

Investigating loyalty determinants in business banking in offline and online environments

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The current research paper investigates and compares the main determinants of banking loyalty for medium and large business banking customers in both offline and virtual environments in Portugal. The results demonstrated that in traditional banking the determinants with major impact on perceived service quality were based on the importance of products and services (should match companies' needs), the importance of effective communication between the decision-maker of the company and the bank's business manager and the reliability of the services. Similarly, in online banking five main quality dimensions were identified for the e-banking portals: assurance, reliability, convenience and quality monitoring by the financial director of the company. The results also confirm that e-banking quality has strong impact on e-banking loyalty via the mediating effect of e-trust and that switching costs have strong impact on e-banking loyalty.

1. Introduction

A large number of research studies have focused on analysing the determinants of Bank Loyalty in retail banking. However, there is limited research related to investigation of loyalty determinants in business banking, especially for medium/large banking customers. The current research investigates the main determinants of Banking Loyalty for this important and profitable bank segment in Portugal. Despite the low percentage of large companies in Portugal these organisations are generating a large percentage of the turnover in the country (42.1% of the total turnover) (Portuguese Institute of Statistics, 2008). Also an important issue is that substantial differences exist between how the banks interact with smaller and large companies. The high competence and the specified advanced needs of the larger companies characterize the exchange with banks. The movement of customers from traditional branch banking to stand-alone forms of banking via the internet, telephone and mobile devices means a shift from personal relationships and face-to-face contacts to faceless digital relationships. The high cost of acquiring new e-customers can lead to unprofitable customer relationship for up to three years. As a consequence, it is critical for online companies to create a customer loyal base, as well as to monitor the profitability of each segment.

2. Literature Review

In financial services, *loyalty* has been viewed in relation to the length of time a customer has been with a provider, the number of services used and the frequency of service use. A definition of the term which incorporates all the dimensions that have been found in the literature should include long term intentional repurchase of services, high degree of customer preference, customers' recommendations and advocacy, customers' price

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product use. Thus it is a combination of cognitive, affective and behavioural loyalty (Lewis and Sourely, 2006).

Meidan (1996) argues that the degree of loyalty in banking can be gauged by “tracking customer accounts over a defined time period and noting the degree of continuity in patronage”. Bloemer *et al.* (1998) define bank loyalty as the biased non random behavioural response (i.e. revisit), expressed over a period of time, by a decision-making unit with respect to one bank out of a set of banks, which is a function of psychological (decision-making and evaluative process resulting in brand commitment). Loyalty for business customers has been relatively neglected in research studies, due to the complexity of decision-making processes by organizational buyers (Lam and Burton, 2006). For the banks, the large corporate market segment provides the possibility for high, volume rated margins, and it is therefore important to win lead bank status as this ensures the largest slice of the corporate banking business. However, the larger the corporation, the greater the number of banks used (Tyler and Stanley, 1999). This means that the competition between banks is very high and it is challenging for them to provide high standard service quality to assure customer loyalty.

In order to enhance customer loyalty portals are required to put a stronger emphasis on their customers' quality demands, which are steadily increasing over time due to the growing competition in the internet banking industry. In addition, loyalty has been recognised as a key path to long-term profitability (Bauer, Hammerschmidt and Falk, 2005). The physical separation of the bank branch and the customer, and that of the customer and the financial advisor as well as the overall environment of perceived insecurity from conducting electronic transactions over the Internet provide unique challenges to online banks in their effort to identify ways to initiate and develop e-business relationships, despite these limitations. Banks should develop a trustworthy relationship on the Internet and foster customer loyalty (Mukherjee and Nath, 2003). In order to investigate the importance of e-loyalty, the research will firstly identify the variables influencing repeat purchasing behavior and word-of-mouth recommendation (Srinivasan *et al.* 2002).

Sathye (1999) has developed a study about the adoption of Internet banking in Australia, with a sample of individual residents and business firms and showed that security concerns and lack of awareness about Internet banking and its benefits stand out as being the obstacles to the adoption of Internet Banking in the country. Rotchanakitumnuai and Speece (2003) based on a survey of bank corporate clients in Singapore, investigated the impact of satisfaction, trust and use of electronic banking on commitment towards current banks and found that trust was the key factor influencing the adoption of electronic banking. Perceived customer satisfaction with the bank only impacted indirectly on the adoption of electronic banking. Customer satisfaction, trust and the use of electronic banking were found to have a positive impact on the corporate client's commitment towards their bank.

Rexha, Kingshott and Aw (2003), in their study claimed that the satisfaction of corporate clients with their banks does not impact directly on the propensity to use electronic banking by the corporate client. However, as satisfaction has a significant impact on both trust and commitment, and both of these constructs impact on the corporate clients propensity to use electronic banking they conclude that satisfaction indirectly impacts a customer's inclination towards the use of electronic banking. Siriluck and Speece (2005) examined the impact of the benefits and barriers on the overall customer relationship to the bank and switching cost. The results of this study showed that web benefits do

enhance relationships, whereas barriers have no significant impact and that the benefits of information accessibility and information quality lower switching costs.

Perceived service quality has been described to have a positive association with customer loyalty, and it is defined as a function of expected quality (generated from market communication, image, word-of-mouth and customer needs) and experienced quality (generated from functional and technical quality) (Veloutsou *et al.*, 2004). It also has profound input on customer's satisfaction and loyalty as a whole and it is defined as the result of the comparisons that customers make between their expectations about a service and their perception of the way the service has been performed (Caruana, 2002). The relationship between service quality and customer preference loyalty had been examined in several research studies. In their study Cronin and Taylor (1992) focused solely on repurchase intentions, whereas Boulding *et al.* (1993) focused on the elements of repurchasing as well as the willingness to recommend. In the study by Cronin and Taylor service quality did not appear to have a significant (positive) effect on repurchase intentions (in contrast to the significant positive impact of satisfaction on repurchase intention), whereas Boulding *et al.* (1993) found positive relationships between service quality and repurchase intentions and willingness to recommend. Lewis and Soureli (2006), in a study about the antecedents of customer loyalty in retail banking, found that Service Quality, together with perceived value, service attributes satisfaction and trust were important antecedents to loyalty. The following section will briefly describe the six quality dimensions considered in the proposed model:

- a) **Tangibles.** In a study conducted by Veloutsou *et al.* (2004), perceived quality was determined by quality tangibles, such as the functionality and comfort of the physical branch of the bank and the importance of the existence of a physical branch of a bank near the company.
- b) **Responsiveness.** It concerns the willingness or readiness of employees to provide service (Parasuraman, 1985).
- c) **Product Variety** has also been described as a driver of perceived service quality; it concerns the variety of products and services provided by the bank and their importance to the needs of the company.
- d) **Price conditions.** This refers to whether the bank has competitive interest rates.
- e) **Reliability.** In many investigations, reliability was an important construct to determine perceived service quality. Parasuraman (1985) defined reliability as the company's ability to perform the service right and honour its promises. For Tyler and Stanley (1999), this has four principal aspects – minimal mistakes, efficient mistake handling and consistent service between all bank contacts.
- f) **Interpersonal Relationships** is the impact on business banking loyalty through the extent of interpersonal relationships between the banks key personnel and the decision maker of the company. The personnel relationship can contribute to building durable B2B relationships which make customers perceive the service as differentiated from other service providers (Berry, 1995).

For the offline environments, quality of services and products is a key determinant of customer satisfaction and customer loyalty. However, recent empirical evidence shows that quality also applies to electronic providers. The most important step in providing a sophisticated level of service through e-banking portals is to identify and measure the dimensions of portal quality. Customer loyalty is considered important because of its positive effects on long-term profitability of a company (Ribbick *et al.*, 2004). According to Reichheld *et al.* (2002) the high cost of acquiring new e-customers can lead to unprofitable customer relationship for up to three years. As a consequence, it is critical for

online companies to create customer loyalty base, as well as monitor the profitability of each segment (Reinartz & Kumar, 2002). However, few companies seem to succeed in creating customer e-loyalty and little is also known about the mechanism of generating customer loyalty on the Internet (Ribbick *et al.*, 2004). A major determinant of E-Banking Loyalty is the perception of the service provided by the web site of the bank. E-banking Service Quality is defined as overall customer evaluations and judgments regarding the excellence and quality that influences consumption decisions in the context of electronic banking (Jun and Cai, 2001). For this study we considered seven e-banking quality dimensions for the business customers. These dimensions will be briefly discussed:

a) Product variety. Online customers are more inclined to patronize firms which offer a substantial variety of services. The primary reason for this choice is that it is more likely that their diverse needs can be fulfilled (Yang, Jun and Peterson, 2004). Many authors have identified the "Product variety" as one of the key dimensions that influences the perceived

e-banking service quality (Jun and Cai, 2001). Yang, Jun and Peterson (2004) described the "Product Portfolio" as a range and depth of products/services, and with free service offerings.

b) Assurance. It is defined as the customer's perceived security and privacy when using the e-tailers services. Security and privacy are of serious concern to e-service customers. Security concerns the risk of third parties obtaining critical information about the customer, whereas privacy relates to the concern about the potential misuse of personal information by marketers (Ribbink, Riel, Liljander and Streuken, 2004).

c) Responsiveness. It is one of the dimensions with more statistical significance in many studies and it is defined as the speed, timeliness, and convenience of service delivery (Jun and Cai, 2001); Customers expect online stores to respond to their inquires promptly (Liao and Cheung, 2002).

d) Accuracy. This means operational precision (Liao and Cheung, 2002), making the content and the interface of the bank's web site, and online transactions free of error (Jun and Cai, 2001).

e) Reliability. It is the ability of the Internet bank to perform the promised service dependably and accurately (Zeithaml *et al.*, 1990; Jun and Cai, 2001), and the ability of the web site to fulfil orders correctly, deliver promptly and keep personal information secure (Lee and Lin, 2005).

f) Convenience. Since individuals can use e-banking over the Internet at any time in any properly equipped location, the quality attribute of time and location convenience is likely to be significant in differentiating it from traditional retail banking (Liao and Cheung, 2002).

g) Overall E-banking Quality. Evaluation for the overall quality of the main online bank used by the decision maker of the company.

In Figures 1 and 2 we present the proposed models in both online and offline context.

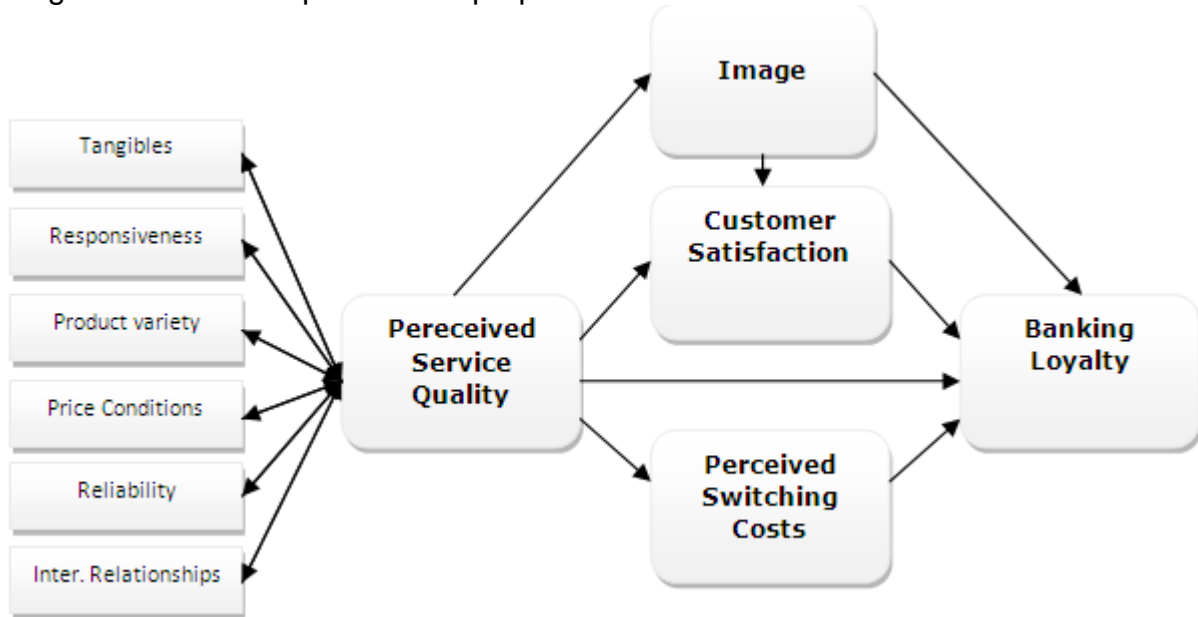


Figure 1- Proposed Model A for an offline environment

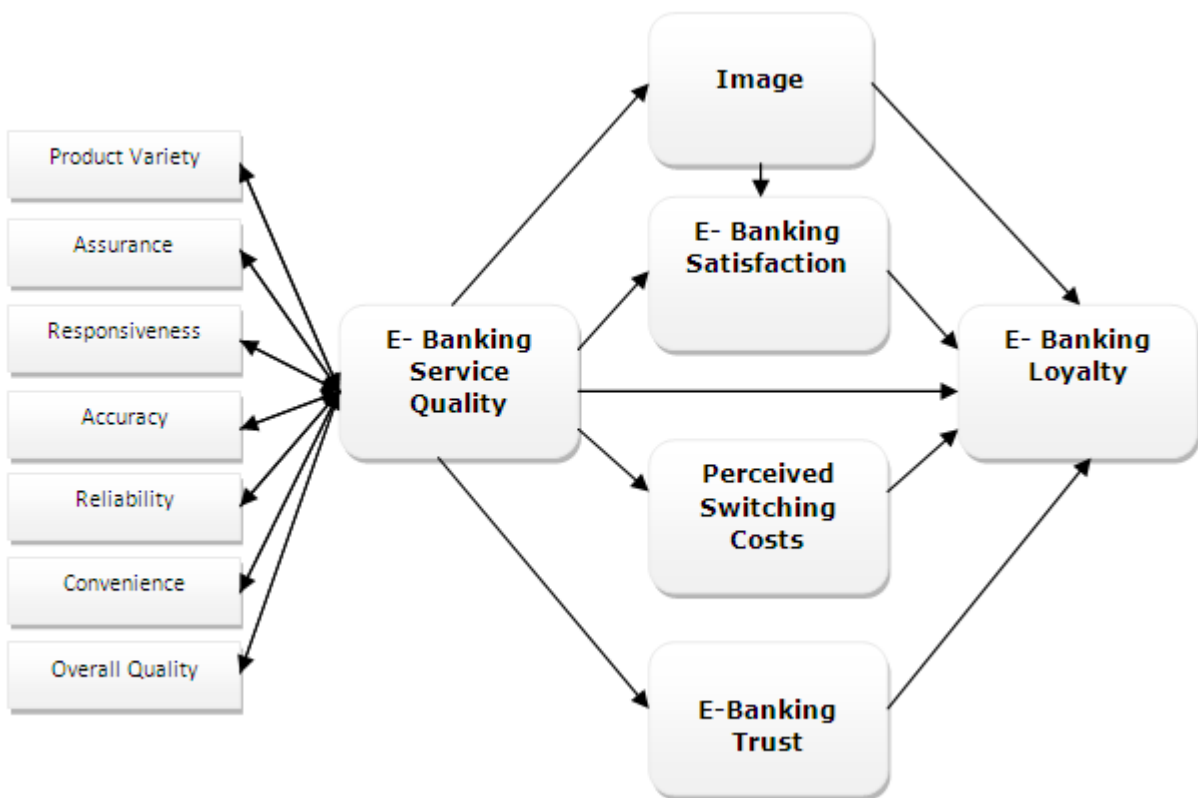


Figure 2- Proposed Model B for an online environment

3. The Methodology and Model

The research included qualitative interviews with decision makers of five large companies in Portugal. The proposed model was tested with the use of a questionnaire which was given to medium – large corporate customers of the main Portuguese banks. We randomly selected organisations between the 220 major companies in Portugal, mailed

them the questionnaire and received 72 valid responses. The sample was randomly selected from the database of Dun & Bradstreet and it is representative of the medium/large companies in Portugal. In our sample work, 60% of the companies have more than 250 employees while 80% have over 50 million euro annual turnover. The 7-point Likert scale was used to measure all items. Empirically validated scales were adapted to the context of the study and used to measure the respective constructs. The data was also used to answer questions for both models in an offline and online environment.

The empirical validation of the measurement models were performed by exploratory and confirmatory factor analysis as well as reliability analysis. In relation to the explorative nature of the research, we initially analysed the factors and the set of items with the help of principal component analysis to test our *a priori* assumptions about the underlying factor structure. We then calculated Cronbach Alpha's for each obtained factor to ensure satisfactory levels of internal consistency and to select the best items for each facet. Scale purification was conducted by eliminating items and led to a significant reduction in the number of items. The development of the final measurement model followed the respecification guidelines suggested by Anderson and Gerbing (1988).

The practical respecification process followed two steps. First, the study considered an item *removable* if it could demonstrate one of the following characteristics: Loaded on the wrong factor or cross loaded; or exhibited large standardized residuals. In case the questionable item was considered to be represented by another indicator, it was removed from the analysis. We established a removing routine procedure until all items were considered necessary, either theoretically or empirically (Yang, Jun and Peterson, 2004). As the result of this procedure, the 12 initial items to measure the Perceived Service for the business banking clients were reduced to 5.

A second exploratory factor analysis carried out with the remaining items, resulted in the extraction of the same factor structure. We then conducted a factor analysis of second order, which led to a further reduction of the quality factors to five fundamental quality dimensions.

It was obtained a multiple-item scale for the construct Perceived Service Quality with the following items: Product Variety (with two items, PV1 and PV2), Interpersonal Relationships (one item IPR4), Reliability (with two items, REL 1 and REL2).

In the online model, the 15 initial items for measuring E-Banking Quality for the business banking clients were reduced to 5. They include Assurance (AS1), Reliability (REL1 and REL 2), Convenience (CON 2) and Overall E-Banking Quality.

The same procedure was conducted for the other constructs. On the first sight, the dimensionality of the construct Perceived Service Quality and E-Banking Quality, seems to be different to the one proposed. However considering the categorization of service elements resulting in a evaluation made by business customers, and not that from private customers, who were mainly used in previous scales to measure Service Quality in the banking industry. But even in previous investigations conducted in retail banking a single factor multiple-item scale was used, for instance Lewis and Soureli (2006) measured Perceived Quality the same way (the model had a single factor multiple-item scale with the following items :up-to-date facilities and equipment, individual attention, prompt service, knowledge and kindness of employees, and accuracy).

We also tested for the reliability and validity and in order to assure valid construct measurements, the GFI and the AGFI, the Variance Extracted and the Chi-Square test as overall fit measures were used in the following to evaluate the dimensions of each construct.

In addition to Cronbach’s Alpha, the local fit indices – indicator reliability, Variance Extracted, factor reliability and total variance explained- were employed to test the validity of the obtained factor. We also tested the Composite Reliability, the Variance extracted and Discriminant validity for each construct. After this analysis, we estimated the final structural models with Amos 18.0.

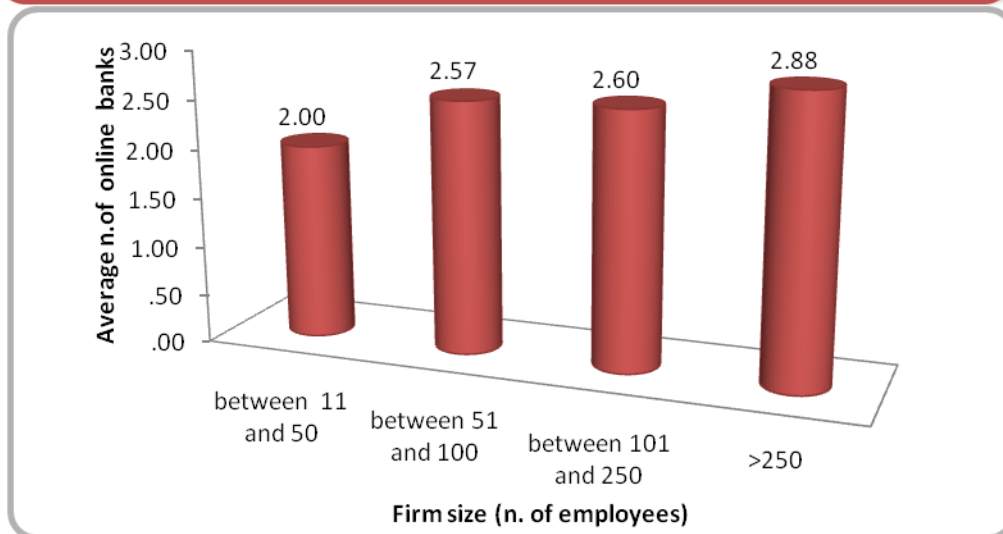
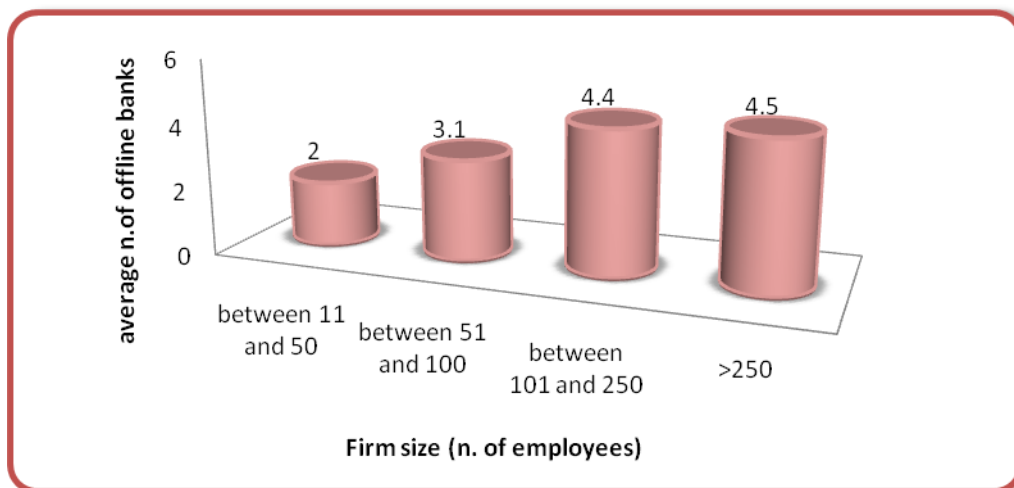
4. The Findings

The current research proved that companies have split bank arrangements, with 68,6% working with more than 5 offline banks (Table 3) and 42,9% working with more than 4 online banks. We found that the larger the size of the corporate segment, the greater the number of banks used, with larger companies using the services of four or more banks on average (Figure 3), although strong loyalty exists between companies and their lead commercial bank. Same results were obtained in a research study which was conducted by Farinha (Banco de Portugal, 1999) with data from Portugal, where the average number of banks was 1.4 for very small firms (with less than 10 employees) and 5 for those with over 200 employees. Most of the latter borrowed from 4 banks. Although most of the responding companies use the services of four or more banks, strong loyalty existed between organisations and their lead commercial bank, as discussed in the previous study conducted by Turnbull and Gibbs (1989). The data showed that 73% of the companies have been working with their lead bank offline for more than 10 years, while 50% have been working with the main online bank between 4 to 6 years.

Table 3- Univariate Analysis of the number of banks used

N. of banks used	Category	Frequenc y	Valid percent
Offline	1	1	1,4
	2	9	12,9
	3	6	8,6
	4	6	8,6
	>=5	48	68,6
Online	1	3	4,3
	2 or 3	24	34,3
	4 to 6	30	42,9
	>=7	13	18,6

Figure 3- Average number of banks according to firm size



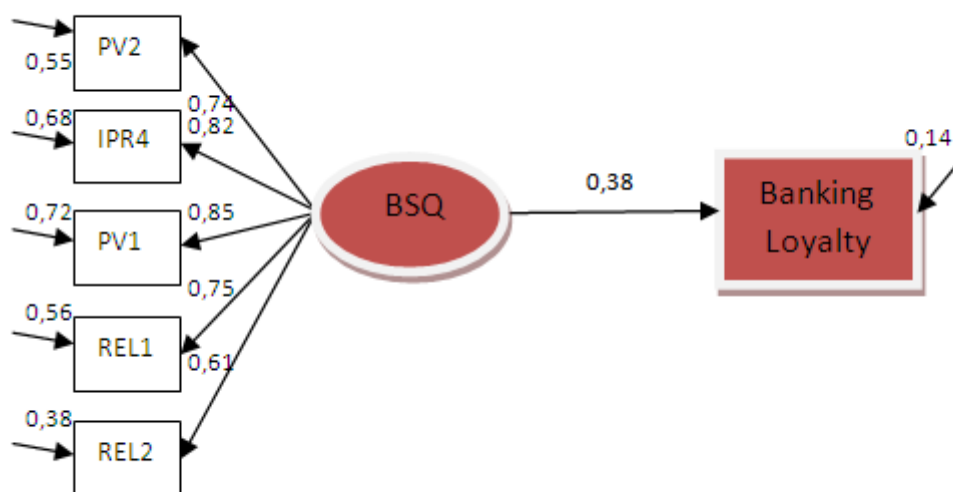
In Figures 4 and 5 we present the final structural models with the accepted hypothesis and in Tables 4 and 5 the results of the exploratory and confirmatory analysis. Our results suggest that the determinants with major impact on Banking Service Quality (BSQ) were referred to the importance of the offer of products and services according to the needs of the company (PV1, PV2), the importance of the good relations generated between the decision-maker of the company and the bank's business manager (IPR4) and the reliability of the services (REL 1, REL2). We found a significant positive direct effect of 0,38 between BSQ and Banking Loyalty which was consistent with the proposed hypothesis HA1. In online banking five main quality dimensions for the e-banking portals were identified in this investigation: Assurance (AS2), Reliability (REL1, REL2), Convenience (CON) and Overall E-Banking Quality (OEB) judgments by the decision makers of the company. Our results also confirm that E-Banking Loyalty is directly affected by E-Banking Service Quality (EBQ) perceptions of the managers of client firms with a total effect of 0,59, thus confirming the proposed hypothesis HB1. This suggests that Service Quality in online banking has stronger impact on Banking Loyalty than that obtained in traditional banking, suggesting that bank managers should provide high quality services provided by the bank website, to assure retention and profitability in this important segment. We found a strong impact between BSQ and Customer Satisfaction with a total effect of 0,91, indicating high correlation between the two constructs. Similar results were obtained for the online environment where it was noted high correlation between EBQ and E-Satisfaction, with a total effect of 0,92, but in both cases we found no empirical evidence to suggest that Satisfaction is a mediating construct between

Perceived Service Quality and Banking Loyalty because of lack of discriminant validity. According to Dabholkar (1995) these two constructs may overlap when a long term relation is created, there may not be much difference between Customer Satisfaction and Service Quality perceptions because the affective aspect of evaluation will dissipate overtime. In fact, in our sample a bigger percentage of respondents has been working with the main bank for many years. A strong impact was also found in the relation between BSQ and Image with a total effect of 0,92 , indicating high correlation between the two constructs, although no discriminant validity was found, also suggesting that business respondents evaluate the two measures as being part of the same quality judgments. In online banking the results were similar, indicated high correlation of 0,807 between the constructs. We could not prove discriminant validity between Image and E-Banking Quality. We also found that Image affects E-Satisfaction with a total effect of 0,85 in an online environment. In traditional banking we found no evidence to support this relation because no discriminant validity was found between Image and Customer Satisfaction.

Our results indicate that there is no statistical significance to prove that there is an indirect and positive effect between BSQ and Banking Loyalty via Perceived Switching Costs (PSC), on traditional banking, which means that business respondents do not perceive high costs of switching banks. The bigger companies have a great variety and complexity in their transactions, which may explain the fact that they prefer to benefit from the advantages of having relations with several banks and do not perceive risk in changing to another bank when they need to develop a new transaction. In the online environment the results were somewhat different, as we did not find evidence to support the fact that the perceptions of E-banking Quality may affect the perceived switching costs, but instead we found a strong impact of 0,73 in the relation between Perceived Switching Costs and E-Loyalty. For business customers PSC do affect the creation of long term relations and retention with the services provided by the web site of the bank.

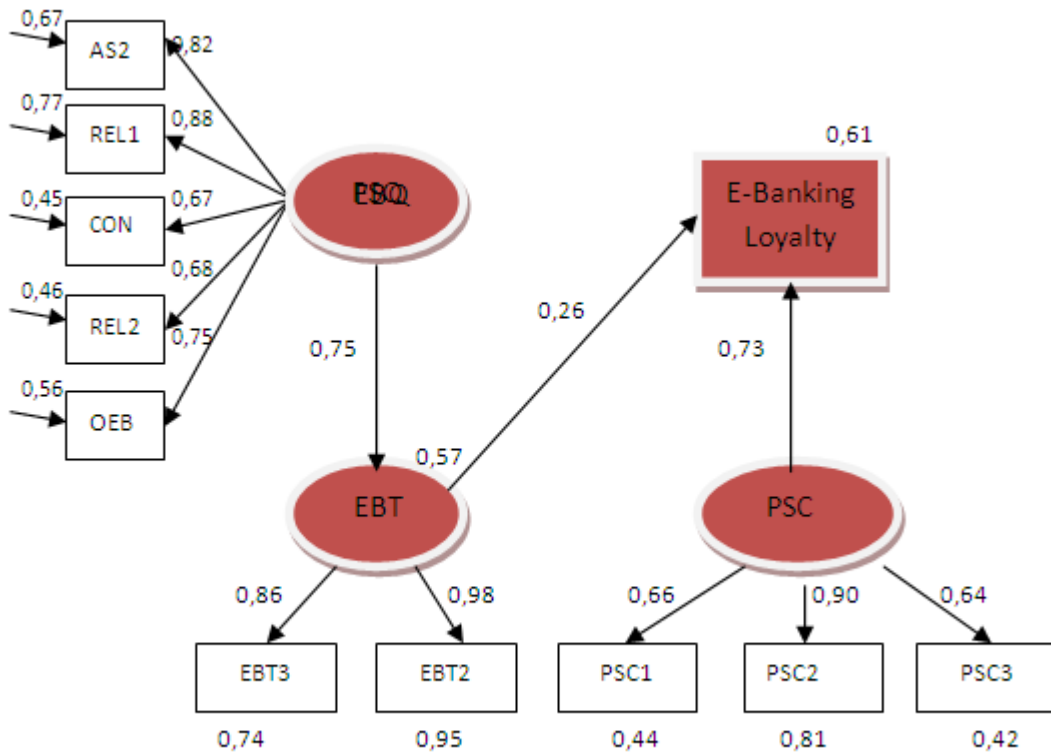
Finally, we also tested the relation between BSQ and EBQ, and the results showed that these two constructs have high levels of correlation (0,877), with lack of discriminant validity. This means that in the banking industry, the perceptions of quality in an offline and online environment are similar.

Figure 4- Offline Structural Equation- Model A



$[X^2 = 9,4 (df = 9); GFI = 0,955; CFI = 0,981; TLI = 0,968; RMSEA = 0,02; AGFI = 0,89]$

Figure 5- Online Structural Equation -Model B



$[X^2 = 58 (df=42); CFI = 0,959; RMSEA = 0,072; TLI = 0,946; GFI = 0,876; AGFI = 0,806]$

The results show a significant impact (0,75) of E-Banking Quality in E-Banking Trust (EBT). The quality of the bank’s website is a strong factor in the perceptions of trustworthiness, the performance of the online bank in terms of dependably, accuracy, fulfil orders correctly, and the security and privacy concerns have strong impact in assuring EBT, to business customers. The results also showed that EBT impacts on EBL with a total effect of 0,26 and has a mediating effect.

Table 4- Exploratory and confirmatory analyses for model A

Constructs	Item Name	Indicator Reliability	Total Explained Variance	Cronbach Alpha	Composite Reliability	Variance Extracted	Global Fit
Banking Service Quality (BSQ)	PV2	0,74	62,8%	0,85	0,87	0,55	$X^2 = 9,4$ $df = 9$ $GFI = 0,955$ $CFI = 0,981$
	IPR4	0,82					
	PV1	0,85					
	REL1	0,75					
	REL2	0,61					

Table 5-Exploratory and confirmatory analyses for model B

Constructs	Item Name	Indicator Reliability	Total Explained Variance	Cronbach Alpha	Composite Reliability	Variance Extracted	Global Fit
E-Banking Service Quality	AS2	0,76	66,32%	0,86	0,88	0,59	$\chi^2 = 58$ $df = 42$ $CFI = 0,959$ $RMSEA = 0,072$ $TLI = 0,946$ $GFI = 0,876$ $AGFI = 0,806$
	REL1	0,90					
	CON2	0,67					
	REL2	0,71					
	OEBQ	0,77					
E-banking Trust	Etrust2	0,959	92%	0,84	0,96	0,92	
	Etrust3	0,959					
Perceived Switching Costs	PSC1	0,808	68,9%	0,77	0,89	0,70	
	PSC2	0,882					
	PSC3	0,798					

In table 6 we present the comparisons between the results in the two environments and in table 7 we present the comparisons between our results and conclusions in previous investigations.

Table 6- Offline and online banking results comparisons



Relations	Offline Banking	Online Banking	Statistical Significance	Observations
BSQ -> Loyalty	0,38	0,59	✓	Both have a positive relation with loyalty, but we found a higher correlation in Online banking.
BSQ -> Satisfaction	0,91	0,92	✓	The results were similar in both contexts. No discriminate validity was found between the two constructs. The concepts overlap.
Satisfaction -> Loyalty	0,39*	0,25	-	No statistical significance was found in traditional banking.
BSQ -> Image	0,92	0,81	✓	Strong impact was found in both contexts. No discriminate validity was found.
Image -> Loyalty	0,41	0,31	✓	Both have significant impact.
Image -> Satisfaction	0,93	0,85	✓	No discriminant validity was found in traditional banking.
BSQ -> PSC	-0,09*	0,09*	-	No significant impact was found.
PSC -> Loyalty	0,05*	0,73	-	No statistical significance was found in traditional banking, but on the contrary strong impact exists in online banking.
BSQ -> E-Trust	-	0,75	✓	Strong impact.

*Statistical significance was not found

Table 7- Comparisons between our results and previous investigations

Conclusions in this study	Conclusions in other investigations
<ul style="list-style-type: none"> • The bigger the company, the bigger the number of banks used, with the largest companies using the services in average of 4.5 banks. • 73% of the companies of the sample have been working with their lead bank for more than 10 years. • The perceived quality is the main determinant of loyalty. • The concepts of Satisfaction and Image overlap with the construct Perceived Service Quality by the corporate clients. • The business customers do not perceived switching costs. • E-quality has a strong impact in E-Loyalty via the mediating effect of E-Trust. • The constructs E-Satisfaction and Image overlap with E-Quality. • A strong direct impact was found between Switching Costs and E-Loyalty for business customers. 	<ul style="list-style-type: none"> • Farinha, L. (1999) also concluded that the companies more than 200 employees work in average with 5 banks. • Turnbull and Gibs (1989) concluded that the big companies use the services of 4 or but banks in average, nevertheless a strong loyalty exists between the companies and their main bank. • These authors also conclude that for the corporate customers the quality of service was the most important determinant to establish a relation. • For Dabholcar (1995) these constructs can overlap in the long term. For Spreng and Singh (1993) no discriminant validity was found between Satisfaction and Quality. • Lewis and Soureli (2006) also found the lowest factorial loadings for switching costs, indicating that the clients do not perceive costs change in changing bank. • According to Ribbink et al. (2004) the dimension Security of E-Quality, that is, the confidence in the retailer, influences E-loyalty via E-Trust and E-satisfaction. • Some authors (Grönroos, 1983) discussed that there is a significant overlap between quality and satisfaction, and thus, they can alternatively be used. • Lee and Sohn (2004) concluded that E-Trust and Switching Costs are the most important determinants of E-Loyalty.

5. Summary and Conclusions

The current research paper provided evidence that business customers do not perceive high switching costs when changing to another bank, besides the fact that they do maintain long-term relationships with the main bank. The business customers in our sample also chose to maintain multiple relations with several banks. This means that competition in this segment is fierce and banks have built aggressive strategies to retain their big volume customers.

Commitment between the company and the bank allows for inter-temporal transfers because it introduces a long-term perspective for the bank. If the company cannot switch to another financier easily, then the bank can expect to earn rents in future periods. These rents may in turn offset losses at other stages of the business.

These benefits have implications for two crucial issues: credit availability in general, and credit availability when borrowers face financial distress. Despite this, large companies prefer to benefit from multiple relations with several banks simultaneously without having financial and psychological constraints when they have to switch to another bank. This can reduce bargaining power to banks and as a result in order to assure the continuance of the relationship with this important customer, banks have to reduce their prices. Our findings also suggest that constructs like Satisfaction and Image are highly correlated with Perceived Service Quality, indicating that these measures overlap that of Perceived Service Quality in business customers minds, especially because the long-term

relationship generated between the company and the first choice bank. This suggests that for business customers, Perceived service quality is the most important antecedent of Bank Loyalty.

The results in our data suggest that the quality perceptions of the online bank seem extremely important in E-trust building. The preeminent importance of e-trust can be explained by both the core products of the financial industry, which can be seen as the transmission and processing of highly confidential information, and trust in the medium as such, which again stands for the banks capability to securely transfer and store confidential personal information. Thus the banks must build high quality websites in order to signal competence and trustworthiness to its business customers. The privacy and policy must be presented as manner that is obvious, accessible. In our results Perceived Switching Costs are not affected by the perceptions of the quality of the bank website. In the online market, the materialization of the Internet as a marketplace force has helped reducing searching costs for price and quality information and comparisons across online banks has diminished physical travel.

For online business customers, the quality attributes of the bank's web site are not strong enough to create switching barriers. Our findings suggest that switching costs have a strong impact in creating retention in the banking online environment and manage to obtain substantial benefits by holding most of their banking business with one bank. Switching barriers make it costly for the customer to switch to another supplier, the implication for this preposition is a positive relationship between switching costs and customer loyalty, therefore an increase in switching costs will lead to an increase in loyalty.

With competition being just a click away in the online market, anti-switching barriers have been embraced by online banks.

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