

**MODERATING EFFECTS OF CUSTOMER PROFITABILITY  
IN THE RETAIL BANKING SERVICES SECTOR**

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*Abstract*

*Unlike many Western countries where retail banking markets can be characterised by long-term customer relationships with their chosen banks, customers in Eastern Europe are ready to collaborate with several banks at the same time or switch to a different retail banking service provider more frequently. Thus, the retail banking market in Eastern Europe faces new challenges in terms of customer loyalty. In this study, we test the commitment – customer loyalty link in the retail banking market across three customer groups segmented on the basis of customer profitability in an Eastern European country. Our results suggest a positive effect of commitment on loyalty in all three different customer segments and we find that customer profitability moderates the commitment - loyalty relationship in the context of retail financial services.*