



THE MODERATING EFFECT OF SWITCHING COST ON THE INFLUENCE OF PRICE AND SERVICE QUALITY TOWARDS SWITCHING INTENTION

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Background

In 2030 the saving & investment industry as the first ranking on the consumption of the Indonesian people (McKinsey, 2012)

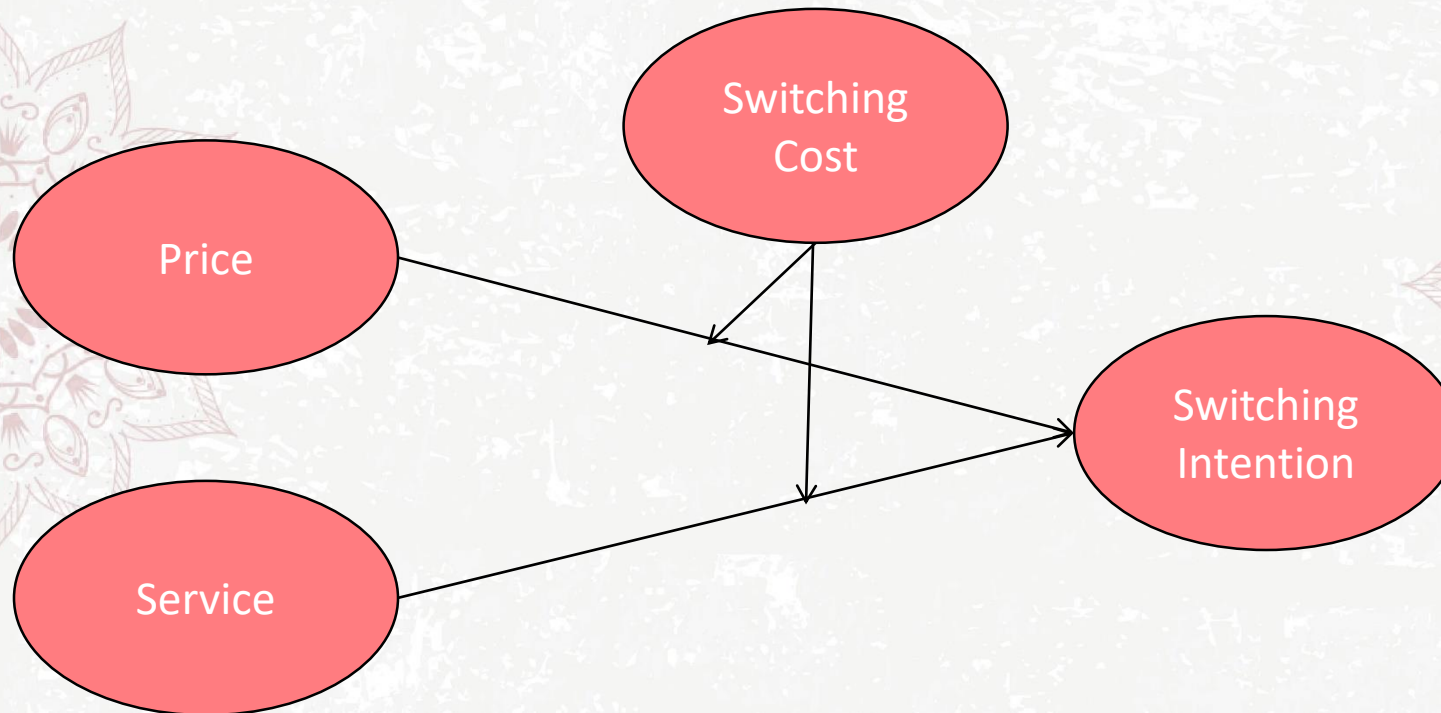
High competition in the banking industry in Indonesia

Islamic Banks as an alternative for Indonesian people to avoid riba

Porter's competitive strategy and the role of switching costs as a key to retaining Sharia Banking customers

Theory and Hypothesis

The main theory in this research is Reinforcement Theory by Skinner



Method

Sample

- Sample in this research are Customers of BSM, Bank Muamalat, CIMB Niaga Syariah, BCA Syariah and Bank Mega Syariah (239)
- Data collection through online and offline questionnaires

Measurement

- Price: 4 item (Zhang, 2009)
- Service: 24 item (Othman & Owen, 2002)
- Switching intention: 4 item (Mohsan *et al.*, 2011)
- Switching cost: 4 item (Han *et al.*, 2011)



Result

Table 2
Test Results Hypotheses 1 and 3

Dependent Variable: Switching Intention			
	<i>B</i>	<i>T</i>	<i>p</i>
Step 1			
Price	0.444	7.303	0.000**
$R^2 = 0.184^{**}$			
$\Delta R^2 = 0.184^{**}$			
Step 2			
Price	0.450	7.443	0.000**
Switching Cost	-0.150	-2.010	0.046*
$R^2 = 0.197^*$			
$\Delta R^2 = 0.014^*$			
Step 3			
Price	0.808	2.908	0.004*
Switching Cost	0.096	0.478	0.633
PP*SC	-0.094	-1.320	0.188
$R^2 = 0.203$			
$\Delta R^2 = 0.006$			

*P < 0,05; **P < 0,01

N= 239

Table 3
Hypothesis Testing Results 2 and 4

Dependent Variable: Switching Intention			
	<i>B</i>	<i>T</i>	<i>p</i>
Step 1			
Service Quality	-0.213	-2.186	0.030*
$R^2 = 0.020^*$			
$\Delta R^2 = 0.020^*$			
Step 2			
Service Quality	-0.186	-1.817	0.071
Switching Cost	-0.072	-0.840	0.402
$R^2 = 0.023$			
$\Delta R^2 = 0.003$			
Step 3			
Service Quality	0.744	1.622	0.106
Switching Cost	1.123	1.933	0.054
SQ*SC	-0.279	-2.081	0.039*
$R^2 = 0.040$			
$\Delta R^2 = 0.018$			

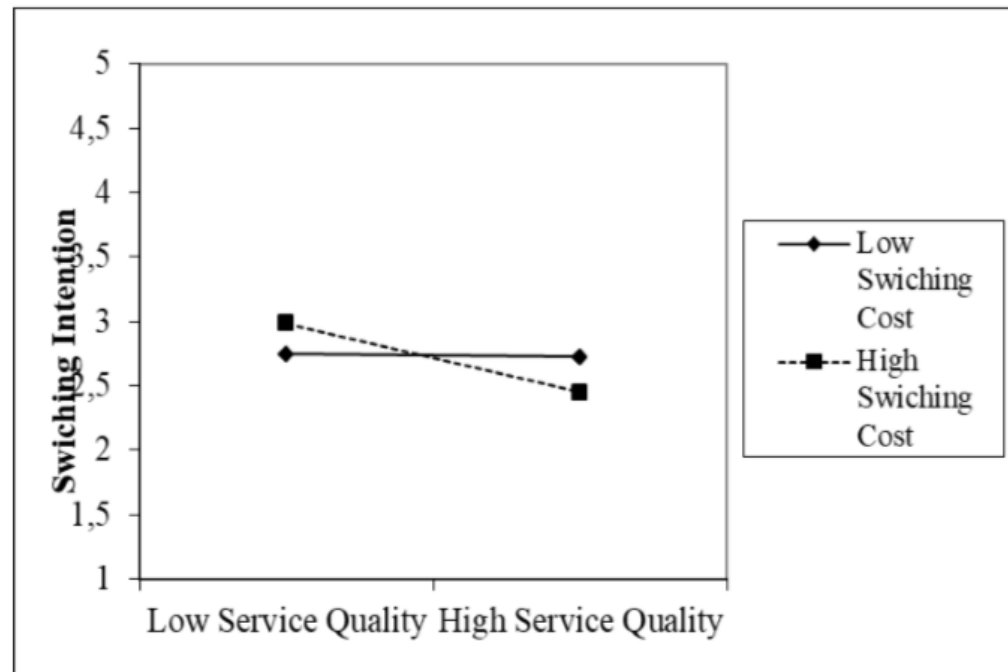
*P < 0,05; **P < 0,01

N= 239



Effect of moderating variable

Figure 3
Two-way Interaction Quality Service with Switching Cost on Customer switching Intention



Implication



Strengthening indicators of service quality for Islamic Banks using compliance by Othman & Owen (2002)

The role of price and service quality in influencing the switching intention Sharia Banks customers

The role of switching costs on reducing the switching intention Sharia Banks customers

Limitation & future research

variable of switching intention on
Indonesian context

Common method bias

less external validity

