CHAPTER 3

FRAMEWORK AND HYPOTHESIS

3.1 Introduction

The preceding chapter emphasizes on the details and previous literatures on the push, pull and mooring factors, which influence the switching decision of the Omani retail banking customers. The migration theory is the base of the research, of which from migration theory, the switching theory is selected for this study. Further, this study opts for the push-pull and mooring factors to explore the consumer's switching behavior. The mooring factors are considered as barriers in the switching decision. All the variables in this study are adopted from previous studies. Therefore, in relation to the above arguments, this chapter continues to discuss the conceptual model of the study. As a result, the formation of hypotheses is conducted based on the theory and previous studies.

3.2 Proposed Theoretical Model Overview

The Push-Pull and Mooring (PPM) model is a useful tool to assist organizations in mapping competing forces that influence the movement of their customers. This model is a unifying framework for understanding consumers' switching behaviors. It addresses the theoretical justification for the inclusion of certain predictive variables. Also, it underscores the importance of mooring variables as drivers of migration. PPM provides a theoretical foundation of identifying key moderating relationships among drivers of service provider switching. Further, the PPM model and migration theory can be used to suggest new predictors of switching to understand other facets of switching (Bansal *et al.*, 2005).

Push factors measure the attributes of the origin point of switching or the conventional bank side, while pull factors measure the attributes of the destination or the Islamic bank (Hati *et al.*, 2020). Mooring factors represents those personal and social factors that influence the switching decision (Chang *et al.*, 2014). Push factors drive people away from the original place, while pull factors attract people to the destination and mooring factors represent the lifestyle, cultural and social issues that facilitate or hinder migration (Moon, 1995).

The current study considers mooring factors as barriers that slow down the switching process of customers from the conventional banking system to the Islamic banking system. This study supports establishing an understanding of the switching behavior of customers in the retail banking sector. It adopts the push-pull mooring model that highlights the customers' intentions to stay on with or switch from their current banking service providers. The literature review provides a detailed understanding of the switching behavior, yet there are some gaps that need to be further explored by analyzing the push, pull, and mooring reasons which influence the decision process on switching from the conventional to the Islamic banking system. It is obvious from the literature that there have been limited studies conducted on the switching behavior of banking customers from the conventional bank to an Islamic bank. Therefore, this study fills this gap by examining the push, pull, and mooring factors to observe the reasons, due to which customers intend to switch in the Sultanate of Oman.

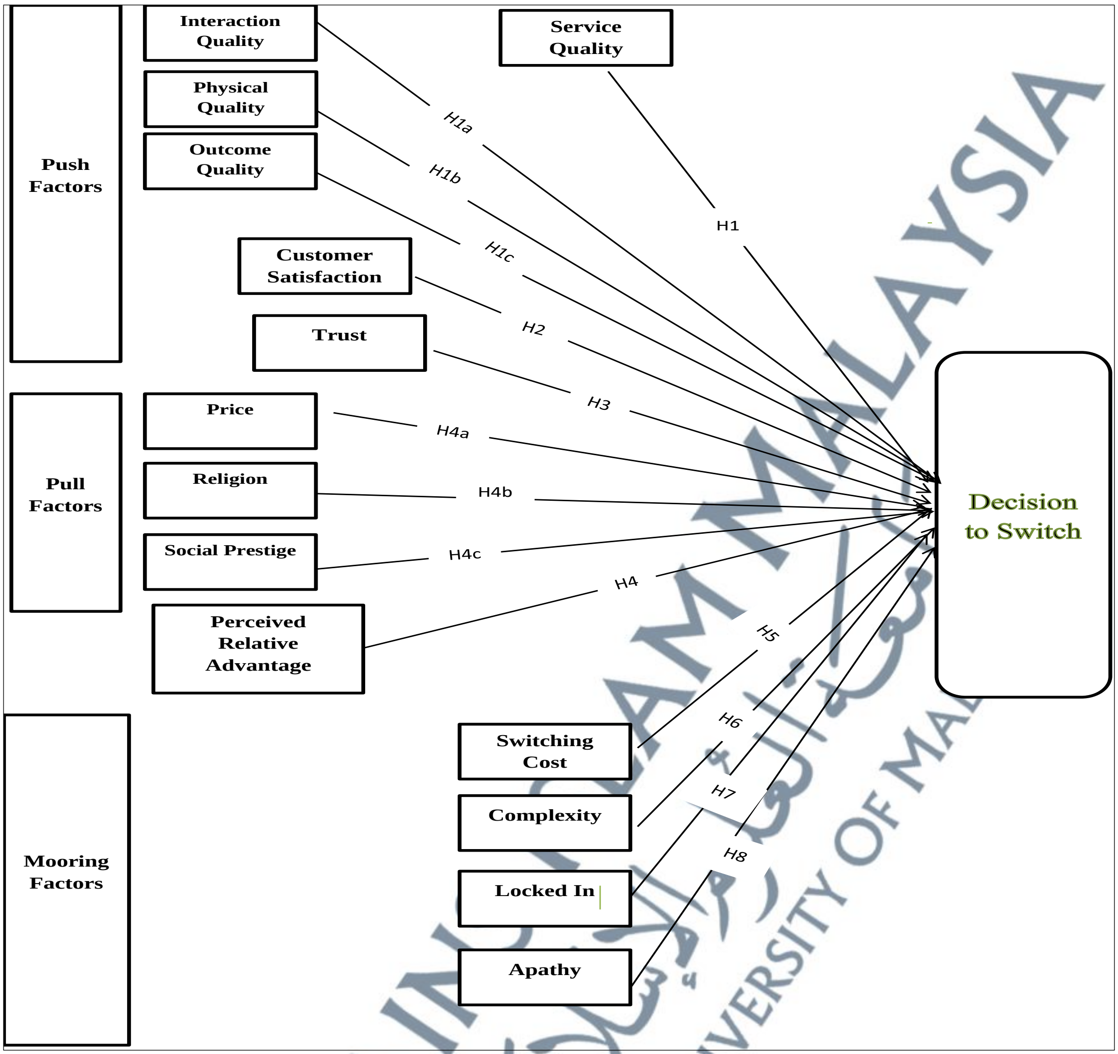


Figure 3.1: Theoretical Framework

3.3 Development Of Hypothesis

Hypotheses are defined as a single tentative statement, which is assumed for the testing of the issue under investigation. This further tends to devise a theory or in planning the experiment, which is intended to be given a direct experimental test when possible. Rogers (1995) described the hypothesis as a conjectural statement of a relation between two or more variables. Similarly, Kerlinger and Lee (1999) as well as Prasad *et al.* (2001) considered hypothesis as a formal statement that presents the expected relationship between an independent and dependent variable.

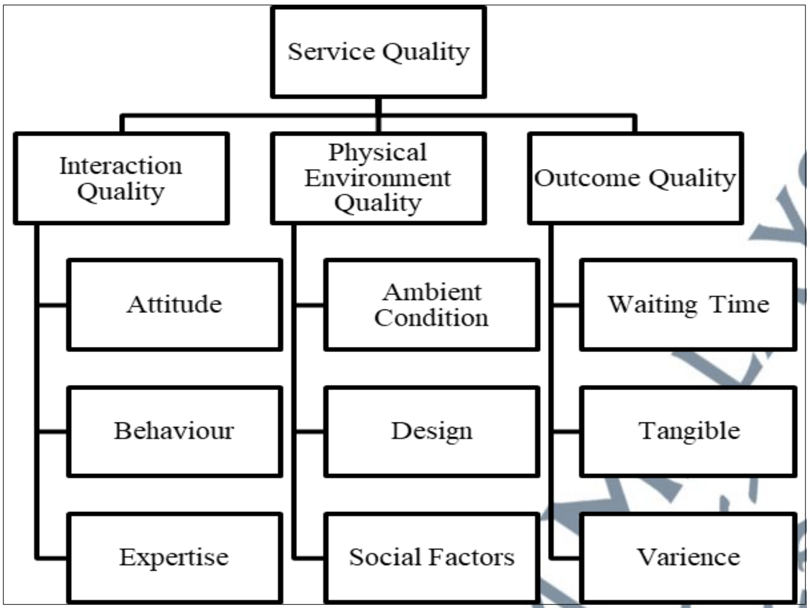
3.4 Variables of the Study

The sections that follow discuss the variables of this research study.

3.4.1 Service Quality

Service quality is an important determinant of intention to switch (Monferrer-Tirado *et al.*, 2016; Juga *et al.*, 2010; Li & Zheng, 2013; Singh & Das, 2013; Sommerville *et al.*, 2010). Quality can be translated in terms of financial service quality, customer satisfaction, and loyalty (Monferrer-Tirado *et al.*, 2016). Attempts have been made to identify the different dimensions of service quality, including bank staff, profitability, the physical appearance of the bank, accessibility, and cost (Abduh *et al.*, 2012). Hence, a better relationship and treatment of bank staff with customers reduces the chances of the customer switching the service.

To measure the service quality for this research study, a hierarchical model is used. However, there is no general agreement on one particular model to be used as the measurement model of the perceived service quality. This hierarchical model was refined by Brady *et al.* (2001) following its adoption from Dabholkar *et al.* (1996), of which the original models state that service quality perception is multilateral. This model was further adopted from previous models like those of Grönroos (1984), Rust and Oliver (1994), as well as the SERVQUAL model.



Source: Ghotbabadi *et al.* (2015)

Figure 3.2: Hierarchical Model (Brady *et al.*, 2001)

This model was selected due to its generic nature and its capability to be applied to a variety of service industries. Further, this model has the ability and flexibility to have different factors depending on the diverse businesses (Brady *et al.*, 2001; Pollack, 2009). Some researchers adopted the hierarchal model and further developed it by modifying its dimensions or/and sub-dimensions based on specific service industries (Chahal, 2010; Dagger *et al.*, 2007), healthcare (Akter *et al.*, 2010), and mobile health (Pollack, 2009) in phone service subscribers and hairdressers.

Figure 3.3: Adapted Model Hierarchical Model (Brady *et al.*, 2001)

Service is intangible in nature, and service quality is an impression of customers about inferiority and superiority of the service providers. Inferior service is also one of the determinants of poor loyalty and unfavorable behavioral intentions. In contrast, a high level of service quality is essential to prevent banking customers from switching (Chukwuemeka & Agu, 2016).

According to Parasuraman *et al.* (2005), service quality exists when there is a fulfilment of the desires and expectations of the customers. On the other hand, Kotler and Keller (2006) conclude that service quality is a competitive edge, which some organizations hold to satisfy the needs of its customers and remain in the competitive environment. Clemes *et al.* (2010) state that service quality has a positive relationship with customer switching behavior, particularly in the banking sector. Their study further suggests that customer satisfaction is positively related to the quality of products and services. In addition, Ramzi and Mohamed (2010) conclude that organizations, which are offering quality services, are successful in making customers loyal. Contending with the same idea, Wong and Sohal (2003) also link loyalty to the quality of products and services.

Several earlier studies identify service quality as an antecedent of relationship quality (Monferrer-Tirado *et al.*, 2016; Juga *et al.*, 2010; Li & Zheng, 2013; Singh & Das, 2013; Sommerville *et al.*, 2010). However, perceived financial service quality and its impact on customer satisfaction and loyalty do not only depend on honesty and good intentions, but also on having sufficient capacity such as technical, financial, and human resources (Monferrer-Tirado *et al.*, 2016) to serve the customers. Another study conducted by Abduh *et al.* (2012) indicates that the service quality dimensions in Indonesian Islamic banks are divided into five sub-dimensions. These sub-dimensions are bank staff, profitability, the physical appearance of the bank, accessibility, and cost.

Further, the study shows that profitability is unable to influence the customers' switching behavior significantly. The study also states that bank staff, bank physical appearance, accessibility of the bank, and cost are factors that influence the switching behavior of customers. Thus, the study confirms that the better the performance in staff-customer relationships, applied cost and charges, and bank accessibility, the lower is the likelihood of the customers to switch banking service.

Therefore, the interactions between a service provider and its customers create opportunities to evaluate the service. Hence, the service quality is determined by assessing how well the service level is delivered as compared to the overall service expectations of the customers (Kumar, 2014). Ennew and Binks (1996) also identified three sub-dimensions in service quality; knowledge and advice offered by the service provider, personalization in the service delivery, and general product characteristics.

From the literature, it is recognized that service quality plays a vital role in the success of any business organization and tends to enhance customers' satisfaction. Contrarily, unfavorable service quality leads to switching intentions (Chakravarty *et al.*, 2004; Clemes *et al.*, 2010; Mavri & Ioannou, 2008; Vyas & Raitani, 2014). Besides, Eappen and Pavithran (2017) forward that when banks do not meet the expectations of service quality, the customers' intention to switch increases. Another study conducted in the Asian banking industry by Gerrard and Cunningham (2004) finds that 90 percent of switching happen due to three primary reasons. These reasons are pricing, service quality, and inconvenience. Thus, the Reserve Bank of India largely regulates pricing, thereby making service quality as a significant factor for customer retention. Studies on service quality in a traditional face-to-face retail banking have predominantly adopted the SERQUAL Model (Parasuraman *et al.*, 1985, 1988), while the banks that focus on and do extremely well in the service quality experience an increase in the level of customer retention. Therefore, service quality has a significant relationship with the retention of the customers (Eappen & Pavithran, 2017). Another study conducted by Pookulangara *et al.* (2011) concludes that the influence of family and friends is not the main factor, but the effective information, which gives the customer a chance to evaluate the product or service offered. The study also highlights that the majority of the customers uses nontraditional aids like blogs, reviews, word of mouth, and these factors ultimately have more effect on the switching decision.

In the context of Islamic banking, Awan *et al.* (2011) state that the customers mainly focus on product features and quality of service as major factors in selecting a banking service provider. Poor service quality is considered as one of the critical factors in determining the switching behavior to Islamic banking. In contrasts, Hashim and Kadir (2010) conclude that customers who are highly satisfied with the service quality are highly committed and loyal to their service providers. Similarly, Rama (2018) states that customer satisfaction, service quality, and price significantly affect customers' switching behavior in Islamic banking. Additionally, Wyas and Raitani (2014) also report that price, customer satisfaction, service quality, service products, reputation, and competition also significantly influence customers' switching behavior. Therefore, based on the literature, we suggest that service quality significantly influences the switching behavior of the customers. Thus, it is hypothesized:

H1: Service quality has a significant and positive impact on switch decision.

3.4.1.1 Interaction quality

Mustelier-Puig *et al.* (2018) posit that face-to-face interaction plays a vital role in the service sector, through which customers and employees get to know each other and leave a positive or negative impression. Similarly, Brady *et al.* (2001) state that the services are inherently intangible and characterized by inseparability, so, the interpersonal interaction during service delivery often has the most significant effect on the perception of service quality. Grönroos (1982, 1984) and Parasuraman *et al.* (1985) are among the few researchers who have used the word IQ (interaction quality). Grönroos posited that within a service encounter, the employees' behavior with a customer is crucial and determines the fate of the customers' switching behavior. Further, Chahal (2010) describes the dimensions of service quality interaction as attitude, friendliness, helpfulness, and responsiveness as critical drivers of customer satisfaction. Similarly, Wu *et al.* (2015) explored the service competencies of the frontline employees and indicate that service quality has positive relation. Additionally, Echeverri and Salomonson (2017) identified six general behavioral practices during the customer-employee direct interaction. These general behaviors include mood, caring, connecting, responding, substantializing, and embedding. The study indicates that each of these behaviors includes some reciprocal activities, such as explaining, adjusting, small talk, paying attention, knowledge gaining and alike. Numerous past studies have identified that the employees' expertise or knowledge is imperative to enable interaction with customers (Brady *et al.*, 2001; Crosby *et al.*, 1990; Spake & Megehee, 2010; Wu *et al.*, 2015). This notion is also advocated by the study of Pirzada *et al.* (2014) and Grönroos (2003) that banks personnel must have full competency in their field, and they must work professionally for all their customers. Therefore, contending upon the above literature, we argue that high interaction quality is positively related to switching decision. Thus, the following hypothesis is established:

H1a: Interaction quality has a significant and positive impact on switch decision.

3.4.1.2 Physical environment quality

Özdemir (2018) describes the concept of the physical environment and states that it is explained differently by different researchers. Kotler (1973), for the very first time, evaluated the physical elements under the concept of 'atmosphere'. He defined atmosphere as the conscious designing of the space to create certain effects of buyers. Later, Bitner (1990) introduced another concept for the physical environment as 'servicecape', and defined it as a man-made environment, in which service is served (Shu, 1994). Özdemir (2018) supports the idea of Kotler and defines the physical environment as a conscious design of a place to influence positively the preferences and purchasing decisions of the people.

Lehtinen and Lehtinen (1982) as well as Parasuraman *et al.* (1985) described three dimensions of service quality, i.e., physical quality, corporate quality, and interaction quality. Physical quality represents the tangible aspects of service, such as building, parking, machines and alike, whereas corporate quality involves the image, or profile of service provider, and interaction quality represents the interaction between the service provider and the customers. Thus, we argue that the characteristics of the physical environment play a significant role for the customers in favor of switching decision. Therefore, based on this argument, the following hypothesis is established:

H1b: Physical environment quality has a significant and positive impact on switch decision.

3.4.1.3 Outcome quality

Grönroos (1984) described outcome quality or technical quality as a service. This is the service which a customer receives after the service delivery process and when buyer-seller interactions are complete. Brady *et al.* (2001) indicate that outcome quality has a significant impact on the overall perception of service quality by the customers. Thus, outcome quality is one of the significant factors to determine service quality. Similarly, Lim (2006) reveals that outcome quality, for example in mobile communication providers giving accurate and understandable billing, has a significant impact on customers' overall perception of mobile communication service quality. Thus, clear and accurate information is viewed positively by customers.

Further, Shu (1994) conducted a similar kind of study in China's mobile communication market, and the results showed that outcome quality had a significant impact on customers' overall perception. Keeping in view the literature support, we argue that outcome quality is seen affirmatively by the customers and have a deep influence on the switching decision of the banking service. Therefore, based on the above argument, the following hypothesis is established:

H1c: Outcome quality has a significant and positive impact on switch decision.

3.4.2 Customer Satisfaction

Customer satisfaction is another antecedent of the customer's intention to switch. We again argue that high customer satisfaction will stop the consumer from switching the banking service. To maintain customer loyalty in the competitive business environment in the banking sector is one of the biggest challenges of this era. Chukwuemeka and Agu (2016) argue that retaining existing customers is more profitable than attracting new ones. Therefore, identifying and effectively attracting the key drivers of customer switching intention help to improve customer retention. Customer service is defined as the number of customers or the percentage of total customers who reported with a firm, its products or its services which exceeds specified satisfaction goals (Angelova & Zekiri, 2011). According to Kotler and Armstrong

(2013), the satisfaction of the customer depends on the products and the perceived performance in relation to the expectations of the buyer. If the performance of the product matches the expectations of the customer, resultantly, the customer feels satisfied. However, if product performance exceeds the expectations, the customer is highly satisfied, while the inability of the product performance results in customer dissatisfaction. Huat *et al.* (2012) and He and Song (2009) identify customer satisfaction as one of the defining factors of customer loyalty. Contending on the notions of these studies, we believe that there is a strong and positive relationship between customer satisfaction and customer loyalty.

Customer switching behavior is similar to customer defection (Garland, 2002). It can be total or partial (Colgate & Hedge, 2001; Stewart, 1998). Total defection is traced through customers' acts, such as the customer closes all his/her accounts and switch the entire business to another service provider. Customer defection may be full or partial. Similarly, partial defection means losing part of the business from a customer, but this is difficult to trace. Amin *et al.* (2011) as well as Mohsan *et al.* (2011) highlight the interrelation between customer satisfaction and customer loyalty and its impact on the customers' intention to switch from Islamic banks. In addition, Amin and Isa (2008) examined the role of customer satisfaction in enhancing the loyalty of Islamic banking customers and its influence on the intention of switching in Malaysia. Findings of this study show that there is a significant positive relationship between customer loyalty and intentions to switch for both non-Muslims and Muslim customers. Altwijry and Abduh (2013) as well as Hussain and Rizwan (2014) in their research study find that customers intend to switch when they experience a low-quality performance on the location of ATM, internet banking, staff ability to handle issues, and the cost of service.

Kotler and Armstrong (2013) define service as an activity, benefit or satisfaction offered for sale, especially intangible and does not result in the ownership of anything. Thus, this shows the extent to which perceived services meet customers' expectations. Further, it is considered as one of the key factors in the success of any tangible or intangible product offered by an organization, particularly in the service industry such as banking, insurance, and healthcare. Boerkamp *et al.* (1997) determined that the best way to increase the profit of an organization was to develop long term relationships with customers to make them loyal by investing in the quality of service.

Hence, customer satisfaction has become an increasingly important factor for the success and survival of the banking industry. Several banks have started using quality service as a sustainable competitive advantage as most of the banks are offering identical or duplicated products (Clemes *et al.*, 2010). The importance of customer switching behavior is indicated in the literature stating that the drivers of switching behavior do not work in isolation of the outcome of the negative experience of customer service (Ur Rahman & Anwar, 2016; Vyas & Raitani, 2014).

Bank image is a set of traits and associations that a customer holds related to a brand name (Biel, 1992). The literature suggests that a positive image helps a firm to make customers more loyal (Kandampully & Suharto, 2000; Koo, 2003). Therefore, customer satisfaction becomes more important when we talk about the banking industry. As suggested by the literature, it is critical to build a positive image and to make it different from other banks if every bank offers the same kind of products or services in the industry (Harwood, 2002; Patawayati *et al.*, 2013; Rehman & Afsar, 2012). Studies have further found a strong and affirmative effect of bank image and customer loyalty. However, Davies and Chun (2002) find that there is an indirect relationship between loyalty and brand image as it is mediated by the customer.

Contending on this literature, we argue that a strong customer service tends to satisfy customers who in turn decides to stay with their existing banking service provider. Therefore, based upon this argument, it is hypothesized:

H2: Customer satisfaction has a significant and positive impact on switch decision.

3.4.3 Trust

Trust is considered as a belief, an attitude, a behavioral intention or any possible combination of all or any one of them (Bhattacherjee, 2002). The literature has identified that the term 'trust' has been addressed from different perspectives. For example, Zhang *et al.* (2012) as well as Yousafzai *et al.* (2009) identify trust from three different perspectives: (i) social and psychological perspective; (ii) the views of personality or psychology theorists; and (iii) the economists and socialist's viewpoint. The first perspective conceptualizes trust in terms of expectations and willingness of the trusting party involved in a transaction. It further refers to the risks associated with the acting on such expectations, and the contextual factors that either enhance or inhibit the development and maintenance of trust (Yousafzai *et al.*, 2009). The second perspective views trust as invariable characteristics of the personality in an individual, and the third perspective, the sociologist analyze the term 'trust' from an institutional standpoint, which serves as the development of a legal framework (Bhattacherjee, 2002). The first perspective is more relevant to the current study. Trust is taken as one of the push factors, in which the perspective can be used for trust on conventional banks (López-Miguens & Vázquez, 2017).

However, the 2008 financial crises had a strong impact on trust in the institution than on generalized trust in the USA (Knell & Stix, 2015). Further, the outbreak of financial crises results in a dramatic drop in trust on the banks and the financial markets

(Guiso, 2010). This pattern is quite similar in European countries and confirms the drop in trust as universal (Knell & Stix, 2015). Ananyev and Guriev (2016) studied the 2009 economic crises in Russia and confirmed that crises reduced the generalized trust. In addition, Diepstraten and van der Cruijsen (2017) focused on personal crises experiences and provided evidence that such experiences reduced the trust in banks as well as the generalized trust.

Trust shows a significant impact on the decision process of the users, be it in human migration or studies related to IT switching (Curran & Saguy, 2013; Lai & Wang, 2015; Peng *et al.*, 2016; Zhou, 2016). Researchers have developed three types of constructs: institution-based trust, knowledge-based trust, and transfer trust. The current study emphasizes the institution-based, knowledge-based, and transferring trust. Institutional-based trust is defined as a situational belief about societal structures such as legislation (Wang & Benbasat, 2008), and the knowledge-based trust relies on prior experience. Thus, in switching behavior, the users do not have enough experience with the new service, whereas transfer trust refers to a personal referral mechanism that a third party receives. The trust of an individual is received from mature trust towards a known person or object that has a certain connection with the third party. For example, consumers may transfer their trust towards offline stores to online stores (Lee & Chung, 2009), or from online stores to mobile stores as these stores are owned by the same organization (Wu *et al.*, 2017).

Consumers of conventional banks do not understand the operational system of Islamic banks and Shariah laws on the operations of Islamic banks because they have not firmly believe that the practices of Islamic banks are compliant with the Shariah. Conversely, the conventional bank customers who understand the operational system of Islamic banks and Shariah laws on the operations of Islamic banks believe that the practices of Islamic banks are correct and such customers have a desire to become the customers of Islamic banks in the future. The trust of Muslim customers has no significant influence on the desire to become the customers of the Islamic bank. It means that the Muslim customers of conventional banks do not believe that the Islamic banks have implemented the risk-sharing system and Shariah system appropriately. The customers also do not believe that the risk-sharing system is based on higher justice than the interest-based system. Consequently, they believe that the risk-sharing system advocated by Islamic banks is the same as the interest-based system practiced by conventional banks.

With regard to the religious factors, it is argued that religiosity has a very significant impact on the customers' desire to become the customers of Islamic bank. However, when the trust variable is positioned as the mediator variable, the adjusted coefficient is dropped. These findings indicate that the trust variable is a suppressor variable. Therefore, this suggests that the Muslim customers of conventional banks believe that the risk-sharing system practiced by Islamic banks is the same as the system of interest. Thus, we argue that low trust in the Islamic banking system will reduce the chances of switching the banking services.

Contending on the above, it is also argued that trust influences the decision-making process of the users. Earlier studies (i.e., Curran & Saguy, 2013; Lai & Wang, 2015; Peng *et al.*, 2016; Zhou, 2016) identified three types of trust, as noted earlier. We argue that the switching decision will be influenced by the degree of trust. Therefore, the following hypothesis is established:

H3: Trust has a significant and positive impact on switch decision.

3.4.4 Perceived Relative Advantage

Perceived relative advantage plays a significant role in influencing the decision of consumers in accepting a service brand or Islamic banking. Therefore, if people are informed in advance about the services and facilities offered by Islamic banking, they will be in a better position to opt for the banking service, i.e., existing or Islamic banking. The relative advantage of a brand is a very important predictor for the rate of adoption (Sadiq & Shanmugham, 2003). However, if the Islamic banking system requires non-Muslims to adopt Islamic banking, they must be provided with a relative advantage of Islamic banking as compared to conventional banking. The Muslim population will also gauge the relative advantage of Islamic finance before adopting such an idea or brand. Usually, the relative advantage most consumers are looking for in new products and services include prices and the cost of adoption (Haque *et al.*, 2007). As a sub-dimension of relative advantage, individuals will look for economic profitability, the immediacy of reward, savings in effort and time, social prestige, decrease in discomfort, and low initial cost. Consumer adoption of Islamic products and services has to consider the benefits the banking system offers as compared to existing or conventional banks (Dusuki & Abdullah, 2007).

The perceived relative advantage of the Islamic banking concept in the Anambra state of Africa is explained by Ezeh and Nwankwo (2014). The influence of religion on the behavior of the consumer can be divided into either a positive approach or a negative avoidance. When religion is associated with some motivational factor, it leads to more activities of consumption like rejecting or accepting the Islamic banking system. Consumers' religious consideration affect the perceived relative advantage of Islamic banking. In addition, culture is another influencing factor that motivates and affects the individual values, motives, thoughts, and lifestyle. Various studies also indicate the relationship between consumer behavior and culture over the relative advantage.

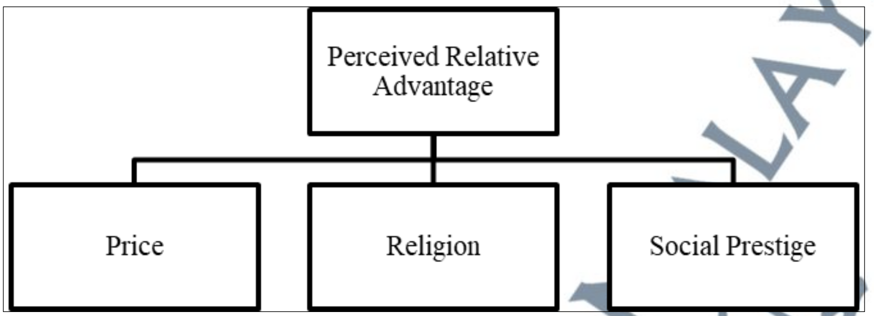


Figure 3.4: Perceived Relative Advantage Dimensions

Islamic banking is based on the Islamic religion and provides a financial service that operates with the objectives of implementing and materializing the economic condition. The operation of Islamic banking is based upon the principles of Islam in the arena of banking. Thus, Islamic banking is owned by the shareholders and establishes banking activities and investment programs in accordance with the Islamic law with its associated articles (Iqbal, 1997). The perception of the relative advantage in Islamic banking is significantly higher among religious groups.

Some researchers analyze the main influence of the relative advantage in the consumer's perception and intention of using the Islamic banking system (Siddiqui, 2016). The relative advantage of the Islamic banking system is embedded in its ethical and functional benefits that include service quality. This provides a base of knowledge and the competency of the personal bank efficiency in the delivery of services and the pricing policy, which is the cost and benefits of the Islamic products and services and social responsibility practices of the Islamic banking system. This gives equitable profits, risk, and losses sharing in all business conducts of banking, social welfare contribution from the Islamic community, and sustainable development promotion.

Hassan (2007) studied the perception of people towards Islamic banking in lieu of the concept of relative advantage. The study indicates that the rate of interest for deposits is not a matter of concern for individuals in the Muslim community. Muslims always prefer the permissible or legitimate return in their investment, whether the return is high or low as compared to the conventional banking system's interest rate and inflation. Even though the majority of the population in Muslim countries adheres to the religion of Islam, they hold an account in the conventional bank too. This is due to the lack of knowledge about the Islamic banking products and services and the relative advantage gained from these services as they function with the practices of the Prophet Muhammad (PBUH) as the supreme code of life.

A religious group in Nigeria has shown a significant difference among the perceptions of the relative advantage of Islamic banking at significant levels. The religious considerations of the consumers have affected how the customer perceives the relative advantage of Islamic banking. Islamic banking has a higher attachment in religion, and hence considered as part of the culture. Ezeh & Nwankwo (2014) consider the relative advantage as the most important factor, which also drives the acceptance. The relative advantage factor has the capability to derive acceptance or rejection of the Islamic banking concept in Nigeria among the religious groups and predicted that there is no significant difference in the perception of the relative advantage of Islamic banking by the segments of the consumer, which emerged based on religion. Various categories equally rated the perceived relative advantage of the Islamic banking concept, which also seems to be very low, while other members rated it high. Chikezie & Chuks (2015) also predicted that there is no significant difference in the perceptions of the relative advantage of Islamic banking by the consumers. Relative advantage emerges based on the readiness to accept change, cosmopolitans, the perceived need for innovation, and religious consideration. The cosmopolitans of consumers have affected how they perceive the relative advantage of the concept of Islamic banking.

Different marketing programs have been used to attract the various categories, which are not comparable. Most of the consumers rated the perceived relative advantage of Islamic banking as high (Ugwu *et al.*, 2015). Moreover, they also perceive Islamic banking as beneficial to them. Therefore, we argue that perceived advantage of Islamic banking will be higher in Oman as it is a Muslim country and Islam is practiced in the letter and spirit. Thus, based on the above discussion, the following hypothesis is established:

H4: Perceived relative advantage has a significant and positive impact on switch decision.

3.4.4.1 Price

According to Keaveney (1995), price is one of the critical factors and significantly influences the switching behavior. It is because switching behavior is related to prices, rates, fees, charges, surcharges, penalties, service charges, price deals, and price promotions or coupons. Similarly, in the banking services, the role of price has a wider implication than in other service industries. Gerrard and Cunningham (2004) note that price is more influential on the switching behavior of banking customers than service failure and inconvenience. Another study conducted by Colgate and Hedge (2001) in Australia and New Zealand reveals that price is the most important determinant of the switching behavior followed by other elements, such as service failure and denial of service.

Similarly, the study of Lalita and Manrai (2007) suggests that the nature of competition for different aspects of bank services plays an important role in the decision of the customer to stay or to switch. The study further indicates that if a customer is not satisfied with the service, and if a customer receives a similar competitive offering, the customer may opt not to switch. In addition, financial aspects play an important role in switching decision, and if a financial offering is similar, the customer will not switch to another banking service. With regard to the above findings, we argue that pricing significantly influences the customer's switching decision. Therefore, the following hypothesis is established:

H4a: Price has a significant and positive impact on switch decision.

3.4.4.2 Religion

Islamic banking refers to a financial institution which status, rules, and procedures express the commitment to the principle of Shariah and restrict all interest-based receipts and payments on its operations. Thus, the religious perspective is an essential factor to identify the degree of customer satisfaction. Usman (2015) suggests that a religious perspective has a positive effect on customer satisfaction. However, it is also observed that a religious perspective alone may not be considered as important if the bank does not have superior quality service and cooperative staff to lead to customer satisfaction and to win customer loyalty (*ibid*). The findings of some of the research studies show that majority of the customers signify religion as the primary motivation in the use of Islamic products and services (Al-Sultan, 1999; Bley & Kuehn, 2004; Metawa & Almossawi, 1998; Metwally, 1996; Omer, 1992). In light of this literature, we argue that religion stands as one of the imperative factors to determine the switching decision. Therefore, the following hypothesis is established:

H4b: Religion has a significant and positive impact on switch decision.

3.4.4.3 Social prestige

According to Weber (1979), status includes the subjective aspects of stratification, including how much honor, respect, and deference is given to someone. Social prestige ascribes as something, about which individuals feel proud of. This may be a result of social roles emerging from occupation, status in the organization of the society, and sociopolitical or leisure activity. Individuals may enjoy social prestige due to certain characteristics, such as the ability to take the initiative, courage, intellect or beauty. Other sources of social prestige include property, consumer goods, cultural values, social groups, affiliation with institutions, and organizations. Social prestige also includes the authority, respect, and influence on others. Thus, bearer of social prestige is the individuals who experience or endowed any of the above traits of social prestige either him/herself or by society (Panday,1983).

Social prestige influences the value orientation, such as different occupations have different social prestige over others (Wegener, 1992). This helps in earning respect, high admiration, and a source of motivation for the bearer individual, who in turn encourages beneficial activities for the development of the society. Further, efficient and creative employees serve to earn social prestige for the organization they work for. To strive for greater social status, people intend to buy high-status products (including goods and services). This behavior allows people to link themselves to a certain group or class in society (El Mallouli & Sassi, 2021).

Social status measures the social value (Sauder *et al.*, 2012) enjoyed by the people who possess it. Specifically, it refers to the relative advantage based on the degree of respect, honor, competence, and deference accorded to people, certain groups, and organizations. Thus, social prestige is something which a person holds more or less social value (Sedikides & Guinote, 2018). Status hierarchies depend upon the possession and use of status symbols; this helps in determining the degree of a status hold by an individual. Based on this degree, other people decide the treatment (Koski *et al.*, 2015). However, there is a limited consensus on the definition of social status or the social role (Ridgeway & Cornell, 2006).

Every society is composed of formal, informal status hierarchies. Status hierarchies are present in all societies, and sometimes come with certain rights, duties, and lifestyle practices. In this modern era, occupation is one of the determinants of status (Gerstl, 1961). Furthermore, status can be achieved with the help of education, occupation, and marital status. This leads to people judged based on success in matching important values. In contrast, status differentiation varies as well and sometimes can be quite rigid. Status is a source of social stratification, i.e., by maintaining and stabilizing the status.

Through socialization, people meet and socialize with each other and adopt values from their parents, communities, and continue their class position. Similarly, people who belong to the same class share association with one another by means of residence, schooling, and involvement in activities of similar interest. Moreover, social status is reflected in the habits, tastes, and the pattern of consumption, such as fashion, leisure activities and alike. Following the new economic growth, new elites have been created who in turn create a new, distinctive lifestyle, and consumption of goods and services. Following the same line, in Oman, people are more conscious about the banking service and concerned about the religious factors as well. Therefore, people in Oman prefer to use Islamic banking service as this will add to their religious beliefs and give them inner peace and satisfaction.

Social prestige is considered as a relative advantage. Rogers (2003), Aziz *et al.* (2015), Echchabi and Aziz (2012), and Thambiah (2012) agree that the advantage of Islamic banking in form of the functional, ethical and social benefits that customers acquire comes from service quality, pricing policies, CSR and social prestige (Sudarsono *et al.*, 2021).

Further, to classify themselves in a particular class, people are inclined to avail the services of Islamic banking. Hence, as per the above literature, we argue that Islamic banking will become part of social prestige and will serve as a pull factor for attracting consumers. Therefore, based upon the above, the following hypothesis is established:

H4c: Social prestige has a significant and positive impact on switch decision.

3.4.5 Switching Barrier

Jones *et al.* (2000) describe switching barriers as factors, which make it more difficult and costly to change service providers for the consumers. In the context of the current study, the aim is to identify the barriers that slow down the switching decisions of customers from conventional banks to Islamic banks. These variables are called mooring factors and are the dependent variables of the study. The selection of these variables was based on the findings of previous studies and their recommendations.

The concept of switching barriers in the literature is mainly revolves around the benefits customers may gain from being in a relationship and the costs which the customers have to pay for terminating the relationship with the service provider. The switching barriers of relational benefits, switching costs, and availability and attractiveness of alternatives (AAA) are used frequently in many studies conducted in the banking context (Colgate & Lang, 2001; Goitom & Birch, 2011; Jones *et al.*, 2000; Valenzuela, 2010). Similarly, the relational benefits, switching costs, and AAA are used in this study as the switching barriers within the banking context. Bansal *et al.* (2005) mention that the most common drivers of switching banking service are quality, switching cost, and alternative attractiveness. If the cost of switching is higher, there are fewer chances of switching as it creates switching barriers. Thus, as per the above discussion, we argue that a higher switching barrier will lower the chances of switching the banking service.

The coming subsections discuss the barriers adopted for empirical examination in this research study.

3.4.5.1 Switching cost

Switching cost is a powerful antecedent of switching intention (Clemes *et al.*, 2010; Murad, 2011; Murungu, 2013; Ramaiyar & Jayalaksh, 2012). Usually, the switching cost is perceived as an added cost which serves as a disadvantage, resulting in the termination of the current relationship (Christoph *et al.*, 2014). This cost can be in the form of monetary and non-monetary factors. For example, monetary cost includes the financial risks and factors, while non-monetary factors include psychological cost, uncertainty, loss of social bond, and procedural costs associated with the intention to switch (Edward & Sahadev, 2011). Thus, switching decision is based upon several factors (Al Ghammari & Ahmed, 2017). Switching barriers also tend to influence the retention and include various types of costs, such as search costs, transaction costs, learning costs, loyal customer discounts, and emotional costs (Trubik & Smith, 2000). Thus, the literature suggests that switching cost is an imperative factor. Therefore, switching cost serves as a potential moderator with an ability to influence the relationship between pull and push factors, and the intention to switch decision.

The literature suggests that switching costs are a prominent variable that determines the consumer's switching intention (Christoph *et al.*, 2014; Clemes *et al.*, 2010; Murad, 2011; Murungu, 2013; Ramaiyar & Jayalakshmy, 2012). According to these researchers switching costs are mainly conceptualized as an additional cost, and these costs serve as a disadvantage to terminate the current relationship. These factors can be technical, financial, or psychological that make it costly for the customers to switch to another competitor or banking service provider. The costs may encompass monetary and non-monetary (psychological) costs for changing from one service provider to another service provider. The economic part of the switching covers the financial and performance risks associated with trying a new service provider, whereas psychological costs include the uncertainty related to the potential loss in a relationship, social bonds and procedural cost, such as time, search, and evaluation (Edward & Sahadev, 2011). This notion is also supported by the study of Ghammari and Ahmed (2017), of which concludes that the customer's intention to switch their current bank is influenced by many factors, such as the cost of switching, fee, and prior loans.

Switching barriers are also likely to influence retention, both independently and in tandem. Keaveney (1995) analyzed critical incidents and identified that critical incidents served as one of the first factors to examine switching barriers as a determinant of customers' switching behavior (Ranaweera & Prabhu, 2003). Usually, these switching barriers are used as a marketing strategy to make it costly for a customer to switch to another organization and it includes search costs, transaction costs, learning costs, loyal customer discounts, and emotional costs (Trubik & Smith, 2000). Switching costs are one of the most important categories of switching barriers, and without proper understanding, the whole concept of switching behavior is incomplete (Colgate & Lang, 2001). As per the above literature, we argue that customers tend to evaluate the switching costs. Costs which come out to be on the higher side restrict the customers from switching banking service. Thus, based upon the above argument, the following hypothesis is established:

H5: Switching cost has a significant and negative impact on switch decision.

3.4.5.2 Complexity

The complexity involved in the process and features of the product and services of the Islamic bank is also a significant factor that influences the decision to switch the banking service. The study of Fazlan and Mohammad (2007) advocates that the higher the complexity, the minimum is the chance to switch. Further, the Islamic banking system is still in its infancy in Oman. Therefore, its products and services are not easily understood by the common people, which adds to the complexity. This results in customers' reluctance to switch the banking service. Furthermore, the addition and description of Shariah principle itself is a deep subject to comprehend and require thorough knowledge of the religion and banking system. In the same vein, Shariah principles are different for Islamic banking products and service, such as in the case of home finance, car lease, and loan agreement (Sundararajan & Errico, 2002), i.e., *Murabaha* and *Musharika*. Hence, customers may find these products to be complicated as compared to the conventional bank products. The literature also suggests that complexity is negatively related to the decision to switch the banking service. Complexity is indicated as the level of difficulty to learn and understand the product and service (Gumel & Othman, 2013).

In the current study, complexity is considered as another determinant toward the switching decision of the customers to Islamic banks from conventional banks. It shows the level of difficulty in understanding and using Islamic banking products and services. Due to the complexity of products and services, it is not easy for consumers to switch. Therefore, the higher the complexity of a product, the lower the switching decision (Fazlan & Mohammad, 2007). In the case of banking, the complexity of Islamic banking is viewed in regard to its banking principles (Aziz, 2006). Further, Islamic banking products are not common, and it becomes difficult for consumers to understand the terms and conditions associated with Islamic banking products and services. Hence, when consumers perceive Islamic banking services and products as simple and easy to use, then they are likely to avail these services.

In the lending process, Islamic banking applies the non-profit and loss sharing (PLS) principles because of the complexities and risks that are accompanied by the profit and loss methods. Non-PLS methods are known as *'Salam'* and *'Ijarah'*. For example, under the profit and loss sharing, Islamic banks need to thoroughly determine the quantification of clients, which seems difficult. In Islamic banking service, the revenue is not guaranteed since they do not collect the collateral, so the banks need to give more effort for selection and monitoring the informational rents, which are not exacted by the borrower. Further, Islamic banks cannot transfer ownership as practiced in the conventional lease, and the consumers have to bear all the complexities until the period of the lease (Sundararajan & Errico, 2002). In addition, Islamic banking agreements are not straightforward contracts like those of conventional banking loans even for non-PLS methods.

Generally, in the lease-based finance like *Murabaha*, the Islamic banking system arranges for the projects that have to be purchased and then sold or rented by clients. Therefore, in Islamic banking, the customers act as an agent for making a further purchase. This framework is much complicated as compared to conventional loan contracts. The Shariah may not authorize some jurisdictive rules or penalties, and the banks use the system of rebates (Khan & Ahmed, 2001). Finance arrangement mark-up covers the return of banks and defaults component of penalty implicitly. If the client repays the loan in time, then they can avail the benefit of rebate. On the contrary, in conventional banks, the complex stands as default payment of interest calculated over the delay in the payment period, whereas Islamic banks collect the delayed payment over the whole of the financial period.

Yahaya *et al.* (2016) studied the relevance of relative advantage and complexity on the usage of Islamic banking products in Nigeria. Complexity was found to be insignificant to explain the adoption and the result indicated that it had no significant relevance on the use of products and services of Nigerian Islamic banks. The majority of research studies have reported that complexity is negatively related to the switching/adoption of products and services. In fact, the complexity in the understanding of products poses some difficulty in relation to the usage of the product of Islamic banks. Moreover, the level of understanding of customers lowers their perception on the complexity of the products and services. In general, complexity has led to skepticism on the adoption of particular services. The literature points out that complexity has been equated with the knowledge of lower-level to some extent, and this plays a significant role in the adoption of products and services. The perceived complexity of customers has also created a negative impact on the Islamic banking usage in Nigeria. Gumel and Othman (2013) analyzed that attitude is decomposed into a relative advantage, compatibility, and complexity. Complexity is referred to as the degree to which the product/service is perceived to be difficult to learn and understand. The attitude of the customer and social influence help in predicting the behavioral intentions to adopt the new facility highly.

In this research study, complexity is added as a variable that influences the switching decision of the customers from the conventional banking system to the Islamic banking system. Thus, with regard to the above literature, we argue that the higher the complexity of the products and services offered by an Islamic bank is, the more difficult will be for customers to switch the banking services. Therefore, the following hypothesis is established:

H6: Complexity has a significant and negative impact on switch decision.

3.4.5.3 Locked-in

Locked-in is described as an understanding and predicting the desire to stay with the same retail bank, and being locked into the relationship has been found to be significant (Misbah, 2014). Colgate *et al.* (2003) relate locked-in with the idea that customers may not move or maybe find it very difficult even if they want to move. Harrison *et al.* (2012) describe locked-in as a situation where a customer feels bound to his/her relationship with the service provider and is hesitant to switch the service provider. It has been used as a strategy to prevent customers from switching. Liu (2006) suggests that suppliers attempt to lock in their customers by introducing relationship-oriented activities and practices for a long period of time. This may also work out to be an effective strategy for customer retention.

Locked-in is also considered as one of the switching barriers that hinders customers from switching. Listyarini (2009) suggests that if service providers wish to retain customers, it is essential that they create barriers to reduce the switching behavior. Locked-in may take the form of high switching cost or create a feeling of apathy - which issue is discussed in the next section. The study of Al Ghammari and Ahmed (2017) identifies some of the major barriers associated with bank switching. They include clearance of the existing loans, fees and interest, and new life insurance. In Oman, a loan is granted against the main account of the customer, and the customer needs to clear all the loans taken against that main bank account (normally salary account) before switching to another bank. Thus, due to this, people of Oman feel locked-in and they refrain from switching their banking service provider. Hence, the following hypothesis is established:

H7: Locked-in has a significant and negative impact on switch decision.

3.4.5.4 Apathy

Apathy is a response by the people in which they consider to switch decision, but practically refrain from taking this decision. It is a state of uncertainty where people believe that it will not be financially viable to switch to a new banking service (House of Commons Treasury Committee, 2011). This notion is supported by Colgate and Lang (2001), since the majority of customers believe that the services of all banks are alike and switching decision will not bring any meaningful change. Thus, people appear to be pessimistic and do not consider Islamic banking as promising. They further state that apathy is the biggest influence which keeps people from changing.

Most commonly, apathy is considered as a lack of emotion, interest, feeling or concern. Apathy is a state of indifference, in which customers who does consider to switch the banking service, but chose not to do it as people do not think that it would be financially worthwhile, or if they would get better service in the new bank (House of Commons Treasury Committee, 2011).

However, it is not common to observe apathy. The symptoms of apathy must be severe or prominent enough to affect people’s social life, job, interests, and other parts of life. An apathetic person indicates an absence of interest or concern about the social, emotional, spiritual, physical life, and the world. Further, apathetic individuals lack a sense of purpose and meaning in life. Such people also demonstrate insensibility and sluggishness. In the positive sense, an apathetic individual feels that they do not have the required skill set to confront the challenges of the banking service provider, especially Islamic banking. Apathy is something which people face in some capacity and at some point in time of their life. Apathy turns out to be a natural response to disappointment, dejection, and the feelings of stress. The feelings of apathy can be either short-term or long-term. Long-term feelings of apathy are when deeper social and psychological issues persist over a period of time (Robert *et al.*, 1991).

Similarly, when the customers of conventional banks visit or review Islamic banking products and services, they appear to be challenged to understand the products and services. Thus, customers feel apathetic and become stressed. However, if Islamic banking products and services are simple in nature and easy to understand, they will tend to switch behavior. Thus, we argue that in the presence of apathy, consumers will not decide to switch their banking service. Therefore, the following hypothesis is established:

H8: Apathy has a significant and negative impact on switch decision.

3.5 Summary Of Hypothesis Testing

The push-pull and mooring model is used to test ten dimensions drawn from the theory of migration that influence customers switching decision: (1) H1 service quality (2), H2 customer satisfaction, and (H3) trust are considered as push factors; (4) H4 relative perceived advantage is taken as a pull factor; and (H5) mooring factors/switching barriers are (H5) switching cost, (H6) complexity, (H7) locked-in, and (H8) apathy which are tested against switching decision.

Hypothetically, the underlying assumption of migration theory in relation to switching decision is that push factors are the factors that push customers from the current position to the destination. It is associated with all the negative feelings or the experiences a customer encountered. Service quality, customer satisfaction, and trust are considered as push factors. Hence, it is hypothesized in H1 and H2 that service quality and customer satisfaction will push the customers towards Islamic banks, while pull factors are the attractions that pull customers to a new destination from the current service provider. In this research, it is hypothesized in H4 that perceived relative advantage is a pull factor that attracts the customers towards Islamic banks. The main purpose of this research study is to identify the switching barriers, which are the mooring factors that directly affect the customers' decision toward their switching decision. Thus, H3 is based on a switching barrier with the assumption that switching barriers are related with the switching decision. Switching barriers lead to switching from conventional banking to Islamic banking. The result of the study identifies the barriers, against which the Islamic banks will form strategies to eliminate or reduce the impact of these barriers and to ease the switching process, while conventional banks will develop strategies to retain their existing customers.

The research problem clearly shows that the switching intentions of Omani banking customers in 2011 are taken into account, in which the customers showed the decision to switch. This research study focuses on the identification of the factors that create barriers in the switching process and the elements which attract the customers towards Islamic banking. There are chances that customer satisfaction, service quality, (push factors), and price (pull factor under perceived relative advantage) will play a significant role in determining the switching decision.