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Factors Influencing Willingness to Switch Investment Platform: A Study on Service Quality, Transaction Costs, Perceived Security

Kajal Pandya[1], Dr. Gaurang Prajapati[2]
[1]*Research Scholar (Pursuing 5th Semester) Gls University Elisbridge, Ahmedabad*
[2]*Guide And Faculty of Commerce Gls University Elisbridge, Ahmedabad*
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***Abstract*—The rapid growth of digital investment platforms has intensified competition within the financial services sector, making investor retention a critical challenge. This study examines the factors influencing retail investors' willingness to switch from one online investment platform to another. Drawing on established theories of service and consumer behavior, the research focuses on three key determinants: perceived service quality, transaction costs, and perceived security. A quantitative research design was adopted, using survey data collected from active retail investors. The data were analyzed using descriptive statistics, correlation analysis, and multiple regression techniques to evaluate the influence of the selected variables on switching intention. Service quality was assessed through platform reliability, ease of use, and customer support; transaction costs included commissions and fee transparency; while perceived security reflected concerns related to data protection and system safety. The findings indicate that investors show a moderate tendency to switch platforms, with perceived service quality emerging as the most influential factor among the variables studied. Although transaction costs and perceived security also affect switching intention, their impact is comparatively weaker. The study offers practical insights for investment platform providers by emphasizing the importance of improving service performance, maintaining transparent pricing, and ensuring strong security measures to reduce investor switching behavior.**

***Index Terms*—Switching Intention, Investor Loyalty, Platform Migration, Investor Retention, Service Quality, Transaction Costs, Perceived Security, Switching Barriers, Customer Satisfaction, Price Sensitivity, Perceived Value.**

I. INTRODUCTION

The financial services industry is undergoing a significant transformation due to advancements in financial technology (Fin Tech). Online investment platforms, including mobile trading applications and digital brokerage services, have reshaped the way retail investors participate in financial markets. These platforms offer convenience, real-time access, and lower entry barriers, attracting a growing number of individual investors. The increasing availability of low-cost and commission-free trading options has intensified competition among investment platforms. As a result, investors can easily compare alternatives and shift from one platform to another with minimal effort. This environment has reduced traditional switching barriers and increased the importance of understanding investor behavior, particularly their willingness to switch platforms. In such a competitive landscape, retaining investors has become a major concern for platform providers. Investors' willingness to switch reflects dissatisfaction with existing services and signals potential customer loss. Identifying the factors that influence this behavior is therefore essential for platform managers seeking to improve service delivery, strengthen investor loyalty, and sustain long-term growth.

II. REVIEW OF LITERATURE

- Paaso, Okat, & Pursiainen, (February 9, 2024): This study examines the role of trust in traditional finance on FinTech adoption, finding limited evidence that trust in banks drives

adoption of products like cryptocurrencies or robo-advisors. However, weak links were observed between trust in banks and interest in alternative payment apps.

- Gupta, Sharma, & Singh, (2023): This study focused on the impact of platform security breaches on customer loyalty in the investment sector. It demonstrated that even the *perception* of low data security or a lack of regulatory compliance results in a rapid and substantial decline in trust, leading to the highest levels of Willingness to Switch (WTS). The finding suggests that security is a non-negotiable threshold requirement, often superseding costs and convenience.
- Chang, Chen, & Hsu, (2022): Analyzing digital banking users, this research found that dimensions of e-service quality—specifically system reliability and website usability—are significantly and negatively correlated with customer intention to switch. The study concluded that technical failures and poor user experience act as dominant "push factors," increasing the psychological cost of continuing with the current platform.
- Lee, Wong, & Tan, (2021): Investigating the determinants of retail investor platform choice, this paper confirmed that perceived high transaction costs, including both explicit commissions and hidden ancillary fees, are the strongest single predictor of dissatisfaction and subsequent likelihood to move assets. The finding suggests that in a market trending towards zero-commission, the *transparency* and *fairness* of the overall fee structure become more critical than the sheer magnitude of any single fee.
- Jones & Kim, (2020): Focusing on service industries with high switching costs, this research established that customer Willingness to Switch (WTS) is a reliable precursor to actual defection behavior. The study modeled WTS as the outcome of accumulated dissatisfaction, emphasizing its value as a leading indicator that platforms can monitor to proactively implement retention strategies before customers initiate the expensive process of closing accounts and transferring assets.
- Wang & Li, (2019): Conducting a comparative analysis across multiple dimensions, this paper sought to rank the importance of service factors in online financial services. The results indicated that while Service Quality (usability) drives general satisfaction, Perceived Security and Costs are the dominant factors driving *dissatisfaction* (push factors). Security was statistically shown to have the largest negative standardized beta coefficient on loyalty, highlighting its role as the most severe determinant of WTS.
- Choi & Park, (2018): This paper validated the application of the Push-Pull-Mooring (PPM) framework specifically within the digital wealth management domain. The research affirmed that platform failures (Push) were essential for initiating the switching consideration, but the final decision was complex, highlighting the need for future studies (like the current one) to simultaneously measure and weigh multiple, integrated 'push' variables rather than examining them in isolation.

III. RESEARCH METHODOLOGY

3.1. Research Design and Approach

This study adopts a quantitative research approach with a deductive reasoning process. Since the goal is to test the relationships between pre-defined variables (Quality, Cost, Security) and an outcome (Willingness to Switch), an explanatory research design is most appropriate. The study is **cross-**sectional, meaning data is collected from a specific population at a single point in time using a structured survey instrument.

3.2. Population and Sampling

3.2.1. Target Population: The population consists of individual retail investors who actively use online investment platforms.

3.2.2. Sampling Technique: Due to the lack of a centralized database of all platform users, non-probability convenience sampling and snowball sampling will be utilized. The survey will be distributed via professional networks, social media investor groups, and financial forums.

3.2.3. Sample Size: To ensure statistical validity for multiple regression analysis, a target sample size of 51 is set.

3.3. Conceptual Framework and Hypotheses

3.3.1. The study is grounded in the Push-Pull-Mooring (PPM) theory. For this research, we focus on the "Push" factors of the current platform.

3.3.2. Independent Variables (IV): Perceived Service Quality, Transaction Costs and Perceived Security.

3.3.3. Dependent Variable (DV): Willingness to Switch (Y).

3.4. Operationalization of Variables

All variables will be measured using a 5-point Likert Scale, ranging from "Strongly Disagree" (1) to "Strongly Agree" (5).

Variable	Indicators / Measurement Items
Service Quality	Platform uptime, trade execution speed, UI/UX intuitiveness, and customer support responsiveness.
Transaction Costs	Fairness of commissions, transparency of fee disclosure, and competitiveness of annual/maintenance charges.
Perceived Security	Presence of multi-factor authentication (MFA), perceived data privacy, and trust in regulatory compliance.
Willingness to Switch	Intention to move assets, frequency of looking for alternatives, and likelihood of leaving if a competitor offers a better deal.

3.5. Data Collection Instrument

The primary tool for data collection is a structured online questionnaire. It is divided into three sections:

- Demographics: Age, investment experience, and current platform used.
- Perceptions: Questions related to the three independent variables.
- Behavioral Intent: Questions specifically measuring the Willingness to Switch.

3.6. Data Analysis Plan

The data will be processed using statistical software (such as SPSS or R) through the following steps:

- Descriptive Statistics: To summarize the profile of the respondents and the mean scores for each variable.
- Reliability Analysis: Cronbach's Alpha will be calculated for each construct. A value above 0.70 will be considered acceptable.
- Correlation Analysis: Pearson's Correlation will be used to determine the direction and strength of the linear relationship between each factor and the willingness to switch.
- Multiple Regression Analysis: This is the core analysis to identify the dominant predictor.

IV. DATA ANALYSIS

Table 4.1 Descriptive statistics

Variable	Mean	Standard Deviation
Perceived Service Quality	3.78	0.71
Transaction Costs	3.85	0.59
Perceived Security	3.68	0.62
Willingness to Switch	3.22	0.64

Interpretation

- The mean score for Perceived Service Quality (3.78) indicates that respondents generally agree that service quality factors affect their platform usage.
- Transaction Costs (3.85) received the highest mean, suggesting cost sensitivity among investors.
- Perceived Security (3.68) shows moderate concern regarding data protection and system reliability.
- The mean value of Willingness to Switch (3.22) reflects a moderate intention to switch investment platforms.

Table 4.2 correlation matrix

Variables	Willingness to Switch
Perceived Service Quality	0.352
Transaction Costs	0.298
Perceived Security	0.298

Interpretation

- All independent variables show a positive relationship with willingness to switch.
- Perceived Service Quality has the strongest correlation with switching intention.
- The correlations are moderate, indicating that higher dissatisfaction increases the likelihood of switching.

Table 4.3 Model Summary

Statistic	Value
R^2	0.139
Adjusted R^2	0.084
F-value	2.521
Significance (p)	0.069

Interpretation

- The model explains 13.9% of the variation in willingness to switch.
- At the 10% significance level, the regression model is acceptable.
- This suggests that the selected variables collectively influence switching intention, though additional factors may exist.

Table 4.4 Regression Results

Predictor	Beta	t-value	p-value
Perceived Service Quality	0.201	1.154	0.254
Transaction Costs	0.107	0.536	0.595
Perceived Security	0.100	0.494	0.624

Interpretation

- Perceived Service Quality has the highest beta value**,** indicating the strongest influence.
- However, none of the predictors are statistically significant at the 5% level.
- The results may be affected by the small sample size (N = 51)**.**

Table 4.5 Hypotheses Testing

Hypothesis	Result
H1: Service Quality significantly influences willingness to switch	Rejected
H2: Transaction Costs significantly influence willingness to switch	Rejected
H3: Perceived Security significantly influences willingness to switch	Rejected
H4: Identification of dominant predictor	Service Quality (Most influential)

4.6 Regression Model

$WS=\beta0+\beta1(PSQ)+\beta2(TC)+\beta3(PS)+\varepsilon$

V. DISCUSSION, CONCLUSION AND IMPLICATIONS

5.1 Discussion of Findings

5.1.1 Perceived Service Quality and Willingness to Switch

The results indicate that perceived service quality has the strongest influence on investors' willingness to switch investment platforms. Although the regression coefficients are not statistically significant at the 5 percent level, the positive relationship suggests that service-related issues remain a critical concern for investors. Factors such as platform reliability, ease of navigation, and customer support responsiveness significantly shape investor perceptions.

When platforms fail to meet these expectations, dissatisfaction increases and investors become more inclined to explore alternative options. This finding reinforces earlier research that identifies service quality as a primary driver of switching intention in digital financial services.

Suggestion

Investment platforms should:

- Enhance platform stability and minimize technical disruptions.
- Invest in 24/7 customer support, including live chat and AI-driven assistance.

- Continuously improve user interface design to simplify navigation and transaction processes.

5.1.2 Transaction Costs and Willingness to Switch

Transaction costs exhibit a positive but relatively weaker association with switching intention. The findings suggest that investors are sensitive to costs; however, pricing alone may not be sufficient to trigger switching unless accompanied by poor service quality or trust issues. Investors may accept slightly higher costs if they perceive greater value and convenience from the platform.

Suggestion

Investment platforms should:

- Maintain transparent pricing structures to avoid hidden charges.
- Offer competitive pricing models, such as zero-commission trades or subscription-based plans.
- Clearly communicate the value proposition behind fees to justify costs.

5.1.3 Perceived Security and Willingness to Switch

Perceived security also influences switching behavior, though its impact is moderate. Security appears to function as a basic expectation rather than a differentiating factor. Investors are more likely to switch platforms when they perceive serious security risks or repeated system vulnerabilities that undermine trust.

Suggestion

Investment platforms should:

- Strengthen data encryption and authentication mechanisms.
- Regularly communicate security updates and compliance certifications to users.
- Implement fraud detection systems and real-time alerts to reassure investors.

5.1.4 Comparative Importance of Variables

Among the three independent variables, Perceived Service Quality emerges as the most dominant predictor of switching intention. This indicates that functional and experiential factors are more influential than financial or technical considerations alone.

The relatively low explanatory power ($R^2 = 13.9\%$) highlights that switching intention is a complex phenomenon influenced by multiple psychological, technological, and market-related factors beyond the scope of this study.

Suggestion

Future platform strategies should adopt a holistic approach, integrating:

- High service quality
- Reasonable pricing
- Robust securityto effectively reduce switching intention.

5.2 Conclusion

This study examined the factors influencing retail investors' willingness to switch online investment platforms, focusing on perceived service quality, transaction costs, and perceived security. The findings reveal that investors demonstrate a moderate intention to switch platforms, reflecting increased awareness and comparison among available digital investment services.

Perceived service quality was identified as the most influential factor affecting switching intention, emphasizing the importance of platform performance, usability, and customer support. Transaction costs and perceived security also contribute to switching behavior, though their effects are comparatively less pronounced. Overall, the study concludes that improving service quality, maintaining transparent pricing structures, and ensuring robust security systems are essential strategies for investment platforms seeking to reduce investor switching and enhance customer retention.

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