and switching costs) on the dependent factor (split Internet bank behavior). Attitudinal loyalty is defined as non-behavioral (i.e. attitude, intention). Second, the model examines the moderating effect of socio-economic characteristics (namely, income, education and positions) in the customer satisfaction, loyalty and switching costs – split Internet bank behavior relationship.

Research Model

- **Socio-Economic Characteristics (H9) = Income + Education + Positions**
- **Split Internet Bank Behavior = Decision to Have >1 Bank Account**

![Research Model Diagram]

**Figure 1: Research Model**

This research is derived from the literature on Internet banking from two perspectives (1) customers’ satisfaction, loyalty and switching costs and (2) socio-economic characteristics of consumers. The above research model, which is derived from the literature review, is suited to empirical validation. There are three socio-economic analytical components to the empirical validation of the proposed research model and hypotheses. A research model is developed, which provides a framework for evaluating the impact of socio-economic characteristics on split consumer behavior in relation to Internet banking activities in Hong Kong. The model concentrates on examining their relationships between different socio-economic characteristics and to analyze if any significant differences are found upon comparing a split Internet bank customer from a single bank customer.
RESEARCH QUESTIONS

The research questions shown below from the output of the literature review indicated exactly what this study intend to find out. The four major research questions for this research are as follows. (1) To what extent is split Internet banking behavior practiced in Hong Kong? (2) What are the socio-economic characteristics that can be used to distinguish a split Internet bank customer from a single bank customer? (3) Does high customer satisfaction and attitudinal loyalty lead to lower split Internet bank behavior? (4) Do increased switching costs lead to higher or lower customer loyalty in the Internet banking context?

RESEARCH HYPOTHESES

Based on the theoretical and empirical support from the literature, the following hypotheses were developed and tested. The eleven hypotheses to answer the above research questions were as follows. H1: Increased switching costs are associated with lower split Internet bank behavior; H2: High customer satisfaction is associated with lower split Internet bank behavior; H3: High customer satisfaction is associated with high loyalty; H4: Increased switching costs are associated with high loyalty; H5: Low customer loyalty is associated with higher split Internet bank behavior; H6A: Consumers who are earning high income is associated with split Internet bank behavior; H6B: Consumers who are earning low income is associated with lower split Internet bank behavior; H7A: Consumers who have better education is associated with split Internet bank behavior; H7B: Consumers who have lesser education is associated with lower split Internet bank behavior; H8: Consumers who hold more responsible positions in their working life is associated with split Internet bank behavior; and H9: The relationship between customer satisfaction, loyalty and switching costs – split Internet bank behavior is moderated by socio-economic factors.

CONFIRMATORY RESEARCH

This research was confirmatory research because the aim of this research is to examine the main effects of customer satisfaction, loyalty and switching costs on split Internet bank behavior, together with the moderating effects of socio-economic characteristics on the customer satisfaction, loyalty and switching costs – socio-economic characteristics relationship. Eleven hypotheses were developed to achieve the aim of this research. The eleven hypotheses were based on the theories found in previous research in non-Internet settings. Data were collected via the Internet and respondents were encouraged to answer the 50 questions in the Internet survey.

INTERNET SURVEY AND DATA VERIFICATION

This research would answer all of the research questions such as satisfaction, accuracy, timeliness and reliability, and factors affecting customers to have split Internet banking relationships and why they chose to have more than one Internet banking account. The final decision in the research design concerned the collection of data. SPSS was also used to carry out t-tests and to see if, after dividing the participants into different income and education background groups as well as different job positions groups, significant differences arose in relation to the responses they gave, based on a comparison of their personal characteristics. As the data are in place for analysis, it is used to test the eleven hypotheses already developed for this study and also to answer the research questions.

DEFINITION OF TARGET POPULATION

This research included only individual bank customers. As this research focused on the Internet banking services and consumer behavior of the “professionals” group, the target population “ideally” should be doctors, lawyers, engineers, architects, business executives, civil servants, bankers, academics and entrepreneurs. Also at minimum they must use their main Internet bank to conduct bank account monitoring functions. Controls were set up to ensure that respondents who engaged in this survey came from a wide range of fields of professions. It was to ensure that respondents were as representative as far as possible of the desired population.
SAMPLE DESIGN AND DATA COLLECTION

The questionnaires were posted on an Internet survey server of www.my3q.com and respondents could participate in this survey via the Internet. All 50 questions in the survey must be answered. The overall respondent set has a profile that reasonably matches that of “professionals” who use the Internet. There were 557 respondents participating in this Internet survey and out of which 271 respondents’ background matches exactly the definition of “professionals” group of this study. In the questionnaire, respondents were requested to score on a 5-point Likert-type scale with the end points being “strongly agree” and “strongly disagree”. According to Sekaran (2000), neither too large nor too small sample sizes help research projects. Therefore, a sample of 271 seemed to be appropriate and was used in this study. This Internet survey was intended: (1) to solicit the respondents’ perception on Internet banking services offered by their main Internet bank and (2) to ascertain the respondents’ banking behavior.

PILOT TEST OF THE INTERNET QUESTIONNAIRE SURVEY

A pilot test of the Internet questionnaires was conducted to eliminate confusion and mistakes in the questionnaire and a follow-up discussion was undertaken in order to discuss the limitations of the survey with the respondents. The test group was selected by simple systematic sampling among the respondents known to the researcher, i.e. convenience sampling. This sample was chosen as they were the representatives of the “professionals” segment. After the questionnaire was pre-tested, the outcome was confirmed with the experts (i.e. bank managers) to establish face validity of the items. The revised questionnaire also contains an information sheet explaining the academic purpose of the research. Questions are designed from the supporting literature.

STRUCTURE OF QUESTIONNAIRE

The final survey questionnaire of this study consisted of six sections and contained 50 questions. Section 1 consisted of nine statements measuring respondents’ expectation of the bank’s web site and the satisfaction level of customers. Section 2 consisted of eight statements aiming to find out the main reasons for switching or not switching to other Internet banks. Section 3 consisted of four statements aiming to reveal the attitude of the respondents towards their main Internet bank and their intention to stay with the main Internet bank in the future. Section 4 consisted of seven statements revealing split Internet bank behavior of the respondents. Section 5 consisted of thirteen statements on the average time respondents spent each day doing Internet banking and services respondents used most such as account enquiry, funds transfer, payment, ordering statement and check book, or applying for a loan and mortgages and where do they access the web site for Internet banking. Section 6 consisted of nine questionnaires establishing socio-economic information about the respondents. With gender, there were only two types of prompt.

RELIABILITY TESTS

In this research, Cronbach’s alpha (1946) is used to determine the reliability of the scales and results. According to Nunnally and Bernstein (1994) the alpha of a scale should be greater than 0.70 for the items to be used together as a scale. The alpha for the total scale is also computed on the assumption that the item under examination is deleted. Nunnally and Bernstein (1994) gave a common guideline for the alpha standards of reliability: (a) early stage of research, alpha = 0.5-0.6, (b) basic research, alpha = 0.7-0.8, and (c) applied settings, alpha = 0.8-0.9. While one objective of scientific work is to discover and determine the relations between variables, reliability becomes a necessary condition of the value of research results and interpretation. The target Cronbach’s alpha in this research was larger than 0.70, which is sufficient in most research (Nunnally and Bernstein, 1994).
Representatives of Survey Respondents

Six demographic measures were collected for this research. They were: a) gender; b) age; c) marital status; d) education; e) occupation; f) income. Ethnic group was not included in the demographic measures as we presume most of the respondents were predominantly Chinese. Since the sample was drawn from Hong Kong, an effort was made by inviting different “professional” groups of respondents to participate in this survey. The purpose is to ensure that the respondents did not differ significantly from the target population so that the findings could be used to infer this particular segment group of the local population.

Correlation Analysis

Testing indicated correlations of customer satisfaction to loyalty, switching costs to loyalty, loyalty to split Internet bank behavior and split Internet bank behavior to customer satisfaction were significant at the 0.01 level (2-tailed) whereas correlation of switching costs to split Internet bank behavior was significant at the 0.05 level (2-tailed). Another testing revealed correlation of income to split Internet bank behavior was significant at the 0.05 level (2-tailed), while correlation of education to split Internet behavior was significant at the 0.01 level (2-tailed).

Factor Analysis and Factor Rotation

A two stages factor analysis, factor extraction and factor rotation, was performed as suggested by Green et al. (2000) on all questions. The primary objective of the first stage was to make an initial decision about the number of factors underlying a set of measured variables. The aim of the second stage was twofold: (1) to statistically manipulate (to rotate factors) the results to make the factors more interpretable and (2) to make final decisions about the number of underlying factors. As reported in the analysis, the first, second, third, and fourth factors accounted for 27.3305%, 12.8057%, 10.9112%, and 10.5529 % of the variance of the twenty-one variables. In total, the above four factors accounted for 61.6003% of the variable variance. In conclusion, the constructs are valid. The above construct validity well testifies the results obtained from the use of the measure fit the theories around which test is designed. High correlations among customer satisfaction, switching costs, loyalty and split Internet bank behavior also indicate that the scale is measuring its intended concept.

Reliability Test

Table 1 below reported information about inter-total statistics and reliability coefficients for the four scales of the following variables: customer satisfaction, switching costs, loyalty and split Internet behavior. There were several important pieces of information shown in the table. The second column (corrected item-total statistics) summarized the relationships between each item (variable) and the total score, which was simply a sum of the items. If items (variables) were consistent with each other, they would correlate with the total score. As a result, it was expected to see strong and positive item-total correlations. The third column (squared multiple correlation) described the amount of variance shared with all of the other items. The higher the squared multiple correlation indicated a larger amount of consistency among the items of a scale. The fourth column (alpha if item deleted) reported what would happen to the reliability coefficient of the scale if an item was deleted. An item that negatively impacted the reliability of the scale should be examined carefully and possibly moved. The final column reported the coefficient alpha for each scale. Examining the correlated item-total correlation listed in second column, all of the inter-total correlations from split Internet bank behavior were ranging from a low of -0.0014 to a high of -0.1062. In contrast, the item-total correlations for customer satisfaction, switching costs and loyalty are comparatively higher and indicate a greater degree of internal consistency with the three scales.
Table 1: Reliability Analysis for Customer Satisfaction, Switching Costs, Loyalty and Split Internet Bank Behavior

<table>
<thead>
<tr>
<th>Constructs/Items</th>
<th>Corrected Item-Total Correction</th>
<th>Squared Multiple Correction</th>
<th>Alpha If Item Deleted</th>
<th>Coefficient Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>0.6340</td>
<td>0.6654</td>
<td>0.7638</td>
<td>0.9134</td>
</tr>
<tr>
<td>Q6</td>
<td>0.5942</td>
<td>0.5399</td>
<td>0.7657</td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>0.5883</td>
<td>0.5502</td>
<td>0.7660</td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>0.5538</td>
<td>0.5615</td>
<td>0.7687</td>
<td></td>
</tr>
<tr>
<td>Q40</td>
<td>0.6168</td>
<td>0.5027</td>
<td>0.7647</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>0.4913</td>
<td>0.4662</td>
<td>0.7719</td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>0.4967</td>
<td>0.4412</td>
<td>0.7728</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>0.5181</td>
<td>0.4756</td>
<td>0.7699</td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>0.5223</td>
<td>0.9734</td>
<td>0.7694</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>0.5074</td>
<td>0.9729</td>
<td>0.7756</td>
<td></td>
</tr>
<tr>
<td><strong>Switching Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q11</td>
<td>0.3335</td>
<td>0.6845</td>
<td>0.7816</td>
<td>0.8223</td>
</tr>
<tr>
<td>Q12</td>
<td>0.3015</td>
<td>0.6523</td>
<td>0.7839</td>
<td></td>
</tr>
<tr>
<td>Q16</td>
<td>0.3638</td>
<td>0.4370</td>
<td>0.7793</td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>0.3084</td>
<td>0.4101</td>
<td>0.7831</td>
<td></td>
</tr>
<tr>
<td><strong>Split Internet Bank Behavior</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q27</td>
<td>-0.0014</td>
<td>0.7463</td>
<td>0.7988</td>
<td>0.7306</td>
</tr>
<tr>
<td>Q28</td>
<td>-0.0196</td>
<td>0.7522</td>
<td>0.7994</td>
<td></td>
</tr>
<tr>
<td>Q23</td>
<td>-0.0972</td>
<td>0.3305</td>
<td>0.8068</td>
<td></td>
</tr>
<tr>
<td>Q22</td>
<td>-0.1062</td>
<td>0.4272</td>
<td>0.8077</td>
<td></td>
</tr>
<tr>
<td><strong>Loyalty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q19</td>
<td>0.2749</td>
<td>0.6023</td>
<td>0.7849</td>
<td>0.7022</td>
</tr>
<tr>
<td>Q18</td>
<td>0.2751</td>
<td>0.5612</td>
<td>0.7850</td>
<td></td>
</tr>
<tr>
<td>Q20</td>
<td>0.3381</td>
<td>0.2646</td>
<td>0.7813</td>
<td></td>
</tr>
</tbody>
</table>

Examining the squared multiple correlations listed in third column, all of the squared multiple correlations from loyalty were positive, ranging from a low of 0.2646 to 0.6023. In contrast, all squared multiple correlations for customer satisfaction, switching costs and split Internet bank behavior was also positive and higher than loyalty, indicating a larger amount of consistency among the items of the two scales than loyalty. Comparing the alpha if item deleted listed in fourth column and the coefficient alpha listed in the final column, it appeared that deletion of any one item of the four scales results in a decrease in the reliability coefficient for the corresponding scales. These results indicated that all items of each scale were contributing to the reliability of each scale and therefore should be maintained. Examining the coefficient alpha listed in the final column, the lowest estimate of reliability was reported for loyalty (alpha = 0.7022).

The estimates for switching costs, customer satisfaction and split Internet bank behavior were 0.8223, 0.9134 and 0.7306 respectively. This was consistent with the information showed in the second column. Split Internet bank behavior had the least amount of variability and also lowest inter-total correlations. This indicated a lesser degree of internal consistency and therefore, resulted in a lower estimate of reliability. As the coefficient alpha of each scale fell somewhat between 0.600 and 0.700, all four scales were considered to be reliable.

**HYPOTHESIS TESTING**

Table 2 below indicated correlations of customer satisfaction to loyalty, switching costs to loyalty, loyalty to split Internet bank behavior and split Internet bank behavior to customer satisfaction were significant at the 0.01 level (2-tailed) whereas correlation of switching costs to split Internet bank behavior was significant at the 0.05 level (2-tailed), thus supporting H1, H2, H3, H4 and H5.
As Table 3 below indicated split bank behavior was perceived to be significantly different between respondents earning HK$20,000 or below and HK$50,000 or above; respondents with high school education or below and university or above. The findings implied that those who were high income earners and better educated (also occupying management positions) engaged in split bank behavior than their counterparts, thus supporting H6A, H6B, H7A, H7B, H8 and H9.

**CONCLUSION**

The results of this research provided substantial support for the proposed research model. Split Internet banking behavior is widespread and is heavily influenced by such factors as risk reduction, the relative advantage of selected Internet banks, prestige, need for credit and special circumstances (Denton and Chan, 1991). Higher-income and more educated respondents place more importance on the services provided by the Internet banks. Those respondents with university or tertiary education are associated with split Internet bank behavior than their counterparts. Overall, the findings indicates that deregulation and the presence of new forms of technology have created highly competitive market conditions, which has a critical impact upon consumer behavior, in particular multiple bank behavior.
LIMITATIONS OF RESEARCH METHODOLOGY

For this research, certain limitations are faced and need to be identified. These limitations include (1) methodology which cover issues related to design and development; (2) data interpretation, which cover the explanation and meaning of the data collected and findings, which cover issues related to the results. The questionnaire survey has its inherent drawbacks. They usually suffer a low responses rate. A proper follow up e-mail explaining the purpose of the Internet survey to the influential group, assuring respondents of confidentiality would help to reduce this tendency. Also, there is a slightly over-representation of men in the sample.

CONTRIBUTION OF THIS RESEARCH

Firstly, the findings of this research would be among the earliest attempts to identify factors leading to split consumer behavior among the professionals and affluent group in an Internet environment. Secondly, the findings of this research examine high customer satisfaction, high loyalty and increased switching costs are associated with lower split banking behavior among the professional group. Thirdly, the findings of this research explore the moderating effects of socio-economic characteristics of the professional group in the customer satisfaction, loyalty and switching costs – split Internet banking behavior relationship. Fourthly, the findings of this research examine that favorable interest rates and lower fee structure are two important reasons why consumers choose to have more than one Internet banking account. Fifthly, the findings of this research indicate that a proportion of an Internet bank’s customers who are multiple bank users are high. Sixthly, the findings of this research examine that the elite group, would be expected to engage in multiple banking. Seventhly, the findings of the research provide some parameters to guide the future development of the theory of split banking behavior. Eighthly, the findings of this research examine that occupation and income are found to be the most important variables describing online banking behavior.

REFERENCES


