RESEARCH PAPER

ANALYSIS OF CUSTOMER RETENTION STRATEGIES
(An empirical study with reference to private sector banks in South Andaman District)

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Received: 25th June 2026; Revised: 28th July 2026; Accepted: 10th October 2026; Available Online: 15th October 2026

ABSTRACT

Customer retention has become a key strategic objective for private sector banks due to increasing competition and changing customer expectations. This study examines the impact of perceived banking service dimensions on customer retention among customers of private sector banks in the South Andaman District This study examines the impact of perceived banking service dimensions on customer retention among 225 customers of private sector banks in the South Andaman District. Using descriptive statistics and multiple regression analysis, the study found that Digital Banking Services received the highest customer satisfaction, while Customer Service scored the lowest. The regression model explained 77.7% of the variation in customer retention ($R^2 = 0.777$). Customer Service and Trust and Security had significant positive effects on customer retention, whereas Service Quality was not significant and Complaint Resolution showed a significant negative relationship. The findings suggest that improving customer service, enhancing trust and security, and strengthening customer relationship management are key strategies for increasing customer retention and long-term customer loyalty. The study concludes that improving customer service, enhancing trust and security, and strengthening customer relationship management are essential strategies for increasing customer retention in private sector banks. The findings provide useful insights for banking professionals and policymakers in designing customer-centric service strategies to foster long-term customer loyalty.

Keywords: Private Sector Banks, Customer Retention, Perceived Banking Services, Service Quality, Digital Banking Services, Customer Service, Trust and Security, Complaint Resolution, Multiple Regression Analysis, South Andaman District.

How to cite this article: Mrs Deepshikha Biswas, Dr M. Prathapan. Analysis of Customer Retention Strategies - (An Empirical Study with Reference to Private Sector Banks in South Andaman District) Int J Drug Deliv Technol. 2026; 16(88s):1008-1021. DOI: 10.25258/ijddt.16.88s.99. Source of support: Nil.

Conflict of interest: None

1. INTRODUCTION

In the contemporary banking environment, characterized by intense competition, technological advancements, and evolving customer expectations, customer retention has emerged as a critical determinant of organizational success. The banking sector plays a vital role in regulating economic activities by channeling savings into productive investments, promoting capital formation, trade, financial inclusion, and infrastructure development, thereby generating employment and supporting economic stability. In India, the Broader Financial Sector (BFSI) sector contributes about 27% to GDP in 2025. Scheduled Commercial Banks show strong performance with 14.5% year-on-year credit growth and a reduced GNPA ratio of 2.2%. After economic reforms, new generation banks including private banks, Fintech lenders, and digital-first institutions have become significant contributors to the economy. Together with traditional banking, they form part of the services sector, which accounts for over 55% of India's Gross Value Added (GVA).

Private sector banks, in particular, face increasing challenges in maintaining long-term relationships with customers due to the availability of multiple banking alternatives and the growing demand for personalized services. Retaining existing customers is considered more cost-effective and profitable than acquiring new ones; making customer retention strategies a key focus area for banking institutions. These strategies include service quality enhancement, customer relationship management, digital banking innovations, loyalty programs, complaint resolution mechanisms, and personalized financial services. The South Andaman District, with its unique geographical and socio-economic characteristics, presents a distinctive context for examining customer retention practices in the banking sector. This study aims to analyze the effectiveness of customer retention strategies adopted by private sector banks in South Andaman District and to assess their impact on customer satisfaction, loyalty, and long-term relationship building. The findings of the study are expected to provide valuable insights for bank managers, policymakers, and researchers seeking to strengthen customer retention and enhance the competitiveness of private sector banks.

2. CUSTOMER RETENTION STRATEGIES

2.1. Meaning of Customer in Bank

A customer in banking refers to an individual, business entity, or organization that maintains an account with a bank or utilizes its financial products and services. Customers engage with banks for various purposes such as savings, deposits, loans, investments, fund transfers, insurance, and other financial transactions. They are considered the most valuable stakeholders of a bank, as the success and profitability of banking institutions largely depend on their ability to attract, satisfy, and retain customers. In the modern banking environment, customers are not merely users of banking services but are viewed as long-term partners whose loyalty and satisfaction contribute significantly to the growth, competitiveness, and sustainability of the bank.

2.2. Customer Retention Strategies

Customer retention strategies refer to the various practices and initiatives adopted by

banks to maintain long-term relationships with existing customers and encourage their continued use of banking services. These strategies include providing high-quality service, effective customer relationship management (CRM), personalized financial solutions, digital banking facilities, prompt grievance redressal, loyalty programs, and transparent communication. Effective customer retention strategies enhance customer satisfaction and loyalty, reduce customer switching behavior, and contribute to the profitability and sustainable growth of banks in a highly competitive banking environment.

2.3. Customer Retention Strategies in Private Sector Banks

Private sector banks adopt various customer retention strategies to build strong and long-term relationships with their customers in an increasingly competitive banking environment. These strategies include delivering superior service quality, offering personalized banking products, implementing effective Customer Relationship Management (CRM) practices, providing convenient digital banking services, and ensuring quick resolution of customer complaints. Private sector banks also focus on customer engagement through loyalty programs, customized financial solutions, regular communication, and technology-driven services to enhance customer satisfaction and loyalty. By understanding customer needs and continuously improving service delivery, private sector banks aim to reduce customer attrition, increase customer lifetime value, and maintain a sustainable competitive advantage.

3. PROFILE OF SOUTH ANDAMAN DISTRICT

3.1. Historical Profile of South Andaman District

South Andaman District is one of the three districts of the Andaman and Nicobar Islands, a Union Territory of India located in the Bay of Bengal. The district has significant historical importance due to its association with the British colonial period, particularly the establishment of the Penal Settlement in Port Blair in 1858 following the Indian Rebellion of 1857. The famous Cellular Jail constructed between 1896 and 1906, served as a prison for Indian freedom fighters and remains a prominent symbol of India’s struggle for independence. After India's independence in 1947, South Andaman experienced gradual socio-economic development through government initiatives, migration, infrastructure expansion, and growth in tourism, fisheries, agriculture, and service sectors. Today, the district serves as the administrative and commercial hub of the Andaman and Nicobar Islands, with Port Blair as its headquarters.

3.2. Private Sector banks in South Andaman District

` Private sector banks play an important role in the banking and financial development of South Andaman District by providing a wide range of modern banking services to individuals, businesses, and institutions. Major Private Sector banks operating in the district offer services such as savings and current accounts, loans, digital banking, credit cards, investment products, and customer relationship management solutions. These banks contribute to financial inclusion, promote cashless

transactions, and support local economic activities through efficient and technology-driven banking services. With increasing competition and changing customer expectations, private sector banks in South Andaman District focus on service quality, digital innovation, and customer retention strategies to enhance customer satisfaction and maintain long-term relationships.

4. REVIEW OF THE LITERATURE

Kumar and Mokha (2021) reviewed the relationship between Electronic Customer Relationship Management (E-CRM), customer experience, customer satisfaction, and customer loyalty in the banking industry. Their findings revealed that digital customer engagement and superior customer experience positively influence customer satisfaction, which subsequently strengthens customer loyalty and retention. Lalitha, Kiran Kumar, and Amarnath (2022) examined Customer Relationship Management (CRM) practices in public and private sector banks and found that effective CRM initiatives significantly enhance customer satisfaction, loyalty, and retention. The study emphasized that retaining existing customers generates greater profitability than acquiring new customers and highlighted personalized services as a key retention driver. Shetty and Poornima (2023) conducted a systematic review of E-CRM studies in the Indian banking sector and identified service quality, trust, technological reliability, responsiveness, and personalization as the major antecedents influencing customer retention and long-term customer relationships. Lolemo and Pandya (2024) carried out a systematic literature review on the impact of digital banking on customer satisfaction and loyalty. The study concluded that digital banking services, including mobile banking, internet banking, and self-service technologies, significantly improve customer satisfaction and foster customer loyalty, thereby enhancing retention rates in commercial banks. Das, Tripathy, and Misra (2024) investigated customer retention through CRM practices in private sector banks. Using Structural Equation Modelling (SEM), the study found a strong positive relationship between CRM initiatives, service marketing strategies, and customer retention. The authors suggested that banks should focus on personalized communication and relationship-building activities to improve customer loyalty. Kim, Jindabot, and Yeo (2024) conducted a systematic review and meta-analysis of customer loyalty in the banking industry. Their study revealed that customer satisfaction, service quality, trust, commitment, and relationship quality are the most influential determinants of customer loyalty and retention in the banking sector. Kotteeswaran and Murugan (2024) examined the impact of CRM on customer retention and satisfaction in private sector banks. The findings indicated that effective CRM practices improve service quality, customer engagement, and personalization, leading to higher levels of customer satisfaction and retention. Mirza (2025) analyzed the impact of CRM strategies on customer retention in commercial banks in India and concluded that personalized communication, loyalty programs, customer engagement initiatives, and efficient grievance-handling mechanisms significantly enhance

customer retention and strengthen long-term customer relationships.

5. RESEARCH GAP

The reviewed studies primarily focus on CRM, digital banking, customer satisfaction, and loyalty in general banking contexts. However, limited empirical research has been conducted on customer retention strategies in private sector banks operating in geographically isolated regions such as the South Andaman District. Furthermore, studies examining the combined influence of service quality, digital banking, CRM practices, and personalized services on customer retention in this region remain scarce. Therefore, the present study seeks to bridge this gap by analyzing customer retention strategies adopted by private sector banks in South Andaman District and evaluating their effectiveness in enhancing customer satisfaction and loyalty.

6. NEED AND SCOPE OF THE STUDY

The present study, entitled *"Analysis of Customer Retention Strategies: An Empirical Study with Reference to Private Sector Banks in South Andaman District,"* becomes important because it focuses on examining the strategies adopted by private sector banks to retain existing customers and establish long-term banking relationships. The study is geographically confined to South Andaman District and investigates customers' perceptions of various retention strategies, including attributes of service quality, digital banking services, customer services, trust and security, complaint resolution. It also analyses the major factors influencing customers' decisions to continue (customer retention) their banking relationships and identifies the challenges faced by private sector banks in retaining customers. The findings are providing valuable insights for bank management in developing effective customer retention strategies and enhancing the quality of banking services in South Andaman District.

7. STATEMENT OF THE PROBLEM

The present study is significant as customer retention has become a critical factor for the sustainable growth and profitability of private sector banks in an increasingly competitive banking environment. Understanding the effectiveness of customer retention strategies helps banks strengthen customer loyalty, improve service quality, and enhance long-term customer relationships. The study is particularly important in the context of South Andaman District, where the unique geographical and socio-economic conditions may influence customers' banking preferences and expectations. The findings will provide valuable insights to bank managers and policymakers for designing effective retention strategies, improving customer satisfaction, and maintaining a competitive advantage in the banking sector.

8. OBJECTIVES OF THE STUDY

8.1. Primary Objective

- The primary aim of this study is to analyze the effectiveness of customer retention strategies adopted by private sector banks in South Andaman District.

8.2. Secondary Objectives

- To identify and analyze the demographic profile that associated with the customers of private sector banks in South Andaman District.

- To examine the influence of customer retention strategies adopted by private sector banks in South Andaman District.

In view of the above objectives, this study summarizes the research findings to suggest suitable measures for enhancing the customer retention strategies of private sector banks operating in South Andaman District.

9. HYPOTHESES FORMULATED

In order to test hypothesis for the collected and analyzed the data, the following hypothesis was formulated.

- **H0:** Perceived banking services (Service Quality, Customer Satisfaction, Trust, and Complaint Resolution Services) do not have a significant relationship with customer retention.
- **H1:** Perceived banking services (Service Quality, Customer Satisfaction, Trust, and Complaint Resolution Services) have a significant relationship with customer retention.

10. RESEARCH METHODOLOGY

10.1. Research Design

The primary aim of this study is to analyze the effectiveness of customer retention strategies adopted by private sector banks in South Andaman District. Thus, the descriptive research design is adopted to achieve the research objectives.

10.2. Population and Sample

Population

The population of interest comprised all customers of private sector banks in South Andaman District was selected because the private sector banks are adopting various customers retention strategies so as to render incessant banking services to people of South Andaman District.

Sampling

The researches focus on the influence of customer retentions strategies (services) on the customer retention in private sector banks. In order to collect the primary data from the respondents' *convenience sampling* method has been applied and 225 respondents were surveyed from South Andaman District.

10.3. Data Collection

The data collection for the study is both primary data and secondary data. The secondary data collect by articles, journal, book; internet and other published source. For the collection of primary data, structured interview schedule was prepared and distributed to the total 250 respondents (customers of private sector banks) and ask to respond, 232 were returned by conversely, only 225 are fully completed by the respondents and considered as potential number of samples for conducting the present study.

10.4. Tool for data Collection

The design of the tool is structured interview schedule prepared using 5 points Likert's Scale. To achieve the research objectives and to test the hypotheses of the study, a structured interview schedule was prepared with three parts. Part one consisted of demographic profile of the customer, part two contains 25 attributes related to the customer retentions strategies of private sector banks and part three consists of 5 variables addressing the customer retention in the private sector banks and were requested to rate each of the statement (variables) with five point Likert's scale from one Strongly disagree to five strongly agree.

10.5. Validity and reliability

The reliability test for the grocery supermarket attributes was undertaken. Reliability is used to test if particular techniques would yield the same results if applied repeatedly to the same object under the same conditions (Mouton, 2002). In order to test the reliability and validity of the developed tool, Cranach's-Alpha reliability test was applied and to determine internal consistency of the tool, it gives the alpha value for all the 18 variables is (0.928>0.7, 30 variables) as alpha coefficient at 0.7 or more is considered acceptable and hence the data collection tool is more reliable to executed this study.

10.6. Limitations of the Study

- The present study is confined to South Andaman District only and limited to 3 private sector banks namely HDFC, ICICI and Axis Bank.
- The banks and branches are selected from three geographical areas such as Junglighate, Garachamma, Swaraj Dweep and Middle Point.
- Number of sample limited to 225 respondents
- The present study is also assumed that there is no respondent's bias.

10.7. Data Analysis

The data were collected as quantitative in nature by using Likert's scale approach and the data was ranked by ordinal scale. The data were processed and analyzed using SPSS version 27 for windows and appropriate statistical techniques like descriptive statistics, arithmetic mean used to measure level of perception on the customer service attributes multiple regression analysis has been adopted to find the impact of the banking services with regard to customer retention strategies of private sector banks in South Andaman District.

11. RESULT AND DISCUSSION

11.1. Demographical Profile

The personal profiles of the respondents (customers) were analyzed based on the variables identified such as age, gender, educational qualifications, marital status, occupational status and monthly income. The results of the analysis presented in the following table.

Table - 1
Demographic Profile of the customers in new private sector banks

S.No	Demographic Profiles	Categories of Variables	N	%
1	Age of the Respondents	Upto 20 Years	25	11.1
		21-30 Years	76	33.8
		31-40 Years	71	31.6
		41-50 Years	39	17.3
		Above 50 Years	14	6.2
		Total	**225**	**100.0**
2	Gender	Male	119	52.9
		Female	106	47.1

		Total	**225**	**100**
3	**Educational Qualification**	Below S.S.L.C	20	8.9
		SSLC/HSC/PUC	31	13.8
		UG/PG	87	38.7
		Professional	75	33.3
		Others	12	5.3
4	**Marital Status**	Married	133	59.1
		Unmarried	92	40.9
		Total	**225**	**100**
5	**Occupation Qualification**	Government Service	36	16.0
		Private Service	89	39.6
		Self-employed	54	24.0
		Students	15	6.7
		House Wife	21	9.3
		Others	10	4.4
		Total	**225**	**100**
6	**Monthly Income**	Rs.25,000 and Below	90	40.0
		Rs.25,001-50,000	72	32.0
		Rs.50,001-75,000	38	16.9
		Rs.75,001-1,00,000	14	6.2
		Above Rs.1,00,000	11	4.9
		Total	**225**	**100**

The demographic profile of the customers of private sector banks in South Andaman district shows that the majority of the respondents (33.8%) belong to the 21-30 years of age group, followed by 31-40 years (31.6%), indicating that most customers are young and middle aged. Male respondents (52.9%) and female respondents (47.1%), regarding occupation, private service employees (39.6%) form the largest group, followed by self-employed respondents (24.0%) and government employees (16.0%). A majority of the respondents are married (59.1%). In terms of educational qualification, UG/PG graduates (38.7%) constitute the largest segment, followed by professional qualified respondents (33.3%), reflecting a well educated customer base. With respect to monthly income, the largest proportion of respondents (40.0%) earn Rs.25,000 and below, followed by 32.0% earning Rs.25,001-50,000, indicating that most customers belong to the low and middle income groups.

Account related details of the customers

The bank account related details of the respondents (customers) were also analyzed such as name of the bank, payment app used by the customers, nature of account maintaining in the bank, number of years maintaining account with bank and the reasons for maintaining account with same bank for long time taken into consideration for the present study, the result of the same presented in the following table.

Table - 2
Account related details of the customers in new private sector banks

S.No	Job Profiles	Categories of Variables	N	%
1	Name of the Bank	ICICI Bank	91	40.4
		HDFC Bank	60	26.7
		AXIS Bank	74	32.9
		Total	**225**	**100**
2	Payment app	Gpay	53	23.6
		Paytm	47	20.9
		Phonepay	55	24.4
		BHIM	51	22.7
		Fampay	19	8.4
		Total	**225**	**100.0**
3	Nature of Account	Savings Bank A/C	138	61.3
		Current Account A/C	45	20.0
		Demate Account	12	5.3
		Term Deposit A/C	13	5.8
		Recurring Deposit	11	4.9
		Others	6	2.7
		Total	**225**	**100**
4	Number of Years Maintaining Accounts	Less than 5 Years	54	24.0
		6-10 Years	83	36.9
		10-15 Years	46	20.4
		15-20 Years	30	13.3
		More than 20 Years	12	5.3
		Total	**225**	**100**
5	Reasons for maintaining Accounts	Up-to-date technology	72	32.0
		Service Quality	60	26.7
		Speedy Services	36	16.0
		Quick loan processing facility	22	9.8
		Customer Relationship	28	12.4
		Others	7	3.1
		Total	**225**	**100**

The above table reveals that among the 225 respondents, ICICI bank (40.4%) has the highest number of customers, followed by AXIS Bank (32.9%) and HDFC Bank (26.7%). Regarding mobile payment app, more than one fifth (24.4%) of the respondents most preferred to use PhonePe payment application, closely followed by Gpay (23.6%) while FamPay (8.4%) is least preferred payment application used by the respondents. A majority of the respondents (61.3%) maintaining Savings Bank Accounts, indicating that savings accounts are the most common type of account. Most customers (36.9%) have been maintaining their bank accounts for 6-10 years, reflecting a moderate level of long-term banking relationships. The main reason for maintaining accounts in new private sector banks is up-to date technology (32.0%), followed by service quality (26.7) and speedy services (16.0%), suggesting that technological advancement and quality of service are the key factors influencing customers' banking preferences.

11.1.1. Measurement of mean score perception of customers towards various services of Private Sector Banks

This study provides descriptive analysis of perceived banking services based on the responses collected from 225 customers of private banks (respondents). The level of

perceptions is examined across five dimensions (Independents Variables) such as Service Quality (SQ), Digital Banking Services (DBS), Customer Services (CS), Trust and Security (TS) and Complaint Resolutions (CRS) along with one dependent variable i.e. Customer Retentions (CRN). Arithmetic Means scores and variability (SD) are used to measure the perception level of banking services performance of private sector banks in South Andaman District. The result of the same presented in the following table.

Table – 3

Analysis of mean score perception of customers' towards Banking services rendered by the Private Sector Banks

	Descriptive Statistics			
Factor Variable	**Variables**	**Mean**	**Std. Deviation**	**Analysis N**
SQ1	Employees provide prompt service.	3.4133	1.57344	225
SQ2	Employees are courteous and professional.	3.1644	1.18192	225
SQ3	Banking services are delivered accurately.	3.1778	1.18564	225
SQ4	The bank provides services as promised.	2.7822	1.32343	225
SQ5	The bank's facilities are modern and convenient.	2.5911	1.59293	225
	Service Quality (SQ) –Total Mean Score	**15.1288**		
DBS1	Mobile banking app is user-friendly	4.0444	.91504	225
DBS2	Internet banking is reliable.	3.9378	.95227	225
DBS3	Online transactions are fast.	4.0311	.82045	225
DBS4	Digital services are secure.	3.7111	1.0778	225
DBS5	Technical issues are resolved quickly	3.8889	.90194	225
	Digital Banking Services (DBS) –Total Mean Score	**19.6133**		
CS1	The bank maintains regular communication	3.3244	1.70519	225
CS2	Staff understands customer needs	3.3022	1.15234	225
CS3	Personalized services are provided	3.1511	1.15121	225
CS4	Relationship managers are accessible	2.4889	1.23964	225
CS5	The bank values long-term relationships	2.2667	1.58959	225
	Customer Service (CS) –Total Mean Score	**14.5333**		
TS1	I trust the bank with my financial information.	3.3244	1.56883	225
TS2	The bank ensures transaction security.	3.4044	1.16150	225
TS3	The bank protects customer privacy.	3.3822	1.20477	225
TS4	The bank is dependable and trustworthy.	2.8756	1.38956	225
TS5	I feel safe conducting transactions with this bank.	2.7244	1.65685	225
	Trust and Security(TS) –Total Mean Score	**15.7110**		
CRS1	Complaints are handled promptly.	3.4400	1.58599	225

CRS2	Employees respond effectively to complaints.	3.4267	1.15155	225
CRS3	The bank resolves issues fairly.	3.2844	1.16073	225
CRS4	The complaint process is convenient.	2.7733	1.32867	225
CRS5	I am satisfied with complaint handling procedures.	3.6622	1.44903	225
	Complaint Resolutions (CRS) –Total Mean Score	**16.5866**		
CRN1	Frequency of supermarket visits	3.3244	1.70519	225
CRN2	Amount spent per visit	3.3022	1.15234	225
CRN3	Preference for a particular supermarket	3.1511	1.15121	225
CRN4	Impulse buying tendency	2.4889	1.23964	225
CRN5	Customer loyalty / repeat purchase intention	3.5644	1.58299	225
	Customer Retention (CRN) –Total Mean Score	**15.8310**		

The above table shows the mean score perceptions of customers towards the banking services rendered by private sector banks. Among all the dimensions, Digital Banking Service (μ=19.6133) recorded the highest total mean score, indicating that customers are highly satisfied with digital banking platforms, particularly the user-friendliness of mobile banking (μ= 4.0311). This is followed by Complaint Resolution (μ= 16.5866), reflecting positive customer perceptions of complaint handling. Customer Retention (μ= 18.8310), Trust and Security (μ= 15.7110), and Service Quality (μ= 15.1288) show moderate levels of customer satisfaction. Customer Service (μ= 14.5333) received the lowest total mean score, suggesting that aspects such as relationship manager accessibility (μ=2.4889) and long-term relationship building (μ= 2.2667) required to improve. Overall, the findings indicate that while private sector banks perform well in digital banking and resolving the customers' quarries, greater attention is needed to strengthen customer service and relationship management.

11.1.2. Analysis of impact of perceived banking services towards customer retention in Private sector banks

The present study has attempted to examine the impact of perceived banking service dimensions on customer retention in private sector banks using multiple regression analysis. In order test the influence of independent variables on the dependent variable the following research model has developed.In order test the influence of independent variables on the dependent variable the following research model has developed.

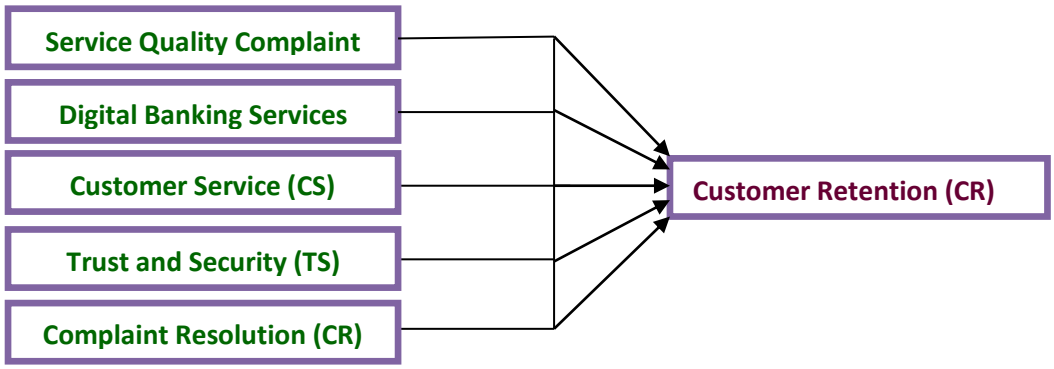


Table-4

Variable Map

S.No	Independent Variables		Dependent Variable
	Name of the Factor	Short Name	
1	Service Quality	SQ	Customer Retention
2	Digital Banking Services	DBS	
3	Customer Service	CS	
4	Trust and Security	TS	
5	Complaint Resolution	CRS	

The study has taken up five dimensions such as Service Quality (SQ), Digital Banking Service (DBS), Customer Service (CS), Trust and Security (TS), and Complaint Resolution (CRS) as independent variables, whereas Customer Retention (CRN) is treated as the dependent variable. Multiple Regression analysis is applied to determine the extent to which each banking service dimension influences customer retention and to identify the most significant contributors. The findings offer valuable insights into factors that influence to retaining customers with the same private sector banks in the competitive banking scenario.

Multiple Regression Analyses

Table-5

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.881[a]	.777	.773	.37019	2.707
a. Predictors: (Constant), CRS, CS, SQ, TS					
b. Dependent Variable: CRN					

The above table shows that the regression model has a strong fit. The correlation coefficient (R= 0.881) indicates a strong positive relationship between the independent variables [Complaint Resolution (CRS), Customer Service (CS), Service Quality (SQ) and Trust and Security (TS)] and the dependent variable (CRN). The R Square value of 0.777 indicates that 77.7% of the variation in CRN is explained by the predictors, while the remaining 22.3% is due to other factors not included in the model. The Adjusted R Square (0.773) is very close to the R Square value, suggesting that the model is stable and that the predictors contribute meaningfully without over fitting. The standard Error of the Estimate (0.37019) is relatively low, indicating good prediction accuracy with only small deviations between the observed and predicted values. The Durbin-Watson Statistic (2.707) is slightly above the bench mark value of 2, suggesting a possible tendency toward negative autocorrelation is the residuals, although the overall model demonstrates a good fit and strong explanatory power.

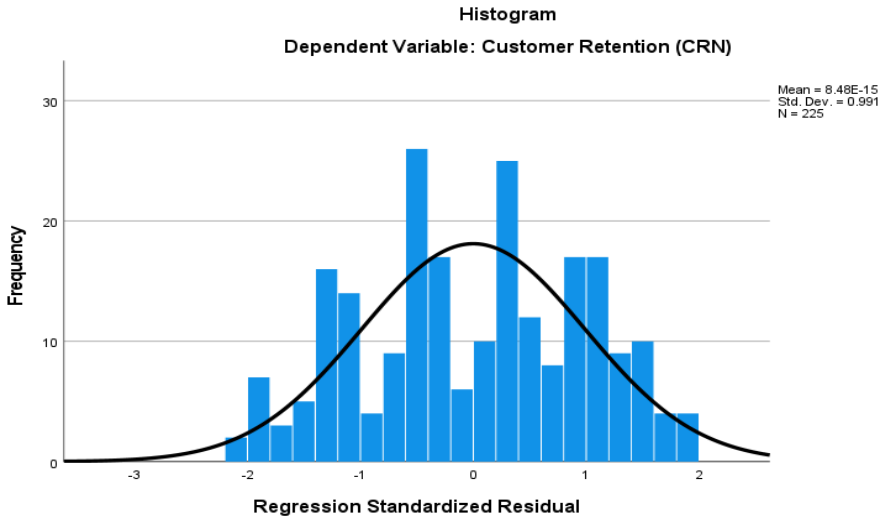
Table-6

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	105.034	4	26.258	191.608	.000[b]
	Residual	30.149	220	.137		
	Total	135.183	224			
a. Dependent Variable: CRN						
b. Predictors: (Constant), CRS, CS, SQ, TS						

A multiple regression analysis showed that the overall model was statistically significant, F (4,220) = 191.608, p<0.001, indicating that the predictors (SQ, CS, TS and CRS) jointly explained a significant proportion of the variance in Customer Retention (CRN). Therefore, it can be concluded that the ANOVA results confirm that the regression model is statistically significant, meaning that the combined effect of SQ, CS, TS, and CRS significantly predicts CRN. This supports the overall validity of the regression model and justifies proceeding with the interpretation of the regression coefficients.

Table-7
Multiple Regression Analysis
Relationship between a linear combination of the perceived banking services and customer retention

Coefficient Table						
Model		**Un Standardized Coefficients**		**Standardized Coefficients**	**t-value**	**Sig. p-value**
		β	**Std. Error**	**Beta**		
1	(Constant)	1.420	.141		10.062	.000
	SQ	-.123	.086	-.139	-1.426	.155
	CS	.790	.031	.835	25.593	.000
	TS	.251	.089	.308	2.832	.005
	CRS	-.291	.062	-.320	-4.666	.000
a. Dependent Variable: CRN						



- ***H₀:*** *Service Quality (F1) does not influence the Consumer Retention with the private sector banks.*

The service quality has a negative but statistically insignificant effect on customer retention (β = -0.123, t = -1.426, p = 0.155) and thus, **H₀** is accepted. This indicates that Service Quality does not significantly predict customer retention in the presence of the other variables included in the model.

- ***H_0: Customer Service (F3) does not influence the Consumer Retention with the private sector banks.***

Customer Satisfaction has a strong positive and statistically significant influence on customer retention (β = 0.790, Standardized Beta = 0.835, t = 25.593, p < 0.001) and hence, **H_0** is rejected. This implies that an increase in customer satisfaction significantly improves customer retention. Among all the predictors, Customer Satisfaction is the strongest determinant of customer retention.

- ***H_0: Trust and Security (F4) does not influence the Consumer Retention with the private sector banks.***

Trust and security has a positive and statistically significant effect on customer retention (β = 0.251, Standardized Beta = 0.308, t = 2.832, p = 0.005) and therefore, **H_0** is rejected. This suggests that higher trust and security contributes significantly to increased customer retention.

- ***H_0: Complaint Resolution (F5) does not influence the Consumer Retention with the private sector banks.***

Complaint Resolution Services have a statistically significant negative effect on customer retention (β = -0.291, Standardized Beta = -0.320, t = -4.666, p < 0.001). This negative coefficient indicates that, after controlling for the other variables, higher CRS scores are associated with lower customer retention. This finding may suggest that customers requiring more complaint resolution are less likely to remain loyal, or it may reflect issues with how the CRS variable is measured or coded. The result should therefore be interpreted carefully.

Estimated multiple regression equation

Customer Retention (CRN) = β0+β1(SQ) +β2 (DBS) +β3(CS) +β4(TS) +β5(CRS)

Customer Retention (CRN) = 1.420−0.123 (SQ) +0.790(CS) +0.251(TS) −0.291 (CRS)

The multiple regression analysis indicates that perceived banking services explain customer retention through several dimensions. *Customer Satisfaction* is the strongest positive predictor (β = 0.835), followed by *Trust and Security* (β = 0.308). Both variables significantly enhance customer retention. *Complaint Resolution Services* exhibit a significant negative relationship with customer retention, suggesting that greater complaint-related experiences may reduce customer loyalty or that the variable requires further examination. *Service Quality* does not significantly influence customer retention after accounting for the effects of the other predictors. Overall, the findings suggest that improving customer satisfaction and building customer trust are the most effective strategies for enhancing customer retention in the banking sector.

12. MAJOR FINDINGS

- Private sector banks demonstrate strong customer satisfaction in digital banking and complaint resolution, while customer service and relationship management remain the primary areas requiring improvement to enhance overall customer satisfaction.
- Customers are highly satisfied with digital banking platforms, particularly the user-friendliness of mobile banking.
- Service Quality does not significantly predict customer retention in the presence of the other variables included in the model.
- An increase in customer satisfaction significantly improves customer retention. Among all the predictors, Customer Satisfaction is the strongest determinant of customer retention.
- Trust and security has a positive and statistically significant effect on customer and contributes significantly to increased customer retention.
- Complaint Resolution Services have a statistically significant negative effect on customer retention and customers requiring more complaint resolution are less likely to remain loyal, or it may reflect issues with how the CRS variable is measured or coded.
- Overall, the findings suggest that improving customer satisfaction and building customer trust are the most effective strategies for enhancing customer retention in the banking sector.

13. SUGGESTIONS AND RECOMMENDATIONS

Based on your findings, here are three concise and relevant recommendations. Enhance customer satisfaction through personalized services, banks should strengthen relationship management by providing personalized financial advice, proactive customer support, and regular engagement to improve the overall banking experience and increase customer retention. Strengthen trust and security measures, banks should continue investing in advanced cyber security technologies, secure digital banking platforms, and transparent communication regarding data privacy to build customer confidence and encourage long-term loyalty. Improve complaint resolution processes and banks should focus on reducing the occurrence of customer complaints by improving service quality, resolving issues promptly, and implementing effective feedback mechanisms to address customer concerns before they affect retention.

14. CONCLUSION

The study concludes that perceived banking service dimensions play a significant role in influencing customer retention in private sector banks. The multiple regression analysis revealed that the overall model is statistically significant and explains 77.7% of the variation in customer retention. Among the predictors, customer satisfaction emerged as the strongest positive determinant of customer retention, followed by trust and security, both of which have a significant positive influence on customers' intention to continue banking with private sector banks. In contrast, service quality did not have a statistically significant effect when other variables were considered, while complaint resolution showed a significant negative relationship with customer retention, indicating the need for banks to minimize customer complaints and strengthen service recovery mechanisms. Overall, the findings suggest that private sector banks can improve customer retention by prioritizing customer satisfaction, enhancing trust and security measures, strengthening relationship management, and implementing more effective complaint resolution practices to foster long-term customer loyalty.

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