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The Dark and Bright Side of UBO Transparency: Switching Potential, Product Cannibalism, and Sales Performance in the Banking Industry

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Abstract

Objective – This study investigate the dual effects of Ultimate Beneficial Ownership transparency on managerial perceptions and banks performance within multi – bank ownership structures. Specifically, the research examines how UBO transparency shapes perceived switching potential, product cannibalism potential and bank sales performance, highlighting both the bright and dark sides of ownership disclosure in the banking sector.

Design/methodology/approach – A quantitative, cross sectional survey is conducted involving 121 managerial level employee from Indonesian commercial banks operating under shared ownership groups. Using Partial Least Square SEM, the study assessed the measurement model and tested the structural relationship between UBO transparency, perceived switching potential, product cannibalism potential and sales performance.

Findings – The result reveal a dual mechanism of UBO transparency. On the hand, transparency significantly increase perceived switching potential, suggesting that ownership visibility may enhance the customers' sense of substitutability across affiliated banks. On the other hand, transparency significantly reduce perceived product cannibalism indicating that improved clarity roles across related institutions. Additionally, perceived switching potential positively influence the sales performance, while product cannibalism potential negatively affects affects it.

Research limitations/implications – The cross sectional design and relies solely on managerial perception, limiting the causal inference and potentially introducing perceptual bias. The sample is restricted to Indonesian banks under share ownership, may limit the generalizability.

Practical implications – The findings underline the need for banks to strategically manage the UBO transparency, ensuring that ownership is accompanied by clear differentiation strategies across affiliated brands.

Originality/value – This study is among the first to integrated the governance transparency, managerial perception and customer related outcomes into a unified framework in the banking context. It extends Agency Theory and Signaling Theory by demonstrating that UBO transparency produces simultaneous bright and dark effects, including competitive perception which unexplored in ownership transparency literature.

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INTRODUCTION

Phenomena Background

In recent years, the Indonesian banking sector has undergone significant changes, both in terms of industry structure and operational arrangements. Accelerating digital transformation, increasing competition and increasingly stringent regulatory oversight have pushed banks to adapt their strategies and business models. While the industry's overall performance remains resilient as evidenced by relatively stable capital adequacy and maintained credit growth various issues related to governance and transparency have begun to surface. One phenomenon that gas garnered public attention is existence of several banks operating under different names and brand identities but ultimately under the control of the same ultimate beneficial owner (UBO). While this ownership configuration does not violate regulations, it raises questions about the level of healthy competition, consistency of corporate strategy and customer perception in an industry as reliant on trust as banking.

The growing emphasis on Ultimate Beneficial Ownership (UBO) transparency reflects a push by regulators and institutions to reduce opaque corporate control structures and strengthen accountability in financial institutions. In Indonesia, recent regulations require banks to disclose the individuals who ultimately hold control, even if that ownership is layered across complex legal entities. From a governance perspective, this disclosure is expected to strengthen oversight, mitigate agency problems, and support regulatory enforcement. However, transparency does not operate in isolation; its impact is influenced by stakeholder interpretations, market expectations, and strategic circumstances, all of which can have both positive and negative consequences for banks.

This situation presents what could be described as both the bright and dark sides of ownership transparency. On the positive side, clear disclosure of UBOs can strengthen a bank's legitimacy, reduce information gaps, and foster customer trust a crucial foundation for the long-term performance of the financial sector. Conversely, transparency can also reveal concentration of control, overlapping ownership interests, or strategic inconsistencies among banks within a group. When customers learn that seemingly independent banks are actually under the same ownership, they may reassess the extent to which their products and services are truly differentiated. This awareness can influence their desire to switch banks or create the perception of internal competition or product cannibalization within the group. Thus, transparency intended to reassure customers can, under certain circumstances, fuel doubts or increase market skepticism.

Previous research provides important insights into the consequences of ownership transparency and disclosure of ultimate beneficial owners, although findings are nuanced. Studies in corporate governance and accounting suggest that clearer ownership structures can strengthen oversight mechanisms, reduce agency costs, and enhance firm value (Sadiq & Abdelhalem Gebba, 2022). On the other hand, research on beneficial ownership regimes highlights the ongoing challenges of identifying who truly controls a company and aligning disclosure mechanisms with risk-based oversight. These findings suggest that transparency initiatives sometimes expose structural vulnerabilities more than they directly address (Crama et al., 2021). More recent governance literature also notes that the impact of transparency is strongly influenced by how stakeholders interpret and respond to disclosed information, which can lead to reactions that are not always aligned with the original intent (Ejiogu et al., 2025).

Despite the growing body of research on ownership disclosure, empirical evidence directly linking UBO transparency to customer-related outcomes and sales performance in the banking sector remains limited, particularly in developing countries. Existing research generally focuses on regulatory compliance, financial integrity, or corporate performance indicators, leaving little explanation for how UBO transparency influences managers' perceptions of potential customer switching or the likelihood of product cannibalization within a banking group. To address this gap, this study examines how disclosure about ultimate beneficial owners influences potential switching, product cannibalization, and bank sales performance. By integrating governance theory with behavioral and strategic perspectives, this study provides a broader understanding of how ownership transparency functions not only as a governance mechanism but also as a market signal in the modern banking system.

Research Gap

Recent international research increasingly positions ultimate beneficial ownership (UBO) transparency as a crucial element in strengthening corporate governance and regulatory enforcement. Most previous studies view UBO disclosure as a policy instrument designed to curb illicit financial flows, improve supervisory effectiveness, and strengthen institutional accountability. For example, Amberger et al. (2025) show that mandatory ultimate beneficial ownership disclosure regimes can alter cross-border investment patterns by increasing scrutiny and compliance costs for opaque ownership structures. While these findings highlight the impact of ownership transparency at the macro level, existing research provides limited understanding of how UBO disclosure influences competitive dynamics at the firm level and how managers interpret these conditions particularly in service industries like banking, where trust, service differentiation, and customer switching behavior are crucial factors.

In line with these developments, business and governance experts emphasize that transparency does not always produce positive or uniform impacts. Ejiogu et al. (2025) argue that disclosure of ultimate beneficial ownership often creates what they call translucent transparency, a situation where increased information visibility is accompanied by ambiguity and confusion among stakeholders. Their findings suggest that while transparency can strengthen an institution's legitimacy, it can also create interpretive uncertainty for those attempting to understand the information. However, these studies remain largely conceptual and often focus on high-risk industries, thus providing little explanation for the impact of transparency on the competitive dynamics of increasingly competitive financial services.

At the same time, the banking literature on customer switching behavior has grown rapidly, identifying service quality, price, perceived value, and technological convenience as key factors influencing switching intentions (Clemens et al., 2018; Hossain et al., 2021). While trust and credibility have long been viewed as crucial elements of the bank-customer relationship, governance signals such as ownership transparency are rarely incorporated into switching models. Consequently, it is unclear whether increased visibility of ownership structures ultimately reduces switching risks by strengthening trust, or conversely increases the potential for switching by highlighting strategic overlap or instability within banking groups.

Similarly, research on product cannibalism has largely evolved within marketing and innovation management, where cannibalism is framed as an internal trade-off arising from product proliferation or multichannel strategies (Homburg et al., 2019). Within banking research, cannibalism is typically examined indirectly through digital channel substitution rather than as a customer oriented phenomenon. More importantly, existing studies do not account for situation in which multiple banks operate under the same ultimate beneficial owner, a context in which customers may interpret overlapping offerings as evidence of internal competition or diluted strategic focus. This omission leaves a critical gap in understanding how ownership transparency shapes perceived product cannibalism in financial services.

Overall, prior international studies tend to examine the ownership transparency, switching behavior, product cannibalism, and performance outcomes in isolation. There is a notable absence of integrative frameworks that explain how UBO transparency functions as a strategic signal influencing customer perception and ultimately bank sales performance. In particular, the literature has not sufficiently addressed the possibility that UBO transparency produces both bright side such as enhanced legitimacy and trust and the dark side such as heightened switching potential and cannibalism perception. Addressing this gap, the present study develops a unified model linking ultimate beneficial owner transparency, perceived switching potential, perceived product cannibalism potential, and bank sales performance, thereby extending governance and banking research by connecting disclosure practices to customer behavior and market outcomes in an emerging economy context.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Agency Theory in the Context of UBO Transparency and Banking Performance

Agency theory provides a strong foundation for examining the role of ultimate beneficial owner (UBO) transparency in mitigating governance issues arising from the separation of ownership and control in modern corporations. Consistent with Jensen & Meckling (1976), agency conflicts arise when managers possess information advantages and potentially pursue goals that deviate from the principals interest, thereby incurring agency costs. In the banking industry, with its complex organizational structure, and regulatory oversight, this tension is often more pronounced, making ownership transparency a crucial governance instrument.

From an agency perspective, UBO disclosure mitigates information asymmetry by clarifying the ultimate controller and the recipient of residual rights. Recent empirical evidence suggests that transparency in ownership structures strengthen oversights and limits opportunities for managerial opportunism (Amberger et al., 2025). By publicly identifying the ultimate beneficial owner of financial institutions, UBO disclosure reduce the room for self – serving strategies that could potentially erode long – term value, thereby enhancing alignment between managerial action and shareholder interest. (Amberger et al., 2025).

However, agency theory also recognizes that governance mechanisms can have unforeseen consequences when ownership structures become more visible. If multiple banks are under the same UBO, transparency can reveal overlapping strategic initiatives for example, similar product portfolios or market positions among affiliated entities. From the principal's perspective, this similarity may reflect portfolio efficiency; but to external parties, it could be interpreted as unproductive internal competition or strategic redundancy. Ejiogu et al. (2025) characterize this situation as a “translucent” outcome: visibility increases, but clarity about strategic intent does not always adequately follow.

Within an agency framework, such overlap can be interpreted as a coordination problem at the principal level: concentrated owner portfolio strategies can trigger tensions between affiliates. Without careful governance, such similarity blurs brand boundaries and creates perceptions of internal cannibalization even when managers act in accordance with shareholder mandates. This means that adverse outcomes stem not solely from managerial opportunism, but also from misalignment between strategic choices at the ownership level and how the market interprets those strategies (Amberger et al., 2025).

This dynamic extends beyond internal efficiency to customer behavior and sales performance. While agency theory typically focuses on financial outcomes, recent governance research shows that ownership transparency can strengthen stakeholder trust a crucial factor in financial services, where perceptions of stability and accountability underpin market confidence (Amberger et al., 2025). When customers perceive an open and well-governed ownership structure, perceived agency risk decreases; consequently, uncertainty and the incentive to switch providers are mitigated. Conversely, visible common ownership without clear strategic differentiation can potentially raise concerns about intra-group competition, increase switching tendencies, and ultimately depress sales performance.

In summary, agency theory provides an economic rationale for viewing UBO transparency as a double-edged governance tool in the banking industry. On the one hand, disclosure lowers agency costs and improves alignment between principals and agents; on the other hand, it can uncover overlapping strategies that require cross-entity coordination to avoid negative market valuations. By fostering trust, perceived stability, and strategic coherence, UBO transparency plays a key role in bank customer retention and sales performance placing agency considerations at the center of governance-driven market outcomes.

Signaling Theory and Its Application to UBO Transparency and Banking Outcomes and Banking Performance

Signaling Theory explains how better-informed parties transmit observable signals to less-informed parties to mitigate information asymmetries and guide decision-making (Connelly et al., 2011). In markets where important company attributes such as governance quality or strategic orientation are not readily apparent, signals play a central role in shaping stakeholder perceptions and subsequent behavioral responses. This perspective is widely used in marketing and strategy research to interpret how various dimensions of transparency communicate organizational attributes to external audiences. When transparency is explicitly disclosed, these signals can convey messages about credibility, capability, and strategic intent elements that stakeholders use to evaluate a company. For example, brand transparency in marketing communications enhances perceptions of brand integrity and trustworthiness, which in turn drive subsequent behavioral intentions such as loyalty and future engagement (Cambier & Poncin, 2020). Thus, transparency serves not simply as raw information but as a signal that stakeholders interpret to infer quality, reliability, and strategic orientation.

In the banking context, UBO transparency can be positioned as both a governance and strategic signal. Given that ownership structures tend to be complex and not easily observable by customers, UBO disclosure acts as a deliberate signal sent by banks to the market to convey credibility and reduce uncertainty. When customers perceive clear and credible ownership information, they are more likely to infer commitment to legitimate governance, lower risk, and strategic accountability; this interpretation aligns with general evidence that transparency enhances trust and constructive engagement (Cambier & Poncin, 2020).

Signaling Theory also emphasizes that the meaning of signals depends on the context and characteristics of the information conveyed. Not all transparent disclosures are perceived positively. Under certain circumstances, clarity regarding common ownership can actually highlight overlap when multiple entities under the same UBO offer similar product portfolios, leading stakeholders to assess potential product cannibalization, weak strategic differentiation, or inefficient resource allocation. This interpretation is consistent with studies showing that transparency influences how stakeholders construct mental representations of strategic quality and coherence, rather than simply reducing informational uncertainty (Sansone et al., 2023).

The perceptions formed by these signals have direct implications for behavioral intentions, including switching propensity. Consumer behavior research shows that transparency influences not only perceptions of integrity but also future intentions and trust. For example, transparency and self-disclosure strategies in digital marketplaces have been shown to increase perceptions of corporate responsibility and trust, which in turn increase purchase intentions (Sun et al., 2025). Similarly, when UBO transparency signals stable and credible governance, customers are less likely to switch because trust is increased and uncertainty is reduced. Conversely, when transparency signals are interpreted as ambiguous or too layered/overlapping, customers may perceive the bank as less differentiated and easily substituted, thus increasing the potential for switching.

Empirical findings also support the link between transparency signals and market performance, suggesting that when strategic transparency aligns with stakeholders' interpretations of integrity and quality, a positive impact on performance can be achieved (Cambier & Poncin, 2020; Sun et al., 2025). Therefore, Signaling Theory provides a coherent mechanism to explain how UBO transparency conveys information to customers, shapes perceptions about potential switching and cannibalization, and ultimately influences bank sales performance.

The Relationship between UBO Transparency and Perceived Switching Potential

In an increasingly competitive and information-rich banking landscape, ownership transparency is a key determinant of how customers evaluate institutions and their likelihood of switching to competitors. From a managerial perspective, disclosure of ultimate beneficial ownership (UBO) serves as a strategic mechanism that signals governance integrity, accountability, and strategic stability to stakeholders in line with efforts to reduce information asymmetry, a key source of customer uncertainty (Spence, 1973).

A growing body of research indicates that transparent organizational communication enhances perceptions of credibility and trust two crucial prerequisites for behavioral intentions such as loyalty and retention in service contexts. In the marketing literature, for example, transparent brand disclosure (including cost and production process information) has been shown to strengthen perceptions of authenticity and trustworthiness, which in turn drive more positive behavioral intentions toward the brand (Yang & Battocchio, 2021). In the financial context, increased information transparency is also associated with increased stakeholder trust and decreased risk perception mechanisms that restrain customers' inclination to switch providers. While many studies focus on financial well-being or information sharing, a common thread is that transparency reduces uncertainty, a key factor in switching decisions (Sansome et al., 2025).

Viewed through the lens of signaling and behavior, UBO disclosure acts as a strategic signal that reduces perceived risk and builds confidence in the institution. Evidence outside the banking sector suggests that clarity and transparency in corporate signals improve consumer attitudes and trust, which generally results in a reduced desire to switch to alternative providers (Yang & Battocchio, 2021). Applied to banking, when customers clearly understand who holds ultimate control and residual rights, they tend to interpret this as evidence of governance stability and reduced hidden risks two factors that suppress switching intentions.

However, discrepant findings also warrant scrutiny. Several studies caution that additional information does not automatically reduce switching and may not directly impact behavioral intentions without the presence of moderators such as satisfaction or perceived value (Ng & Wolfs, 2025). Similarly, while trust and satisfaction influence switching intentions, transparency alone has not consistently shown a direct effect unless combined with service quality or perceived benefits (Renming et al., 2024). These findings confirm that the influence of transparency on switching potential is conditional, not universal.

Overall, international evidence continues to highlight the strategic value of transparency in strengthening trust and lowering perceived risk, thereby reducing turnover. Proactive disclosure of UBOs allows bank managers to signal long-term commitment to mitigate uncertainty. Based on this mixed but generally supportive evidence, we propose the following hypotheses for empirical testing.

H1: UBO transparency is negatively associated with perceived switching potential

The Relationship between UBO Transparency and Product Cannibalism Potential

When a banking group markets multiple products especially when the affiliated entities share the same ultimate beneficial owner (UBO) customers often find it difficult to differentiate between the available offerings. This ambiguity fosters the perception that products overlap and compete for the same demand, blurring strategic differentiation and risking cannibalization within the bank's portfolio.

Marketing research on cannibalization shows that feature similarity and less explicit positioning influence how consumers evaluate one offering relative to others in the portfolio. Recent empirical evidence confirms that the greater the feature similarity between two products, the more likely consumers are to substitute, increasing the risk of cannibalization (Sezen et al., 2024). In consumer packaged goods, for example, line extensions with highly similar attributes tend to erode sales of core products, suggesting that internal similarity increases the opportunity for substitution within the same brand (Sezen et al., 2024).

In the banking context, ownership transparency can be a tool that clarifies customers' understanding of the strategic relationships between related products. From a signaling perspective, explicit disclosure for example, published UBO information communicates organizational coherence, strategic intent, and structural alignment to stakeholders (Friske et al., 2023). With clearer ownership signals, customers are better able to discern whether products are

designed to complement or simply overlap, thereby reducing perceptions of cannibalization.
Conversely, when UBO transparency is low, customers may perceive many similar products as substitutes without differentiation an issue that is increasingly crucial in the banking sector, where product differentiators are often subtle and technical. Consumer behavior findings confirm that substitution decisions hinge on perceived similarity; if differentiation is unclear, options appear interchangeable (Sezen et al., 2024). In practice, this lack of transparency often leads to confusion about the role and purpose of each product, leading customers to assume the offerings compete within rather than meet distinct needs. Conversely, transparent signals such as UBO disclosure facilitate more accurate categorization, make it easier for customers to perceive differences in value propositions, and mitigate perceptions of cannibalization.
Overall, these arguments imply that greater visibility of ownership structure reduces the likelihood that customers perceive bank products as internal competitors. Transparency strengthens perceived differentiation and, through this channel, moderates the risk of cannibalization. Building on this foundation, we propose the following hypotheses for empirical testing.
H2: UBO transparency negatively associated with product cannibalism potential

The Relationship between Perceived Switching Potential and Sales Performance
Perceived switching potential refers to customers' subjective assessments of their chances of switching from their current bank to another provider. In the banking sector, this perceived probability of defection has direct implications for performance indicators from sales performance, cross-selling success, customer equity, to long-term profitability. Strategically, when switching potential is high, banks face increased risk of churn, decreased customer lifetime value, and increased acquisition costs all pressures that undermine financial performance and sales.
Extensive literature shows that intention to leave a service provider is not only a reliable precursor to switching behavior but also a prospective indicator of company performance. Positive customer attitudes such as satisfaction and loyalty generally increase revenue stability, strengthen market position, and improve financial indicators; conversely, decreased satisfaction accompanied by increased switching intentions disrupts repeat purchasing patterns and lowers customer lifetime value, thereby limiting sales growth opportunities (Anderson et al., 2023). In other words, high switching potential erodes the same pathways through which customer attitudes contribute to performance.
Evidence from banking and similar service industries supports this view: managers' assessments of customer turnover propensity are generally negatively associated with commercial outcomes. Increased turnover intentions are often accompanied by declines in repeat purchase rates and product adoption, which directly depress sales and increase acquisition costs over time (Su et al., 2024). In financial services, turnover propensity typically signals a weakening bank-customer relationship and is associated with reduced transaction activity and service usage, ultimately leading to lower sales performance and profitability (Su et al., 2024).
However, the relationship between turnover intentions and performance is not always linear. Several studies have shown that turnover intentions tend to influence outcomes through relational constructs such as perceived service quality, engagement, or satisfaction rather than acting on them independently (Rawis et al., 2025). Systematic reviews of switching behavior also confirm that the ultimate impact depends on managerial responses: companies that address churn signals with improved service experiences, relationship-strengthening initiatives, or targeted cross-selling can mitigate or halt performance declines (Rawis et al., 2025).
In the banking context, these findings suggest that perceived switching potential serves both as an early indicator of weakening sales prospects and as a strategic cue for timely intervention to maintain or improve performance. Based on this diverse but operational evidence, we propose the following hypotheses for empirical testing.
H3: Perceived switching potential is negatively associated with bank sales performance

The Relationship between Product Cannibalism Potential and Sales Performance

The potential for product cannibalization refers to a managerial assessment that offerings within a single company attract overlapping customer demand, redistributing sales across products rather than expanding total sales. International research in marketing and operations shows that when products are perceived as highly comparable, internal substitution becomes more prominent and incremental sales decline.

Empirical evidence confirms that feature similarity amplifies the cannibalization effect and weakens sales at the brand level because customers switch between options within a company's portfolio, rather than generating new demand (Sezen et al., 2023). Findings on assortment and portfolio growth also suggest that excessive product proliferation can increase internal competition, complicate operations, and accelerate demand shifts between related offerings ultimately limiting sales growth and net income (Menezes & Pinto, 2022). Studies on demand transitions during product rollover have found similar phenomena: cannibalization creates instability and downward pressure on aggregate sales as customers shift purchases to similar products (Chen et al., 2024).

This pattern aligns with the literature on line extension and assortment decisions: when differentiation is inadequate, new products tend to draw sales from existing products rather than drive market expansion. If internal value propositions overlap significantly, organizations typically experience diminishing returns from portfolio expansion, resulting in reduced sales effectiveness (Sezen et al., 2023). Analytical studies have observed a similar trend: initial interest can wane and long-term contribution is limited when substitution effects outpace demand generation (Menezes & Pinto, 2022).

However, international studies also acknowledge that cannibalization does not always result in sales losses. Under certain conditions, internal substitution can be offset if the new product captures more market share from external competitors than from internal lines; even potentially cannibalistic entries can generate positive net sales if they successfully draw customers away from competing brands (Jayarajan et al., 2018). The consequences of cannibalization are also influenced by portfolio structure, differentiation choices, and managerial coordination, allowing companies to manage or neutralize its impact in specific contexts (Sezen et al., 2023). Furthermore, research using an analytical/algorithmic approach shows that targeted pricing, positioning, and segmentation strategies can balance potential losses so that total revenue does not automatically decline (Xu, 2025).

Despite these nuances, the dominant view in the international marketing and strategy literature holds that when the potential for cannibalization is high and differentiation is limited, the most likely outcome is a decline in sales performance. This pattern is particularly relevant in the banking sector, where multiple financial products under a single institutional umbrella target similar customer segments, thus triggering substitution rather than demand expansion. Building on this converging yet diverse evidence, we propose the following hypotheses for empirical testing.

H4: Product cannibalism potential is negatively associated with bank sales performance.

RESEARCH METHODS

Research Design

This study employed a quantitative, cross-sectional survey design to test the proposed relationships among cons This study uses a quantitative approach with a cross-sectional survey design to examine the relationship between UBO transparency, product cannibalization potential, perceived switching potential, and bank sales performance. A quantitative approach is appropriate for testing theory-based hypotheses and allows for estimation of the magnitude and direction of relationships between several latent constructs through statistical modeling. Data collection at a single point in time provides a consistent snapshot of managers' views on ownership clarity, internal product overlap, customer switching behavior, and sales outcomes in the banking sector.

Population and Sampling Technique

The study population includes managerial-level employees at commercial banks under a joint ownership structure, particularly those connected to the same UBO. To ensure the relevance and accuracy of the information, only respondents with 5 years or more of experience in the banking industry were included, providing participants with adequate exposure to strategic decision-making processes, product portfolio management, and customer behavior patterns. The study specifically targeted managers directly involved in revenue and customer management functions (e.g., Relationship Managers, Priority Banking Managers, Commercial Banking Managers), as these positions are most frequently exposed to issues of customer turnover, product overlap, and sales performance in daily operations. A purposive sampling technique was used to select respondents who met the criteria. To strengthen internal validity and maintain proportions, the sample was balanced across these three managerial functions. Data collection was conducted in banking hub cities that house multiple banks under the same ownership, with intense competition, complex ownership networks, and a higher opportunity for managers to directly experience UBO transparency issues and the potential for cannibalization between affiliates.

Instruments and Measurement

The structured questionnaire included a multi-item reflective scale adapted from reputable international studies and tailored to the banking context. All variables were assessed using a seven-point Likert scale. UBO transparency was measured through items addressing the clarity, accessibility, and managerial implications of ownership disclosure. Product cannibalization potential reflects managers' assessments of the overlap and degree of substitution between products within the same bank group. Perceived switching potential captures managers' expectations regarding the likelihood of customers switching between affiliated banks or to competitors. Bank sales performance was assessed using subjective indicators common in managerial surveys (e.g., perceived revenue growth, sales target achievement, and cross-selling success) when objective data were not available.

Specifically, the UBO transparency construct is developed by adapting governance transparency and ownership disclosure dimension proposed by Amberger et al. (2022), Crama et al. (2021). and Ejiogu et al. (2025). The Perceived Switching Potential construct is adapted from customer switching behavior studies conducted by Clemens et al. (2018), and Gan et al. (2019). The Product Cannibalism Potential construct is adapted from the product cannibalization literature developed by de Giovanni & Ramani (2018), Homburg et al. (2019) an Jayarajan et al. (2018). Finally, Bank Sales performance is measured using subjective organizational performance indicators adapted from Venkatraman & Ramanujam (1986) and subsequently refined following organizational performance measurement approach suggested by Anderson et al. (2004).

Data Collection and Analysis

Data were collected primarily through online distribution using professional networks, managerial communities, and digital platforms commonly accessed by banking staff. Participation was voluntary, with an emphasis on anonymity and confidentiality to minimize social desirability bias and encourage honest responses. Data analysis used Partial Least Squares Structural Equation Modeling (PLS-SEM), appropriate for predictive research with many latent constructs and effective in medium sample sizes. The analytical process included (1) evaluation of the measurement model (internal consistency, convergent validity, discriminant validity) and (2) assessment of the structural model (path coefficients, apparent power, and predictive relevance).

Research Ethics and Limitations

All respondents provided informed consent, and no personally identifiable data was collected. While the cross-sectional design and use of self-reports have limitations, the researchers addressed these through careful sampling procedures, tested instruments, and rigorous analytical procedures.

Operational Definition

UBO transparency refers to the extent to which a bank makes information about controlling parties visible, accessible, and understandable to stakeholders. In this study, the construct is measured through managers' assessments of (i) the clarity of ownership disclosures, (ii) the ease of access to such information, and (iii) the applicability of the information to decision-making practices. Conceptually, greater transparency is expected to reduce uncertainty related to control and accountability. Based on Agency Theory, clear ownership disclosure reduces information asymmetry by revealing who holds ultimate control and bears residual risk (Jensen & Meckling, 1976; Jensen, 1986). Recent research also shows that transparency serves as a market signal shaping perceptions of governance quality and can uncover overlapping strategies that leave ambiguous competitive implications (Amberger et al., 2022; Amberger et al., 2025; Ejiogu et al., 2025).

Perceived switching potential reflects managers' assessments of the probability of a customer terminating their relationship with the bank and switching to another provider. Operationally, this construct captures managers' assessments of defection risk due to declining trust, weakening relationship ties, or low perceived differentiation. Banking studies confirm that perceived switching propensity is not merely attitudinal but often precedes actual churn, making it a relevant early indicator of customer instability (Clemens et al., 2018; Ejiogu & Olayinka, 2023). Empirical evidence also links perceived switching to satisfaction levels, perceived barriers, and relationship quality, confirming its usefulness in assessing retention risk (Hossain et al., 2021; Su et al., 2024).

Product cannibalization potential reflects the extent to which managers perceive that offerings within the same ownership group target overlapping customer bases, resulting in internal redistribution of demand rather than expanding total sales. In this study, the construct is operationalized through perceptions of similarity between offerings, overlapping value propositions, and inadequate differentiation among affiliated banks. Consistent with the marketing and portfolio management literature, when products are perceived as highly comparable, customers tend to substitute between options, increasing internal competition (Homburg et al., 2019). Evidence on product proliferation also suggests that overlap increases operational complexity and substitution effects, which, if left unmanaged, can limit aggregate sales growth (Gan et al., 2019; Menezes & Pinto, 2022; Sezen et al., 2023).

Bank sales performance represents managers' overall assessment of sales performance relative to key competitors. Here, performance is measured using perceptional indicators perceived revenue growth, sales target achievement, and cross-selling effectiveness. Such subjective measures are common in strategy and marketing research when objective financial data is difficult to obtain, and previous studies have shown a strong correlation between perceptional measures and archival indicators (Venkatraman & Ramanujam, 1986). More recent evidence also links perceived sales performance to customer outcomes loyalty and relationship continuity making it an appropriate proxy for market performance in a banking context (Anderson et al., 2004; Anderson et al., 2023).

Validity and Reliability Assessment

Before estimating the structural paths, the study first examined the measurement model to ensure each construct met acceptable reliability and validity standards. Internal consistency was assessed using Cronbach's alpha, a classic reliability index, and Composite Reliability (CR), which is more appropriate for PLS-SEM because it takes into account differences in intercorrelations' loadings (Hair et al., 2019). In general, a coefficient >0.70 indicates adequate reliability, while values approaching or exceeding 0.80 reflect high measurement stability (Nunnally & Bernstein, 1994; Hair et al., 2022).

Convergent validity was tested through standardized indicator loadings and Average Variance Extracted (AVE). Loadings above 0.70 indicate that the observed indicators strongly represent the latent construct (Hair et al., 2019). In addition, AVE > 0.50 indicates that a construct absorbs more than half of the variance of its indicators (not measurement error), thus supporting the achievement of adequate convergent validity (Fornell & Larcker, 1981).

Structural Model and Hypothesis Assessment

After the measurement model is deemed adequate, the analysis proceeds to estimating the structural model to test the hypothesized relationships. As an initial diagnostic step, collinearity between predictors is examined using the variance inflation factor (VIF). A VIF value <3.3 indicates that multicollinearity is unlikely to distort the path coefficient estimates (Diamantopoulos & Siguaw, 2006; Hair et al., 2019).

Hypothesis support is assessed through the size and statistical significance of the standardized path coefficients. Significance testing is performed using bootstrapping, which generates empirical sampling distributions without assuming normality and produces reliable standard errors, t-values, and p-values in PLS-SEM applications (Hair et al., 2022). A hypothesis is considered supported if the estimated effect is significant and in the direction of theoretical predictions.

The model's explanatory power is assessed using the R^2 for each endogenous construct the proportion of variance explained by its predictors which is commonly interpreted as weak, moderate, or substantial depending on its magnitude and model complexity (Geisser, 1975; Hair et al., 2019). To complement this, local effect sizes (f^2) are calculated to assess each predictor's incremental contribution to the explained variance; thresholds of approximately 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively (Cohen, 1988)

RESULTS

Respondents Demographic

This study involved 121 managerial-level respondents from commercial banks operating in Indonesia under a joint UBO ownership structure. The composition of work experience shows a predominance of experienced professionals: 49 managers have 5–10 years of service, 44 managers 11–15 years, and 28 managers more than 15 years; this composition indicates extensive exposure to strategic decision-making, product portfolio management, customer behavior, and competitive dynamics. In terms of city of assignment, respondents are concentrated in the national financial and trade centers, namely Jakarta 46 respondents, Surabaya 27 respondents, Bandung 25 respondents, and Semarang 23 respondents; this predominance of metropolitan areas reflects the context in which several affiliated banks operate in close proximity, making issues of ownership transparency and intra-group competition more prominent in practice. In terms of job function, the majority hold middle-management positions that directly overlap with revenue and customer relations: 67 are Relationship Managers, 32 are Priority Banking Managers, and 22 are Commercial Banking Managers positions that routinely deal with customer switching behavior, product overlap, and sales achievements in daily operations. The educational backgrounds demonstrate solid professional qualities: 74 respondents hold bachelor's degrees (mainly in Management, Economics, and Finance) and 47 hold master's degrees (many related to banking), with no respondents having less than a bachelor's degree; this configuration strengthens the validity of managerial assessments of the research topics studied.

Outer Loading Assessment Result

Table 1 presents the outer loading results, which indicate the extent to which each observed indicator represents the latent construct it measures in the measurement model. Within the PLS-SEM framework, outer loadings reflect the strength of the relationship between an indicator and its construct, thus providing evidence of the indicator's reliability and convergent validity. In general, values around 0.70 or higher are considered adequate; indicators with values below this threshold can be retained if there is a strong theoretical rationale and the construct's overall reliability still meets the criteria.

Table 1.
OUTER LOADING

Item	UBO Transparency	Perceived Switching Potential	Product Cannibalism Potential	Bank Sales Performance
ubo1	0.794			
ubo2	0.660			
ubo3	0.587			
ubo4	0.655			
ubo5	0.738			
switch1		0.751		
switch2		0.638		
switch3		0.794		
switch4		0.671		
switch5		0.774		
cann1			0.585	
cann2			0.727	
cann3			0.625	
cann4			0.753	
sales1				0.578
sales2				0.729
sales3				0.813
sales4				0.772
sales5				0.690

Source: Data Processed (2026)

The UBO transparency construct is measured using five indicators. Outer loadings range from 0.587 to 0.794, indicating a moderate to strong relationship between the items and the construct. Indicators ubo1 (0.794) and ubo5 (0.738) are considered strong, indicating a good ability to capture the clarity and visibility of ownership disclosure. Indicators ubo2 (0.660) and ubo4 (0.655) provide adequate contributions, while ubo3 (0.587) is relatively lower. Although slightly below the conventional threshold, ubo3 is still worth retaining due to its conceptual relevance it represents a dimension of ownership transparency not fully captured by the other items.

Perceived Switching Potential uses five indicators with outer loadings ranging from 0.638 to 0.794. Indicators switch1 (0.751), switch3 (0.794), and switch5 (0.774) demonstrate strong associations, effectively reflecting managers' assessments of customer switching tendencies. Indicators switch2 (0.638) and switch4 (0.671) also met the criteria and contributed meaningfully, resulting in a balanced coverage of switching perceptions across various aspects of customer behavior.

Product Cannibalization Potential were assessed with outer loadings of 0.585–0.753. Indicator cann4 (0.753) was the strongest, indicating the best representation of overlap and internal competition among products within the same ownership group. Indicators cann2 (0.722) and cann3 (0.625) were adequate, while cann1 (0.585) was weaker but still informative. Given the exploratory nature of cannibalization in the banking context, retaining indicators with moderate loadings is justified, especially if they capture subtle managerial interpretations of internal substitution.

Five indicators of Bank Sales Performance had outer loadings of 0.578–0.831. Indicator sales3 (0.813) was the strongest, thus best representing perceptions of sales results. Indicators sales2 (0.729), sales4 (0.772), and sales5 (0.690) also made satisfactory contributions. Although sales1 (0.578) was lower, this item captures an important sub-dimension in sales evaluation by managers and can be retained to maintain content validity. Overall, the majority of indicators showed adequate to strong loadings on their respective constructs; for items with moderate loadings, the theoretical relevance and multidimensional nature of the construct supported the decision to retain them.

Validity and Reliability Assessment Result

Table 2 reports the result of the reliability and convergent validity assessment for all latent construct included in the study. Reliability is evaluated using Cronbach's Alpha and Composite Reliability (CR), while Average Variance Extracted is used to assess the convergent validity. In PLS-SEM, Composite Reliability is generally preferred over Cronbach's Alpha because it accounts the differences in indicators' loading, whereas the Average Variance Extracted indicates the capability of the constructs to explain the variance of its indicators relative to the measurement error.

Table 2
RELIABILITY AND VALIDITY TEST RESULT

Constructs	**Cronbach's Alpha**	**Composite Reliability**	**Average Variance Extracted (AVE)**
UBO Transparency	0.725	0.818	0.477
Perceived Switching Potential	0.776	0.849	0.530
Product Cannibalism Potential	0.558	0.747	0.430
Bank Sales Performance	0.763	0.842	0.520

Source: Data Processed (2026)

For the UBO Transparency construct, Cronbach's alpha = 0.725 exceeds the conventional threshold of 0.70, indicating adequate internal consistency. Composite Reliability (CR) = 0.818 further confirms the cohesiveness of the items as measures of the same latent variable. Although the Average Variance Extracted (AVE) = 0.447 is slightly below the 0.50 benchmark, this result remains acceptable given the strong CR value; methodological references state that convergent validity is still reasonable when the AVE is slightly below 0.50 as long as CR > 0.70, as the construct still explains a substantial portion of the indicator's variance.

The Perceived Switching Potential instrument demonstrated consistently strong measurement quality. Cronbach's alpha = 0.776 reflects strong internal consistency, CR = 0.849 indicates high indicator reliability, and AVE = 0.530 exceeds the recommended threshold confirming that the construct captures more than half of its indicator's variance and meets convergent validity criteria.

For the Product Cannibalism Potential construct, Cronbach's alpha = 0.558 is below the usual threshold an understandable finding given the smaller number of items and the exploratory nature of the construct in banking. Importantly, CR = 0.747 exceeds the minimum threshold, so internal consistency is considered adequate when reliability is evaluated through CR. Although AVE = 0.430 is below 0.50, convergent validity remains acceptable for both exploratory and theory-building research, especially when the items capture subtle managerial judgments regarding internal substitution.

The Bank Sales Performance construct exhibits robust characteristics: Cronbach's alpha = 0.763 indicates good internal consistency, CR = 0.842 confirms measurement stability, and AVE = 0.520 exceeds the standard threshold, indicating that the latent variable explains the majority of the indicator's variance and meets convergent validity requirements. Overall, the statistics in Table 2 indicate that all constructs meet acceptable reliability and convergent validity standards for PLS-SEM. Although two constructs recorded AVE values slightly below the ideal benchmark, their strong CR and clear theoretical foundation support the decision to retain them. Thus, the measurement model is deemed sufficiently reliable and valid to support subsequent structural analysis and hypothesis testing.

Discriminant validity is further assessed using the Heterotrait-Monotrait Ratio which has become the recommended criterion in PLS-SEM because it provides greater sensitivity than Fornell-Larcker criterion. HTMT values below 0.90 indicate satisfactory discriminant validity (Henseler et al., 2015), as presented on table below 3 below.

Table 3.
HETEROTRAIT-MONOTRAIT TEST RESULT

Construct	Bank Sales Performance	Perceived Switching Potential	Product Cannibalism Potential	UBO transparency
Bank Sales performance				
Perceived Switching Potential	0.855			
Product Cannibalism Potential	0.838	0.891		
UBO Transparency	0.840	0.721	0.798	

Source: Data Processed (2026)

Further, since the data are collected from a single source using a self-administered questionnaire, the potential for common method bias is assessed using the full collinearity Variance Inflation Factor approach proposed by Kock (2015). This procedure suggest that full collinearity VIF values below the threshold of 3.3 indicate that common method bias is unlikely to threaten the validity of the model as presented in Table 4, all constructs exhibited VIF value below the recommended cutoff of 3.3, therefore the result indicate that common method bias is not a serious concern in this study, supporting the robustness of the measurement model.

Table 4.
VIF

Items	VIF
cann1	1.128
cann2	1.158
cann3	1.115
cann4	1.323
sales1	1.204
sales2	1.540
sales3	1.763
sales4	1.633
sales5	1.376
switch1	1.584
switch2	1.371
switch3	1.582
switch4	1.669
switch5	1.416
ubo1	1.712
ubo2	1.247
ubo3	1.301
ubo4	1.342
ubo5	1.393

Source: Data Processed (2026)

R2 and Adjusted R2 Assessment Result

The result shown in the table 5 indicate how well the model explain each construct. For Perceived Switching Potential, the R2 value of 0.610 suggest that a little over sixty percent of the variance in this variable can be accounted by the predictors. The Adjusted R2 which slightly decreases to 0.607 implies that the model remains stable even after adjusting for the number of independent variables involved. Meanwhile, Product Cannibalism Potential record an R2 of 0.435, meaning that just under half ot its variation explained by the model. Its Adjusted R2 of 0.430 shows only a small drop, indicating that the predictor still offer a reasonable level of explanatory strength.

Table 5.
R SQUARE AND ADJUSTED R SQUARE

Constructs	R Square	Adjusted R Square
Perceived Switching Potential	0.610	0.607
Product Cannibalism Potential	0.435	0.430
Bank Sales Performance	0.579	0.572

Source: Author's compilation based on the reviewed literature (2026)

Lastly, Bank Sales Performance has a R^2 of 0.579, revealing that nearly 58 percent of its variance can be described by the model. The Adjusted R^2 decreases only slightly to 0.572, demonstrating that the model provide fairly strong explanatory power. Overall these values show that the model perform best in explaining Perceived Switching Potential, is moderately strong in predicting Bank Sales Performance, and offers a fair but limited explanation for Product Cannibalism Potential.

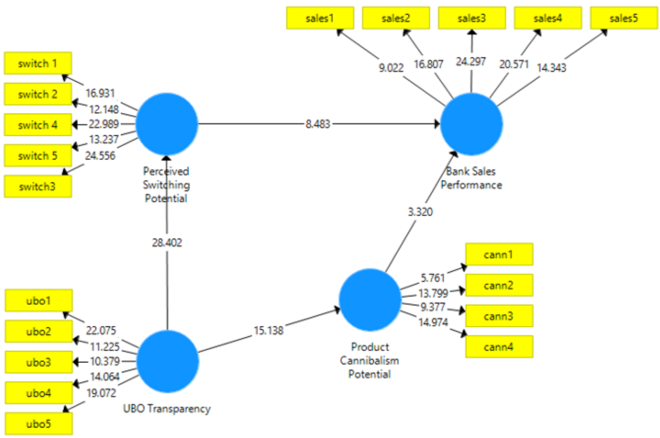
Hypotheses Testing Result

UBO transparency emerged as an important determinant of managerial perceptions and strategic assessments within banks. Path estimates showed a positive and significant effect of UBO transparency on Perceived Switching Potential ($\beta = 0.781$; $t = 28.402$; $p < 0.001$). This means that the clearer the ownership structure, the more managers perceive that customers have greater flexibility and opportunity to switch to competing banks. Practically, clarity of ultimate beneficial owner information increases managers' awareness of competitive exposure and reduces assumptions about customer lock-in. Conversely, UBO transparency is negatively and significantly related to Product Cannibalism Potential ($\beta = -0.660$; $t = 15.138$; $p < 0.001$), indicating that higher levels of transparency are associated with perceptions of better internal coordination and a lower risk of product overlap within a banking group.

Table 6.
PATH COEFFICIENT ANALYSIS

Path	Original Sample	t-statistic	p-values
UBO Transparency --> Perceived Switching Potential	0.781	28.402	0.000
UBO Transparency --> Product Cannibalism Potential	-0.660	15.138	0.000
Perceived Switching Potential --> Bank Sales Performance	0.562	8.483	0.000
Product Cannibalism Potential --> Bank Sales Performance	-0.259	3.320	0.001

Source: Data Processed (2026)



Source: Author's compilation based on the reviewed literature (2026)
Figure 1. Research Model

The analysis also shows that managers' strategic perceptions are closely correlated with sales performance. Perceived Switching Potential has a positive and significant effect on Bank Sales Performance ($\beta = 0.562$; $t = 8.483$; $p < 0.001$). This finding suggests that when managers perceive the risk of customer switching to be increasing, they tend to strengthen competitive measures improving service execution, maturing product propositions, and strengthening customer programs which in turn supports increased sales performance. Conversely, Product Cannibalism Potential has a negative and significant relationship with Bank Sales Performance ($\beta = -0.259$; $t = 3.320$; $p = 0.001$), indicating that internal rivalry between products is associated with weakening sales due to demand fragmentation and less efficient resource allocation. Overall, these findings confirm that UBO transparency, through shaping managers' perceptions, influences both strategic responses and performance at the banking institution level.

Model Fit

The overall fit indices suggest that the proposed model provides a reasonable representation of the observed data. The SRMR value for both the saturated model (0.086) and the estimated model (0.093) are below the 0.10 cut – off that is commonly referenced in PLS – SEM research, indicating that the differences between the empirical correlations and those implied by the model remain at an acceptable level. This suggest that the model is capable to captures the main pattern present in the data.

Tabel 7.
Model Fit

Parameter	Saturated Model	Estimated Model
SRMR	0.086	0.093
d_ULS	1.397	1.659
Chi-Square	291.820	311.662
NFI	0.688	0.667

Source: Data Processed (2026)

A similar conclusion can be drawn from d_ULS values which are 1.397 for the saturated model and 1.659 for the estimated model. These figures do not point to serious model misspecification and provide the additional support for the adequacy of the structural model. Although the chi-square values increases from the saturated model (291.820) to the estimated model (311.662), this result is not unexpected, as PLS-SEM does not aim to minimize the chi-square statistic in the same way as covariance based approach. As such the chi-square value are interpreted as descriptive rather than decisive indicator of model quality.

With regard to the Normed Fit Index, the value obtained for the saturated model (0.668) and the estimated model (0.667) indicate a moderate fit. While these values fall below the stricter benchmark, as the primary objective of this approach is prediction rather than exact model fit (Henseler et al., 2015; Hair et al., 2019). In addition, global fit measure such NFI are known to be sensitive to model complexity and sample characteristics, and lower values are frequently observed in models incorporating multiple construct and relationships (Hair et al., 2019). This consideration is particularly relevant in the present study, which relies on perceptual data collected from bank managers, a context in which moderate fit indices are both common and methodologically acceptable (Hair et al., 2021).

DISCUSSION

The Relationship between UBO Transparency and Perceived Switching Potential

The structural model results indicate that UBO transparency is positively and significantly related to managers' assessments of potential client switching (β = 0.781; t = 28.402; $p < 0.001$). Practically, when the ultimate ownership structure is more clearly presented, managers perceive clients as having greater flexibility to switch providers. Rather than merely serving as a reassuring signal, transparency in this context carries a “dark side” signal: when interbank common ownership becomes prominent, managers expect clients to view affiliated banks as close substitutes, thereby reducing perceived lock-in and increasing switching room.

An important implication of this finding is that the theoretical prediction derived from conventional transparency literature does not full apply to banking organizations characterized by common ownership structures. Previous studies generally conceptualize transparency as a mechanism that enhances trust, reduce uncertainty, and discourage switching behavior. However, within banking groups sharing the same Ultimate Beneficial Owner, transparency also reveals ownership interconnectedness across multiple banks. This additional information changes customers’ competitive reference points by making affiliated banks appear more substitutable. Consequently, transparency simultaneously reduces informational asymmetry while increasing perceived switching opportunities. This finding extends Signaling Theory by suggesting that the effectiveness of governance signals depends not only the quality of the disclosed information but also on how stakeholders interpret competitive relationship embedded within that information.

This interpretation aligns with the governance and signaling literature, which emphasizes that the impact of transparency is context-dependent. Critical governance studies suggest that disclosure does not always eliminate uncertainty; it can introduce interpretive ambiguity and unforeseen consequences often referred to as “translucent transparency.” In markets with complex ownership networks, increased visibility can reveal overlap and raise new questions, rather than directly building confidence (Ejiogu et al., 2025). Consistent with Signaling Theory, the impact of signals depends on the audience's reading, not simply the amount of information. When disclosed information emphasizes overlap, perceived differentiation narrows and ease of switching increases (Sansone et al., 2023). These arguments provide a theoretical basis for our findings: greater UBO transparency can make affiliated banks appear substitutable, which managers interpret as increased switching risk. Empirical evidence on ownership transparency also suggests that a tightened disclosure regime reshapes stakeholder behavior, strengthens oversight, and alters decision frameworks mechanisms that can extend from investors to customers as they reassess their choices, thereby increasing the potential for managers' anticipated switching (Amberger et al., 2025).

On the other hand, our results differ from the current research that positions transparency primarily as a trust builder and relationship stabilizer. Studies in branding and corporate communications have repeatedly found that transparent practices increase perceived authenticity and trust, which in turn strengthen loyalty and reduce turnover intentions (Cambier & Poncin, 2020; Yang & Battocchio, 2021). Applied to banking, this logic predicts that UBO disclosure reduces uncertainty and reduces churn. However, related studies also emphasize that transparency even when requested does not automatically impact behavior unless it is meaningfully integrated (Sansone et al., 2025). Furthermore, switching behavior is often determined more by satisfaction, perceived value, and switching barriers than by informational cues alone (Su et al., 2024; Ng & Wolfs, 2025).

These discrepancies in findings can be reconciled by returning to the interpretation of signals in multi brand environments with shared ownership. Transparency is not simply “adding information,” but rather a public signal that can shift competitive benchmarks. When UBO disclosures make cross-bank affiliations clear, customers tend to categorize affiliated banks as close substitutes. Anticipating this reading, managers infer greater freedom to switch, especially when product offerings and pricing structures exhibit limited differentiation. In this context, the substitutability signal embodied in ownership transparency outweighs the trust-building effects highlighted by previous studies.

The Relationship between UBO Transparency and Product Cannibalism Potential

The structural model results indicate that increased UBO transparency correlates with a significant decrease in perceived product cannibalization among banks within a common ownership group ($\beta = -0.660$; $t = 15.138$; $p < 0.001$). In other words, clearer disclosure of ultimate ownership leads managers to perceive affiliated banks' portfolios as less overlapping and less directly competitive.

Why does transparency reduce perceived cannibalization?

A plausible explanation stems from studies of transparency as a signal, which argue that visible governance helps stakeholders interpret organizational intent more accurately, thereby reducing ambiguity regarding strategic roles (Friske et al., 2023). When ownership relationships are openly disclosed, managers and customers are better able to recognize that product lines between affiliated banks are intentionally different, rather than unintentionally redundant. Similarly, research on perceived brand transparency shows that well-structured and easily accessible information improves stakeholders' categorization of offerings, thereby reducing the likelihood of mistakenly interpreting parallel products as close substitutes (Sansone et al., 2023). In banking groups, transparency serves as a clarifying signal: it increases perceived differentiation and, in turn, lowers cannibalization risk assessments. The governance literature further supports this interpretation by emphasizing that strong transparency reduces uncertainty and promotes strategic coherence in complex ownership structures (Ejiogu et al., 2025). Overall, these perspectives provide a solid theoretical foundation for the negative relationship between UBO transparency and perceived cannibalization.

Furthermore, these findings differ from the current stream of marketing research that places feature similarity rather than governance cues as the primary driver of substitution. These studies suggest that consumers substitute one product for another when their attributes overlap, despite firms' attempts to clarify their positioning (Sezen et al., 2023). From this perspective, ownership disclosure will not suppress cannibalization if products remain functionally comparable. Similarly, research on product proliferation suggests that substitution decisions are primarily shaped by tangible characteristics price, functionality, design rather than structural information such as ownership ties (Menezes & Pinto, 2022). Analytical models also confirm this view by showing that internal substitution is primarily determined by price dynamics and demand timing, so transparency at the governance level is expected to have only a limited impact on cannibalization outcomes (Xu, 2025).

This apparent discrepancy can be bridged by considering the multibank common ownership context, where the source of confusion is often not only product attributes but also uncertainty about strategic relationships between affiliates. In such an environment, customers may perceive offerings as substitutes simply because they appear to come from different banks with similar portfolios, rather than from a coordinated group with differentiated mandates. UBO transparency helps rectify this interpretation by clarifying structural relationships, thereby reducing the assumption of unwanted internal competition. By clarifying ownership and strategic alignment, transparency changes how stakeholders assess each affiliated bank's objectives and position. Consequently, managers perceive a lower risk of cannibalization even when some product features remain comparable. Thus, while previous work has highlighted the role of feature-based substitution, these findings suggest that structural transparency can independently shape competitive interpretations, particularly in industries with complex brand architectures and less transparent ownership.

The Relationship between Perceived Switching Potential and Bank Sales Performance

The analysis shows that Perceived Switching Potential is positively and significantly related to Bank Sales Performance ($\beta = 0.562$; $t = 8.483$; $p < 0.001$). Practically speaking, when managers expect the likelihood of customers switching to competitors to increase, they tend to improve commercial execution strengthening sales programs, improving service quality, and refining customer management practices. While customer switching is typically viewed as a threat, the anticipation of switching risk in this context acts as an internal trigger that drives intensified competitive efforts; as a result, perceived switching potential may be accompanied by increased sales performance, rather than simply an immediate decline in revenue.

This interpretation aligns with research emphasizing the role of switching awareness in shaping managerial responses. Clemens et al. (2018) argue that signals of potential defection reflect fragility in customer relationships, prompting banks to strengthen retention and realign commercial strategies. Such responses often deepen engagement and stimulate transactions, both of which positively contribute to sales. Similarly, financial services research indicates that switching intentions are typically triggered by decreased satisfaction or perceived value; Managers who recognize these early signals are better prepared to rebuild relationships, offer personalized offers, and improve service quality. Gan et al. (2019) showed that banks that respond quickly to switching indicators tend to maintain revenue streams and limit attrition a mechanism also evident in this study, where perceived switching potential triggers managerial interventions that ultimately boost sales. Complementing this view, Su et al. (2024) emphasize the importance of social influence, engagement, and relational cues in shaping switching behavior, the implications of which when recognized early allow for more targeted and effective sales strategies.

Furthermore, the positive relationship found here contradicts a large body of literature linking switching intentions to lower financial performance. Classic evidence from Anderson et al. (2004) links higher churn risk to lower customer lifetime value and revenue, while more recent findings from Anderson et al. (2023) show that increased switching intentions often coincide with decreased satisfaction and weaker repeat purchases. From this perspective, increased switching potential should weaken performance. We interpret this difference as sector-specific: in banking, outcomes are heavily influenced by relationship managers, and their responses to perceived switching risks can directly impact revenue generation. In such circumstances, it is the perception of switching rather than the switching behavior itself that drives performance-oriented activities.

The positive association between perceived switching potential and bank sales performance should also be interpreted from the perspective of managerial perception rather than actual customer behavior. Unlike prior studies measuring customers' switching intentions, this study captures managers' perception regarding switching risk. Managers who perceive greater switching threats tend to respond proactively by strengthening the customer relationship management, increasing the cross-selling initiatives, improving service quality and accelerating retention programs. Therefore, switching potential functions as an early strategic warning signal that stimulates organizational responsiveness. This proactive managerial responses partially explains why higher perceived switching potential is associated with better sales performance in the present study.

Overall, these findings offer a more nuanced picture of switching dynamics: managerial interpretations of switching potential can, under certain conditions, lead to performance-enhancing actions. While the services marketing literature often treats turnover intentions primarily as a risk to the organization, our evidence suggests that in relationship-based industries like banking, perceived switching potential serves as a strategic signal that activates corrective, competitive, and continuous improvement actions. Thus, switching potential should be viewed not only as an indicator of relational risk, but also as a managerial cue capable of triggering sharper sales execution and ultimately improving performance.

The Relationship Between Product Cannibalism Potential and Bank Sales Performance

Estimates show a negative and significant relationship between Product Cannibalism Potential and Bank Sales Performance ($\beta = -0.259$; $t = 3.320$; $p < 0.001$). This means that when managers perceive strong overlap or substitution between products within the same ownership group, they anticipate weakening aggregate sales. This pattern aligns with recent findings that inadequate differentiation intensifies internal portfolio competition, fragmenting demand, and reducing the effectiveness of sales efforts. Menezes & Pinto (2022) and de Giovanni & Ramani (2018), for example, show that the proliferation of similar products tends to increase organizational complexity and accelerate internal substitution, ultimately limiting revenue growth. When products are perceived as substitutes, competition shifts inward and the incremental contribution of each line declines.

Similarly, Chen et al. (2024) found that cannibalization during product transitions disrupts demand stability and depresses aggregate sales, as customers redistribute purchases among similar alternatives rather than expanding total consumption. This mechanism aligns with our findings: perceived cannibalization represents internal market fragmentation that weakens sales performance in multibank ownership structures.

However, this negative relationship contrasts with some literature, which argues that cannibalization does not always lead to adverse performance impacts. Several studies confirm that internal substitution can be positive if overlapping products capture more share from external competitors than they erode internal lines. In highly competitive markets, Jayarajan et al. (2018) and Samiee et al. (2020) show that even potentially cannibalistic products can increase revenue if they effectively attract external share. Similarly, Okorie (2021) and Xu (2025) analytically confirm that the impact of cannibalization depends heavily on pricing and segmentation strategies, so that substitution within a portfolio does not always reduce total sales. Contrary to these studies, our results document a negative effect.

This difference may be explained by the characteristics of the banking sector and multibank ownership structures. In consumer goods or automotive, broad portfolios often target different segments and strengthen competitive reach. In contrast, banking services are less differentiated and switching costs are relatively moderate. Under these conditions, perceived redundancy more easily translates into internal transaction redistribution rather than actual market expansion. When affiliated banks offer similar products without clear segmentation or positioning, customers tend to divide their usage across brands, thereby weakening each institution's sales performance.

In short, while product variety in other sectors often drives growth, subtle differences in banking products make them vulnerable to internal substitution. Therefore, the potential for product cannibalization serves as a managerial signal of internal market fragmentation, which naturally limits sales growth. The significant negative coefficient here underscores the importance of coordinated portfolio strategies, a clear brand role, and deliberate differentiation to suppress internal competition among banks under the same ultimate ownership.

Research Novelty and Theoretical Implications

This research offers several important theoretical contributions. First, while previous studies predominantly examine Ultimate Beneficial Ownership transparency from regulatory compliance, anti-money laundering and corporate governance perspective, the present study extends this literature by investigating UBO transparency as a strategic governance signal capable of influencing managerial perceptions and competitive outcomes within the banking industry.

Second, this research integrates Agency Theory and Signaling Theory into a unified framework explaining the dual consequences of ownership transparency. Agency Theory explains how transparency reduces information asymmetry and strengthen governance, whereas Signaling Theory explains how disclosed ownership structures are interpreted by stakeholders in forming competitive judgements. Integrating these perspective demonstrates that transparency simultaneously produces beneficial governance outcomes and unintended market consequences. These findings extend the classic agency argument by showing that transparency does more than simply reduce information asymmetry. Ownership disclosure also reframes governance signals at the market level, particularly by revealing strategic similarities between affiliated banks. Consequently, transparency can introduce new forms of market risk, so that agency problems are not automatically resolved by disclosure alone.

Empirical evidence suggests that UBO transparency functions as a layered signal, the meaning of which depends on context. When disclosure highlights shared control between banks, customers may interpret this as high substitutability, thereby strengthening the signal of switching

opportunities. At the same time, by clarifying product roles and strategic coordination, transparency reduces ambiguity and strengthens the signal of deliberate differentiation. Thus, transparency is not a uniformly positive message; it simultaneously elicits both constructive and potentially detrimental interpretations.
Third, the study introduces perceived switching potential and perceived product cannibalism potential as two novel psychological mechanism through which ownership transparency influences bank sales performance. These mechanism have received very limited empirical attention within the UBO literature.

Practical Implication

Because UBO transparency has been shown to increase perceived switching potential, banks need to proactively emphasize differentiation among affiliated entities. Transparency initiatives should be accompanied by clear and differentiated communication of value propositions for each segment, as well as targeted retention strategies that recognize customers' growing awareness of alternative provider options.
Similarly, the decline in perceived cannibalization suggests that ownership disclosure can be leveraged as a strategic narrative to clarify portfolio coordination. Banks should align product development and positioning across affiliates so that transparency reinforces complementary roles, rather than revealing unwanted overlap. Interestingly, the positive relationship between switching potential and sales performance indicates that perceived threats can trigger more agile managerial responses. Signals of increased switching risk should be treated as early warnings to intensify sales execution, deepen personalization, and improve service quality. Therefore, performance management systems should encourage proactive responses, rather than defensive reactions, to indications of customer mobility.
To address the negative impact of cannibalization on sales, banks must ensure clear segmentation, consistent pricing policies, and strong interbank coordination. Without deliberate alignment, internal competition tends to fragment demand and undermine sales performance at the ownership group level. Overall, this study demonstrates that UBO transparency operates as a double-edged governance tool: on the one hand, it increases competitive sensitivity through the perception of broader switching opportunities; on the other, it clarifies strategic direction by reducing concerns about internal cannibalization. Ultimately, managerial interpretation becomes a key mechanism that channels these signals into performance outcomes. Therefore, ownership disclosure should be viewed not simply as a regulatory obligation, but as a strategic signal that requires active and ongoing management.

Limitation

First, this study used a cross-sectional design that captures managerial perceptions at a single point in time. Consequently, the ability to derive causal relationships is limited, and dynamics including product cannibalization that may change over time are not fully captured. A longitudinal or panel design would have allowed for tracking changes in perceptions and behaviors over time, providing a richer temporal understanding.
Second, the findings rely entirely on managerial perception measures, rather than objective behavioral or financial indicators. While perceptional data is commonly used in strategy and organizational studies, this approach remains susceptible to common method bias and contextual pressures that could potentially impact the accuracy of the estimates. Because customer motivations and behavioral responses to UBO transparency are inferred only from the manager's perspective, future research should integrate customer-side data for example, customer surveys, transaction records, or account transfer records to triangulate constructs and strengthen external validity.
Third, the empirical context of the study is relatively limited: the sample only includes commercial banks in Indonesia with a joint ownership structure. This implies limited generalizability. Cross-

country comparisons reflecting variations in regulatory enforcement, transparency norms, brand positioning, and switching barriers could reveal the boundary conditions and institutional contingencies that shape the observed relationships.

Fourth, the product cannibalization potential construct demonstrated moderate reliability and convergent validity, suggesting that perceptions of cannibalization in the banking sector may be more complex or multidimensional than represented in this model. Item refinement (e.g., separating the dimensions of overlap, substitution intensity, and role clarity), the addition of behavioral indicators, or the use of formative specifications could improve conceptual clarity and measurement precision.

Finally, several organizational and market moderators including competitive intensity, digital service quality, customer satisfaction, or intra-group coordination have not been explicitly included, even though these variables could potentially condition the strength and direction of the relationships. Although respondents came from a variety of managerial functions, the analysis did not explore systematic differences across roles (e.g., frontline, priority, or commercial banker) are not explored. Future research should examine role-based heterogeneity and incorporate moderator analyses to explain when and for whom UBO transparency most influences perceptions and performance.

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