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On

'The factors that influence the choice of banks by customers – A case study of Makola community'.

By

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CERTIFICATION

I hereby certify that this submission is my own work towards CEMBA and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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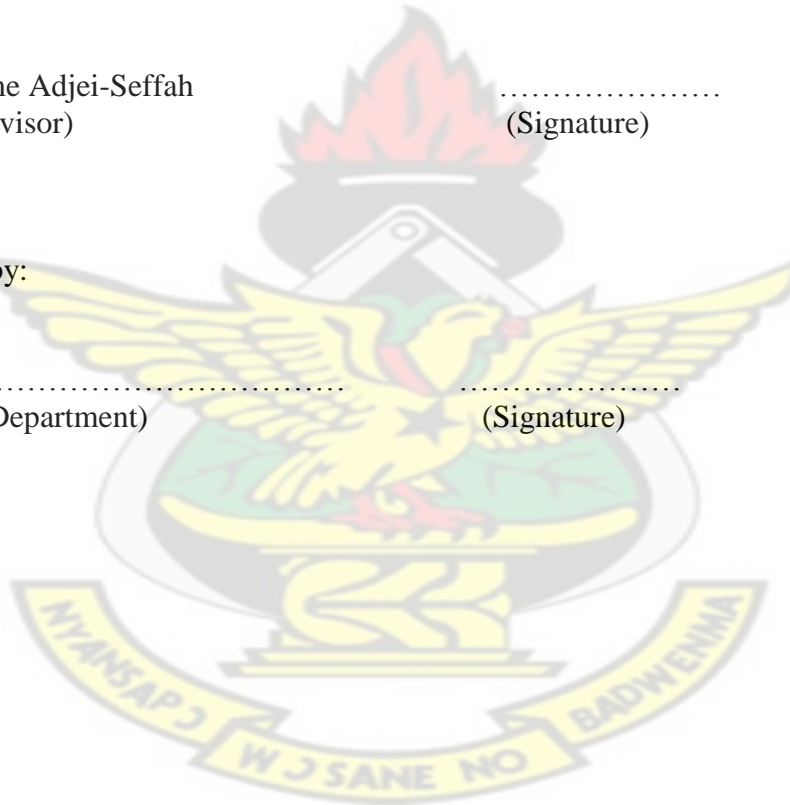   (Student)   (Signature)   (Date)

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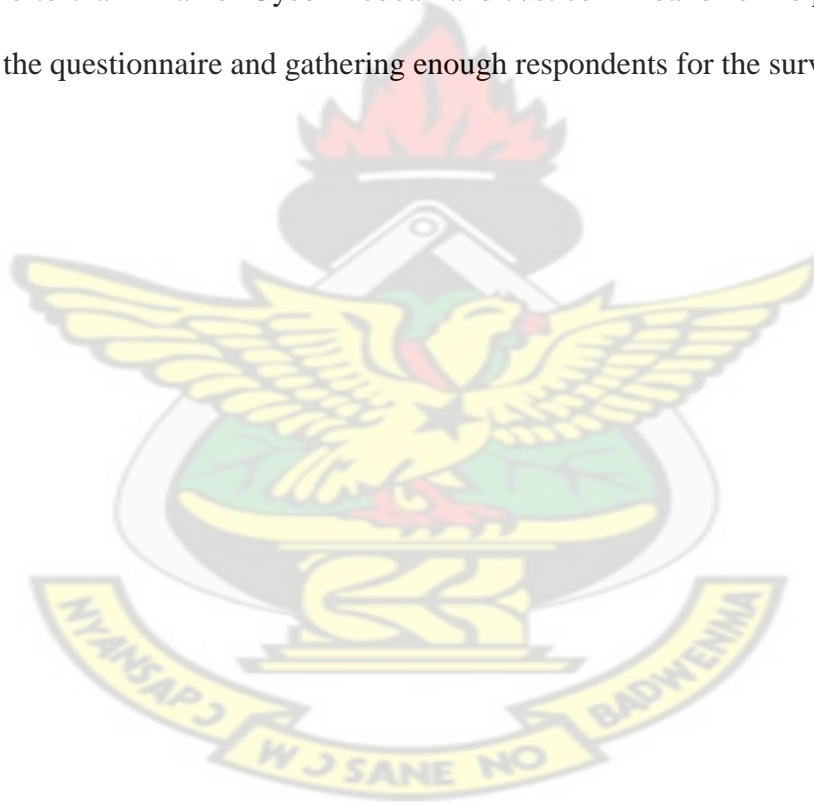
ABSTRACT

Initial customer attraction has become essential in the Ghanaian banking industry as a result of the keen competition now prevailing in the sector giving rise to high customer defection. Bank Managers are thus in a fix as to exactly what to focus on in their bid to attract customers. Consequently, the identification of factors deemed important to potential bank customers is a crucial step towards winning the battle. This research therefore set out to investigate the factors that are considered important to potential customers when they are choosing a bank. Data was obtained from business and other working people in the Makola area via a questionnaire using simple random sampling. A structured questionnaire containing 20 bank choice factors was designed and administered to 196 respondents to measure factors deemed most important out of which 188 responded. Data was analyzed using Microsoft Excel 2007. Closeness of bank branch to workplace or residence, friendliness of the personnel and ATM were chosen as the most important factors in choice decisions. Respondents selected aadvertising and transactional cost as having the least influence on people who place high value on time. Similarly, it was revealed that customers show high preference for some banks as against others based on banks unique characteristics. The research recommend that banks' management pay attention to factors that have significant effect on the choice of banks; such as the nearness of bank branches relative to customers' place of work or residence, friendliness of personnel, efficiency of service delivery and reputation.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Banking and other financial institutions in Ghana play a critical role in building the economy through the provision of capital in diverse forms. Banks facilitate the accumulation and allocation of capital by funnelling savings into loans to governments, businesses and individuals. In Ghana, the important role of the banking sector in capital mobilization, allocation and distribution cannot be disputed. The recent worldwide credit crunch which carried some notable banks into oblivion has affected the performance of many banks globally. Thus, to survive in the long run, institutions have realized the need to adopt sound strategies to compete in better ways while being cautious.

Just like the economy in general, banking has an interesting history: moving from tightly controlled the post-independent era, through various phases of relaxation, to the present where it is purely market-driven. With the passage of the universal banking law, all types of banking can be conducted under a single corporate banking entity and this has greatly reorganised the competitive scopes of the several banking products in Ghana (Hinson and Hammond, 2006).

The constraints experienced earlier in the development of banking in Ghana has, no doubt, left wounds that would take some time to heal. For instance, only a small percentage of the population deals regularly with the bank. A considerable number of individuals still prefer to use unconventional means for financial dealings as opposed to using the banks. This has created a keen competition in the industry.

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Thus, for firms to survive in this contemporary high competitive business environment, they should be able to attract and retain customers. Customer service has, therefore, being brought to the centre of banking activities. This has generated an unprecedented desire by both banks and non-banks financial institutions for all types of information on consumer behaviour and motivation pertinent to banking activities. As indicated by Brent (1995) and Holmlund and Kock (1996), the drive to acquire information about customers is reflected in the growth of relationship banking that draws heavily on the experiences of relationship marketing.

1.2 PROBLEM STATEMENT

Traditionally, businesses employ aggressive marketing strategies to attract new customers and increase market share at the expense of competitors. Research shows that satisfied customers serve as good marketing outlets by recommending the service to friends and families thereby increasing market share and profitability of the firm.

In the banking industry of Ghana high customer attraction is hypothesised to be linked to high firm performance. Bankers consider customer attraction and loyalty as important to market share maintenance and profitability. Because of the high customer defection, the debate as to what informs customer choice is still rife.

Usually, the marketing plans of organizations do fail at implementation due to improper identification of the factors or determinants that consumers consider in selecting who to deal with (Khazeh and Decker, 1992). And as clearly expressed by Ghauri and Grönhaug (2005), we should not accept or reject assumptions and speculations 'unless we study

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these assumptions critically and unless we find logical and reliable explanations to accept or reject them'.

Thus, though several studies investigate the issue of factors affecting selection of retail banks; very few have attempted to directly link the factors of preference to specific banks (Maiyaki, 2011). Hence, there is need for banks, like other service organizations, to effectively identify the important parameters that attract customers' attention and help in their choice of banks to do business with. In addition, there is the need for banks to know how customers choose their banks and take measures to attract them before others do.

Therefore, this study will investigate the factors that influence people in their choice of a bank in Ghana, with specific reference to the Makola Market. It would identify the factors that determine customers' choice of banks to serve as a basis for designing marketing strategies that would help to attract more customers and increase profitability.

1.3 MAIN OBJECTIVES

The main objectives of this research are

1. Investigate the banking practices of the Makola Community.
2. Identify the factors influencing banking choices of consumers.

1.4 SPECIFIC OBJECTIVES

The specific objectives of this research are as follows:

1. Identify key factors that influence banking choice of customers at Makola.
2. Establish the relative importance of these factors in choosing a bank by customers.

3. Identify the most popular bank in the Makola community.

4. Identify the preferred bank to do business with in Makola.

1.5 RELEVANCE OF STUDY

This research shall provide empirical evidence on the factors that are considered important to customers when they are choosing a bank. The study will provide insight into what the customer sees as influential in such decisions. Also, factors that are not seen as very useful in the choice considerations of banks by customers would be identified.

1.6 RESEARCH QUESTIONS

1. What are the main factors that inform a customer's choice of a bank in the Makola community?

2. What is the relative importance of these factors?

3. Which bank(s) are considered most popular?

4. What are the preferred banks in the Makola market?

1.7 RESEARCH SCOPE

The scope of this study is limited to what factors customers consider when choosing a bank to open an account in the Makola area. The issue of concern is the identification of the key factors customers look out for when making such decisions. It will not consider factors that cause(s) customers to leave any particular bank. This perspective was taken in order to maintain the focus on customer choice factors rather than quit factors. Additionally, this study would look at bank preference in the Makola area. Although the

study is essentially a broad stroke analysis covering multiple factors of the banking industry, it does not investigate all possible aspects. Furthermore, its primary focus is on the interaction of those levels, rather than on each level individually. Also, the study does not include a review of banking policy or the political economy of banks in the country. Neither does it investigate administrative nor management practices within the sector. Organizational and general bank profiles are also beyond the scope of this study.

1.8 THESIS OUTLINE

This thesis is presented in five chapters (Figure 1.1 below). The outline is such that Chapter One introduces the study with a general discussion and background information on banking in Ghana; a description of the research problem, study objectives, relevance and scope. Chapter Two presents the literature review of the study. It expands on the theoretical background of the study and also reviews the literature on related studies. Chapter Three describes the research methodology recommendations.

The focus of the fourth chapter is on the empirical results obtained and the discussions of these results. The final chapter (Chapter 5) provides concluding discussions and recommendations. Further, a summary of the main thesis of the study is presented, the general implications of the study given and also the study limitations and recommendations for management and for further academic research provided in the final chapter.

| 1: Introduction |
| 2: Literature Review |
| 3: Methodology |
| 4: Results and Analysis |
| 5: Findings, Conclusions & Recommendations |
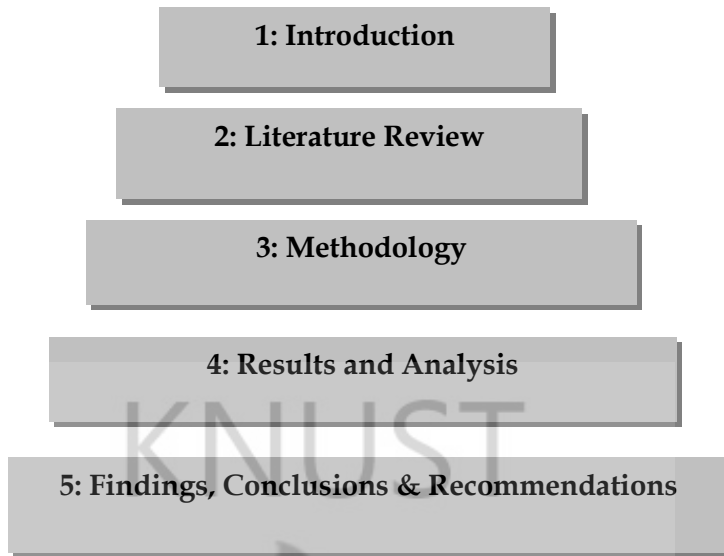
Figure 1: Pictorial outline of the thesis presented in five chapters
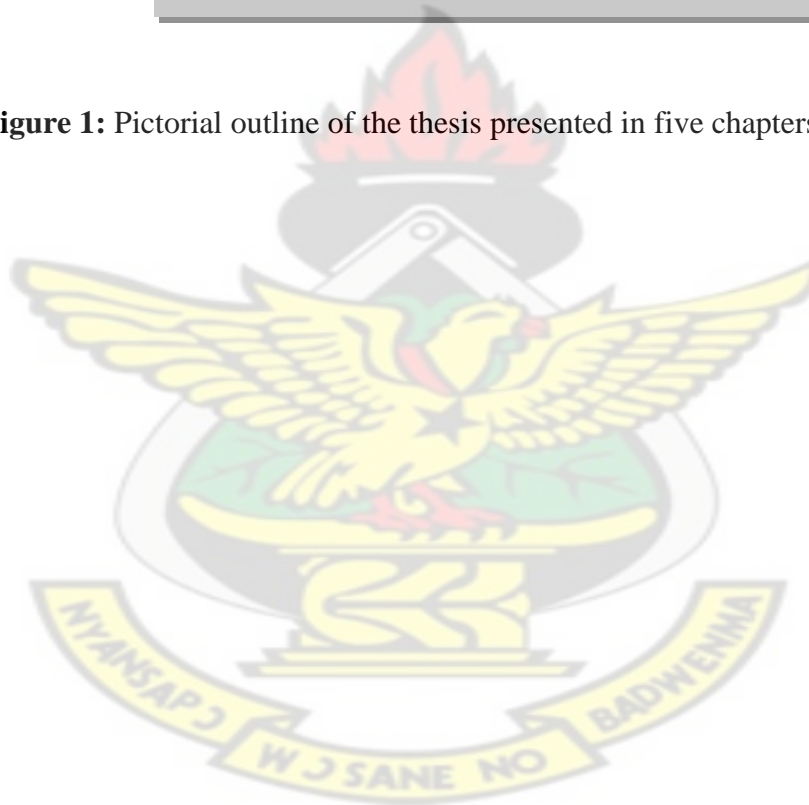
CHAPTER TWO

LITERATURE REVIEW

This chapter gives an overview of the bank selection criteria that as investigated by previous studies, followed by a discussion of some external influences on bank selection. The chapter begins with a brief explanation of consumer behaviour in the service industry. To give a better understanding of the many studies that have been done on this subject, a summarizing table is provided in Appendix I. This table gives a brief overview of each study and its main findings.

2.1 CONSUMER CHOICE BEHAVIOUR

The idea of understanding consumer behaviour in making a choice as stepwise decision-making process is one that is common in marketing (Engel et al., 1993; Loudon and Della Bitta, 1993; Kotler, 1997). The decision-making process itself is theoretically considered as a logical flow of activities, working from problem recognition to purchase to post-purchase evaluation. This decision-making process is affected by a number of other more complex influences. Some of these influences relate to the wider environment in which the decision is being made while others relate to the individual who makes the decision. Consumer behaviour is defined by Engel et al. (1993) as "... those activities directly involved in obtaining, consuming, and disposing of products and services, including the decision processes that precede and follow these actions." Thus, in the marketing context, the term 'consumer behaviour' refers not only to the act of purchase itself but to any pre- and post-purchase activities (Foxall, 1997; Ennew, 1993). According to Schoefer (1998),

pre-purchase activities include the growing awareness of a want or need, and the search for and evaluation of information about the product and brands that might satisfy it. Post-purchase activities includes the evaluation of the purchased item in use, and any attempt to reduce feelings of anxiety which frequently accompany the purchase of expensive and infrequently bought items or services. Each of these has implications for choice decisions and is amenable to marketing communications and the other elements of the marketing mix. Our understanding of both consumer behaviour and the capacity of marketing activities to influence it rest on knowledge of the ways in which consumers form decisions (Foxall, 1985, 1997).

Consumer behaviour is not only influenced by external factors like financial benefits, but also by their attitudes and expectations. These attitudes and expectations are constantly changing in response to a continuous flow of events, information and personal experiences. There is no guarantee that consumers will respond in the same way in the same situation, since they are capable of applying behaviour to changed circumstances (Curtin, 1982).

The consumer decision-making process pioneered by Dewey (1910) in examining consumer purchasing behaviour toward goods and services involves a five-stage decision process. This includes problem recognition, search, evaluation of alternatives, choice, and outcome. Dewey's decision–making framework viewed the consumer as an information processor, manipulating information through the various stages of the decision process, and suggested that the process, at least theoretically, applied to the full range of consumer decisions. This framework was adopted and extended by Engel et al. (1973), and Block and Roering (1976).

Block and Roering (1976) suggested that consumers may regress to a preceding stage of the problem solving process at any point in order to redefine the initial problem, search for new information, or to re-evaluate potential problem solutions. The consumer may also discontinue the problem solving process at any stage due to changes in their desired or actual state. Furthermore, the intervention of environmental factors such as income, cultural, family, social and physical factors also constraint consumers from advancing to the first four stages in the consumer decision-making process: the problem recognition stage, the search stage, the evaluation of alternative stage, and the choice stage.

Analogous to Dewey's (1910) consumer decision-making process for goods, Zeithaml and Bitner (2003) suggested the decision-making process could be applied to services. The five stages of the consumer decision–making process operationalized by these researchers were: need recognition, information search, evaluation of alternatives, purchases and consumption, and post-purchase evaluation. They implied that in purchasing services, these five stages do not occur in a linear sequence as they usually do in the purchase of goods. In addition, there are a number of generalizations which have been postulated to differentiate some aspects of consumer behaviour in services from goods (see Zeithaml and Bitner, 2003).

The variables that consumers' use to evaluate service alternatives come in many forms. The number of variables involved, as well as the way they influence consumers' evaluation of alternatives varies according to the type of situation (Loudon and Della Bitta, 1993).

According to Curtin (1982) a financial crisis is one of such circumstances. Katona (1980) stated that economic pessimism leads to a decline in willingness to make large

expenditures and debt commitments. Moreover, according to the TNS Financial Crisis Study, people are changing their financial behavior in response to the crisis. People are putting all their money in cash or buying crisis-proof products (TNS Finance, 2009). Others spread their money between several banks or are changing their current bank.

Nederstigt and Poiesz (2003), believes that there are four factors consumers focus on when dealing with perceived risks in times of uncertainty. The first thing is reputation. In times of choosing a bank, many customers feel uncertain basing their choice on many factors and generally presume that reputation can provide protection for the organization (Jones, 2000). Reputation can reduce consumer's uncertainty associated with a competitive and potentially hostile environment like a first encounter. The second factor is information gathering. In times of uncertainty it is proven that information supply is more important for consumers. With more reliable information they can make better decisions that reduce risks as much as possible. The third strategy is relying on the expertise of the salesperson or in this case the expertise of the bank. The fourth and final strategy consumers' use is searching for guarantees that reduce risks. When buying a service these are usually "not-good-money-back-guarantees" but at least helps to rationalize all perceived negatives as positive.

The way people deal with uncertainty differs from person to person. Some consumers have a risk seeking personality while others are more risk averse. Also the cultural environment influence people's attitude towards risks and varies among cultures (Hofstede, 1980).

2.2 BANK CHOICE

The profitability of banks, like any other business, is interlinked with growth of the client base. With the intensification of competition in the market, it is very important for the banks to understand "How customers choose their banks?"

Basically, a customer would employ a number of processes for product/service evaluation which will eventually lead to the choice and/or preference of a particular product or service provider. Zeithaml and others (1993) categorized the product factors into three groups of quality characteristics, namely search, experience and credence. Search qualities are the features that customer can see, feel or touch and might be evaluated in advance of purchase. Second is an experience quality that may be evaluated during or after consumption. The last is credence attributes that customer's find difficult to evaluate after purchase or consumption such as an entertainment services provided by a comedian. Banking services are characterized by high levels of credence and experiential features, therefore, making them difficult to be evaluated before consumption (Owusu-Frimpong, 1999). Services have unique characteristics that distinguish them from the physical goods (Zeithaml & Bitner, 1996). Services are often characterized by intangibility, inseparability, heterogeneity, and perishability (Lovelock, 1996).

Because quality is intangible, understanding how customers would evaluate the quality of the organization's services is often very difficult (Zeithaml & Bitner, 1996). In addition, the services are real-time, i.e. they are used by the customers as it is being offered. Therefore any bad service will most probably be experienced by a customer, which results in customer's dissatisfaction while using the service (East, 1997).

Thus, customers more or less rely on the tangible cues such as location, office setting and appearance, people, symbols among others as the evidence of service quality to minimize the risk and uncertainty that is related to the purchase of service, (Morley, 2004).

The presence of these tangible cues goes a long way to satisfy customers. Satisfied customers constitute the company's customer relationship capital. They play the important role of shaping consumers' attitudes and behaviours through the widely accepted notion of word-of-mouth advertising (Brown and Reingen, 1987). Satisfied customers will most probably talk enthusiastically about their buying or the use of a particular service; this will lead to positive advertising (File and Prince, 1992; Richens, 1983). On the other hand, dissatisfied customers will most probably switch to a different brand; this will lead to negative advertising. The importance of satisfying and keeping a customer in establishing strategies for a market and customer oriented organization cannot be neglected (Kohli and Jaworski, 1990). Customer satisfaction is often considered the most important factor in thriving in today's highly competitive business world.

2.3 REVIEW OF PREVIOUS STUDIES

The previous studies reviewed for this research used different sets of bank selection criteria. After a study of these different sets of criteria it is possible to distinguish seven clusters in most of the studies. These clusters form the base for the questions in the survey. The clusters are convenience, service level, financial considerations, family and friends influence, technological impact, reputation of the bank and product assortment.

Although it is not a selection criterion, previous studies revealed an important influence of demographic characteristics as well.

2.3.1 REPUTATION

A study conducted in Kuwait by Edris and Almahmeed (1997) concluded that the true determinants of bank selection decision made by business customers are more likely to be a function of both perceived importance of bank attributes and the difference among banks in a given region with regard to each of these attributes.

Also, a study conducted by Zineldin (1996) in Sweden highlighted the importance of effective market positioning as an approach that a bank can use to occupy competitive position in a market place. The study highlights the fact that a well integrated application of technology and staff helps to build customer loyalties by creating deeper and fuller customer relationships.

The study led to the conclusions that from the bank's customer's point of view, factors relating to the functional quality such as friendliness and helpfulness of personnel, accuracy in account transaction management, efficiency in correcting mistakes and speed of service and decision making, are the most important determinants of bank selection. Results implied that convenience of location, price and advertising had a minor effect on bank selection. The results also indicated that the performance of the contact personnel, word-of-mouth and technological based services might also compensate for an overall low score of factors such as full service provider. Location and general accessibility is considered as other criteria for bank choice and patronage.

Also, a study by Patterson (1993) underscored a fact that consumers tend to give highly reputable firms the "benefit of the doubt" during difficult economic times. This reliance on previous experiences with banks and other services is not surprising given the difficulties consumers face in evaluating services. Because of the heterogeneity and inseparability of services, consumers have problems in making rational bank choices. Therefore greater reliance is placed on past experiences and perceived reputation of the bank (McKechnie, 1992).

2.3.2 EFFICIENCY OF SERVICE

On the contrary, research work by LeBlanc & Nguyen (1992) found that service efficiency was the single most important factor that could explain the reasons behind banking selection decision. This has been supported by Athanassopopoulos (2000), Jantan and others (1998) and Manrai & Manrai (2007). They observed that efficiency of service that includes overall service, speed of transaction, personnel response time, friendliness and shorter waiting time, plays crucial role in banking marketing. Other influencing factors such as certain tangible components peculiar to the physical environment , symbols, corporate identity and interaction between staff and customers of the bank goes a long way in portraying the service quality of banks (Morley, 2004).

Correspondingly, Rosenblatt et al. (1992) noted the salience of efficient service, trustworthiness and response of personnel in influencing bank choice. Their study identified service quality and friendliness of personnel as been consistently cited by respondents in their bank choice decision making. Many other studies have also

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supported the notion that fast and efficient service, shorter waiting time, and staff friendliness are frequently mentioned by customers as important factors in their patronage considerations (see Erol and El-Bdour, 1989; Tumbull and Gibbs, 1989; Kaynak et al., 1991). Bank customers generally rank lower interest rate as less important than service attributes of efficiency, polite and friendly staff, and speed of transaction (Maiyaki, 2011; Edris and Almahmeed, 1997).

However, the investigation of Laroche and others (1986) on factors deemed important in bank choice determination found staff friendliness as the most important. This is followed by hours of operation, size of waiting lines, location, speed of processing, parking facilities, availability of credit and interest on savings.

But a study of bank selection decisions in Singapore by Phuong and Har (2000) found that respondents considered overall quality of service more than twice as important as recommendations by parents/friends. They used the Analytical Hierarchy process to review the banking preferences of college students. The findings indicated that the most important criteria affecting undergraduates' bank selection decisions are higher interest rate for saving, convenient location and overall quality of service. They are followed by the availability of self bank facilities, charges on services provided by banks, low interest rate on loans, long operating hours, availability of students privileges and recommendations by friends and parents specifically.

Ulengin (1998) indicated that customer in Turkey was more interested in the functional quality of financial services rather than the technical quality dimension. The study further concluded that as there were no big differences among financial products offered by banks and the quality of financial products offered by banks are much beyond

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expectations of the customers, delivery channels and customer relations gain importance in bank choice process as there were a lot of problems in those areas. The substantive conclusions of this study are that, on an average, respondents of the survey prefer the extended customer loyalty programs, the continuous information flow from the bank, the offsite ATMs, the minimum waiting time in the branches and a simplified applications form for all accounts a bank offers.

2.3.3 FINANCIAL BENEFIT

Khazeh and Decker (1992) analyzed the determinants of consumers' bank selection decision through a survey conducted among 1198 of business school alumni of Salisbury state university in Maryland using 22 factors that were identified to influence the banking decision. Service charges, the reputation of the bank, interest rates on loans, time required for loan approval and friendly tellers were identified as the top 5 determinants of bank selection decision. Effective advertising was considered as least important (Rank 22) while ATM availability, closeness to work, closeness to home were ranked 12, 16 & 17 respectively. Focusing customer attention on low ranking factors may do little to attract new customers and on retaining the existing one.

This is supported by the research of Aish et al., (2003) who compared the bank selection decisions of the small business market across UK and Egypt. They found specifically that both Egyptian and UK small business customers consider financial items (fees, interest rates and credit availability) as the most important factors in bank selection decisions. Their results advocated various similarities and provides evidence to suggest that brand

also plays major role in the bank selection decisions of the small businesses at both UK and Egypt .The study reinforces the opinion that technical quality (quality of service itself) is more important than functional quality (quality of the service provider) in bank selection decisions.

Also, in a study by The Unidex Reports (1982) customers were asked what they most disliked about their bank. Some of the most disliked factors were the fees, too high minimum balances and too low rates. A study by Martenson (1985) of the bank selection criteria in Sweden confirmed the fact that availability of credit and service charges were significant variables in choice decisions.

2.3.4 PEOPLE INFLUENCES

The influence of friends and family in the bank choice decision process varies from one country to another on the degree of influence. In 1976, a study by Anderson *et al.* in the United States of America found that recommendation by family and friends was the main criterion in bank selection. This was followed by reputation and credit availability. This has been corroborated by Kennington et al. (1996) through a study of bank selection decisions in Poland. Respondents rated family/friends influence as one of the important variables.These have been supported by the works of Yavas (1988) and Denton and Chan (1991). The main conclusion from their independent researches is that bank customers make decisions to deal with particular banks under strong influence by a common social factor involving friends and family members.

Social influences and impressions are thus essential in banking as customers with satisfying experiences easily talk about the bank and recommend it to others. Sometimes, they try to explain or even defend the institution when things do not go as expected. This is an indication of how useful customers can be as distribution and marketing channels when delighted with the services.

2.3.5 LOCATION

Convenience, both in terms of time and location is of prime interest to customers especially *now* when time is considered a critical resource. A Wall Street Journal/ NBC survey carried out in 1975 concluded that 75 % of households earning $100,000 or more feel that "*managing their time is a bigger problem than managing their money*", (Mesister, 1996). Nnedu (1977) also found that location and recommendation from family members and colleagues were the main attributes influencing the choice and patronage of banks. Riggal (1980), after surveying 250 customers who had opened new bank accounts found location to be to be a key factor in their choice decision. Specifically, respondents ranked "bank is close to home" and "bank is close to work" at the top followed by "friends suggested the bank", "low service charge", "bank has teller machine" and "bank opens on Saturday". Other researchers like Kaufman (1967), Bowers (1969) and Francis (1968) also indicated the importance of location in bank selection. Additionally, Mylonakis et al. (1998) concluded that the most important bank selections criteria are convenience, bank reputations, quality of products and services, interest rates and fees, education and personnel contacts, facilities, branch environment, services and

after service satisfaction. Their research on bank customers of Greece showed that bank selection criteria like location-convenience, quality of service (attention to the customer, personalized service, no queues) seen to influence the bank selection and factors like Advertising did not seem to influence bank customers at all.

2.3.6 INFORMATION TECHNOLOGY

A number of studies have concluded that innovations in information processing, telecommunications, and related technologies – known collectively as "information technology" (IT) – should be credited with the strong growth in the banking sector and many economies as a whole (Coombs et al., 1987). It is argued by many researchers that IT has the most appreciable effect on bank choice decision and patronage through improvement in productivity, cashiers' work, banking transaction, services delivery, customers' services and general bank services. Balachandher and others (2001), Idowu et al. (2002), and Yasuharu, (2003) concluded that these improvements have positively affected the growth of entire banking and finance industry. It seems apparent then that, technological innovation affects not just banking and financial services, but also the direction of an economy and its capacity for continued growth.

2.3.7 PRODUCT ASSORTMENT

Although the variety of the products available at a bank is not the most important selection criteria in most of the previous research, it definitely is a factor that influences people's bank choice. For instance, in a 2001 study of bank selection criteria in Bahrain,

Almossawi found the "variety of services offered" as the 8th most important criteria from a group of 30 measured variable. In Turkey the availability of "a wide range of services" ended at 5th out of fifteen variables (Kaynak et al., 1991).

In Australia, Nielson et al. (1998) surveyed CEOs of business firms and banks to find out how well banking industry understands the need of their business clients. Significant differences were found for six factors, which business firms consider prior to establishing a banking relationship. Business firms were found to place far more importance on the banks willingness to accommodate their credit needs, the efficiency of banking operations and the fact that banks have knowledge of their specific business. On the other hand, banks felt it was more important for them to offer competitive prices, full range of services and provide a personal banking relationship.

Other empirical studies have also discovered that the range of services offered by a bank plays a strong role in customers' choice decision (Laroche et al., 1986; Denton & Chan, 1991). Additionally, Meister (1996) found that banks are offering third party products such as credit (or debit) cards, investments packages, insurance, others, in response to the rising competition from alternative sources. Now, many of these third party products have become part of the expected range of products among the Ghanaian banks the absence of which might cause dissatisfaction among some customers.

2.3.8 DEMOGRAPHIC FACTORS

Socio-demographic characteristics have also been found to influence bank choice decisions (Laroche et al., 1986; Deton & Chan, 1991; Jantan et al. 1998). Differences in

attitudes and expectations are pronounced between genders, across age groups, languages, income levels and educational backgrounds. According to Hofstede (1980), certain cultural dimensions can influence people to be risk averse or risk seeking. This is in contrast to the results of Fitts (1975) who found that demographic variables were poor predictors of bank markets. However, it seems more logical when bank decisions are influenced by demographic variables. As such, efficient marketing is achieved through segmentation based on demography and lifestyle.

CHAPTER THREE

METHODOLOGY

The main instrument used for this research was the questionnaire designed by the researcher based on the factors which were selected from various empirical research works covered in the literature and were finalized after several rounds of discussions with select panel of bankers, customers using banking services and an academician.

Descriptive survey design was adopted with a view to providing explanations with regard to the factors influencing the choice and preference for retail banks in Ghana. The study was conducted in Makola, a suburb of the capital city of Accra because of the concentration of commercial activities. Data was collected at a point in time, and thus, the research is cross-sectional in nature. The population of the survey was all the banks' customers (selling or buying), at the Makola area. These comprised traders, shop attendants, shoppers, passers-by and others like lawyers, and public service workers.

Due to the unvailability of sampling frame of banks' customers, the respondents were selected using convenience sampling. However, measures were taken to make the sampling as more representative as possible.

All of this data was numerical and as a result the methodological research approach in this thesis is quantitative. This is mainly caused by the fact that a large number of the target population is semi-literate and demonstrated serious impatience with Likert-type questions. This came to light at questionnaire testing stage, in line with the recommendation of Malhotra and Birks (1999), forcing a review of the questions. The

survey instrument was pre-tested with 23 people in the Makola area to check for possible problems with statement clarity and respondent understanding as well as ability to complete the survey instrument. The subjects were asked if they had any problems understanding the questionnaire or have specific comments regarding the questionnaire. They were encouraged to be very free with their responses, make suggestions for improvement and be clear with any difficulties they found.

The outcome of this pre-testing led to the questions being revised to make it short, brief and easy to administer whiles maintaining the salient issues that are under investigation. The questions in the questionnaire tried to find the factors that affect customer selection of bank in Makola, Accra.

Thus, a selected group of people were trained on the issues at hand along with survey administration. These people assisted the respondents to fill the questionnaires. Those who did not want to take part mentioned lack of time as their reason. The response rate in this research performing the above method of data gathering was calculated as 93 percent and this is because the questionnaires were given one-on-one and face to face.

Customers were asked to select the factors of importance used for selecting their banks. To make sure that the interviewees were a suitable target group for banking services, they were first whether they have bank accounts and use the traditional services such as money deposit, bank accounts, credit and debit cards and cheques.

The questionnaire included 20 items that are primarily drawn from the literature (see Appendix I). All the variables were measured using multiple items, as respondents were asked to mark their responses

The data were collected from Monday to Friday during the time in which people usually go to the Makola area (from 10 a.m. to 12 p.m. and from 1 to 3 p.m.). 270 customers were contacted for the interviews but a total of 196 usable questionnaires were realized. Of this total, 8 questionnaires were not properly answered and had to be rejected. The response rate was 72.6%, due to the short time available for the interviews. Although a quota sample was not used, the distribution of the socio-demographics indicated no conspicuous biases. Moreover, usual tests of non-response bias were carried out, thus assuring the representativeness of the sample.

CHAPTER FOUR

RESULTS AND ANALYSIS

4.1 SAMPLE CHARACTERISTICS

Sex

From the descriptive analysis 33.5% of the respondents were male, while 66.5% were female. This representation was expected since women tend to engage more in trading activities than men. Also, current available census data indicate that there are more females than males in the country.

Age

It was also revealed that 33.5% respondents were between the age bracket of 18 and 29; 26.1% were between the age range 30 to 39 years; 18.6% were adults aged between 40 and 49 years; and 21.8% of respondents were at least 50 years old. These figures are not unexpected. Respondents between the ages of 18 and 29 are mainly occupying sheds and shops previously acquired by their parents and other family members. Few of them own the shops they occupy though. Respondents who are 50 years and above representing one-fifth of the sampled population is an indication of the diversified age distribution in the Makola area.

Marital Status

On the basis of marital status, the statistics indicated that more than half, that is, 54.8% of the respondents were single; 26.1 were married; 3.7% respondents lived together or co-habited (living together as couples but not legally married); 8.0% were divorced; and 7.4% were widows.

Occupation

With regards to the types of occupation being engaged in by respondents, the survey returned these results: 14.9% of respondents were students; 11.2% engaged in services (working as tailors/seamstress, hairdressers, food vendors, barbers, and others), 59.0% were traders; and another 14.9% served as assistants or apprentices.

Education

Of the sampled population, 23.9% had basic education described as being educated up to the Middle School in the old education system and Junior Secondary/High School (JSS or JHS) in the current system. Respondents with secondary education measured 62.8% with 13.3% representing those with tertiary education (Appendix I). Tertiary education in this realm refers to a formal and recognized post-secondary education that increases the knowledge and qualification of the individual and is being offered by institutions like training colleges, polytechnics or universities.

4.2 DETERMINANTS OF BANK SELECTION

The analysis was mainly done using Microsoft Excel 2007. This choice was necessitated by the fact that respondents exhibited a clear misunderstanding of the Likert-scale options originally envisaged for this research. In view of this, respondents were asked to choose factors they considered important which influenced their bank choices when opening accounts. They could choose as many factors as deemed necessary. Indeed, with the exception of one, all respondents selected more than one factor as important and influential in bank selection. The only respondent who identified a single factor from a list of 20 factors with an option to add (what was not listed) selected *proximity* as the most important factor.

These factors were all assigned a weight of 1 for analysis as shown in Table 1 below along with their percentages. With 188 respondents selecting 856 factors, the rate was 4.6 factors per respondent. This is an indication of the importance attached to these bank choice factors.

From the table, it is apparent that the proximity of the bank in relation to respondents' workplace or residence is a key factor in their choice decisions polling 13.79%. This is an indication that convenience, both in terms of time and location is of prime interest to customers especially *now* when time is considered a critical resource. Therefore, the respondents showed through this choice that they appreciate a bank that is close to the workplace in order not trek long distances to carry out transactions.

Table 1: Bank Choice Factors and Percentages

No.	Factor or Attribute	Frequency of selection	Percentage
1	Location near home or workplace	118	13.79%
2	Friendliness of the personnel	84	9.81%
3	Automatic Teller Machines (ATM)	70	8.18%
4	Recommendation from others	63	7.36%
5	Product /services diversity	56	6.54%
6	Reputation of bank	49	5.72%
7	Loans and overdrafts	44	5.14%
8	No waiting in banking hall	43	5.02%
9	International orientation	41	4.79%
10	Integrity of bank	40	4.67%
11	Number of branches	37	4.32%
12	Opening hours	36	4.21%
13	Money transfer	34	3.97%
14	Geographical spread	33	3.86%
15	Size of the bank.	28	3.27%
16	Low interest rates	28	3.27%
17	Internet banking	28	3.27%
18	Commission costs	14	1.64%
19	Parking places at the branch	7	0.82%
20	Advertising	3	0.35%
	Total	**856**	**1.00**

This is followed by friendliness of the bank personnel with 9.81% of respondents choosing it as an important factor in bank choice decisions, out of the 20 factors. It is no exaggeration to state that employees are the face of every organization and have the

power to delight or annoy every customer on their first encounter. The way and manner employees conduct themselves, both in and out of the office goes a long way in wooing customers. Dressing and general appearance of personnel as well as conversation skills have a great bearing on the attraction of new customers since people easily talk about bad experience. Additionally, misconceptions about personnel attitude may spread like wild fire and may be difficult to dispel.

As a third ranked factor, respondents at the Makola area selected the availability of Automated Teller Machines (ATMs) as an important factor. This research has brought to light the importance of technology to customers when they make decisions to open bank accounts.

Recommendations by family and friends follow in fourth place with 7.36% out of the 20 parameters. Social influences and impressions are thus essential in banking as customers with satisfying experiences easily talk about the bank and recommend it to others. It is also an indication of the strength and usefulness of the age-old system of word-of-mouth advertising.

A factor like an advertising commercial appearing in the media and on billboards has the least impact on the respondents from Makola. Only 0.35% of the respondents considered it as an important factor and was ranked 20th. This result is quite surprising considering that banks spend considerable resources in appealing to new customers this way. However, when juxtaposed with the importance of friendliness of personnel, it is apparent that the people of Makola place considerable weight on personal interaction when a decision about bank selection is being made.

When the bank choice factors are grouped together as clusters, location still remains the most important consideration for the people of Makola as shown in Table 2. The location cluster is composed of closeness to workplace (or residence), number of branches, geographical spread, and availability of parking space. This ranking is possible notwithstanding the fact that parking space was among the least chosen as an important consideration for the surveyed bank customers. This buttresses the point already made about the importance of proximity in the choice of banks by traders and other people who have little time to spare.

Efficiency of service came second with a cumulative percentage of 19.04. The salience of efficient service, trustworthiness and response of personnel in influencing bank choice cannot be overemphasised in customer choice decisions. It is observed that efficiency of service which includes overall service quality, speed of transaction, personnel response time, friendliness and shorter waiting time to get served in the banking plays crucial role in banking marketing and customer attraction. Other influencing factors such as certain tangible components peculiar to the physical environment and symbols go a long way in portraying the service quality of banks. This study identified friendliness of personnel and quick service as being consistently cited by respondents in their bank choice decision making.

Secure feeling, made up of bank orientation, reputation, integrity and size, ranked third when responses are grouped in clusters. This is also consistent with the characteristics of the respondents who are largely traders and would benefit by association with such banks. The reputation, orientation and integrity are qualitative factors that have great

influence on customer choice of banks, along with availability of large branch network across the country.

Just like the individual factors, advertising as well as financial cost or benefit were ranked as the least important. Business oriented individuals are interested in being fast in an efficient manner at a bank location close to the business and not about service charges. To the respondents, advertising and service costs are not important consideration when making decisions about choosing a bank.

Table 2: Bank Choice Key Factors or Clusters

S/No.	Key Factors/Clusters	Percentages
1	*Location*	
	Closeness to workplace or residence	13.79%
	Number of branches	4.32%
	Geographical spread	3.86%
	Presence of parking space	0.82%
		22.79%
2	*Efficiency of Service*	
	No waiting time in banking hall	5.02%
	Opening hours	4.21%
	Friendliness of bank personnel	9.81%
		19.04%
3	*Secure Feeling*	
	International orientation	4.79%
	Reputation of bank	5.72%
	Integrity of the bank	4.67%
	Size of bank	3.27%
		18.45%
4	*Product Assortment*	
	Product and service diversity	6.54%
	Money transfer service	3.97%
	Loans and overdraft	5.14%
		15.65%
5	*Information Technology*	
	Availability of ATM	8.18%
	Internet banking possibility	3.27%
		11.45%
6	*People influences*	
	Recommendations of family and friends	7.36%
		7.36%
7	*Financial Benefit*	
	Commission or service charges	1.64%
	Low interest rates on loans	3.27%
		4.91%
8	*Marketing Promotion*	
	Influential marketing campaign	0.35%
		0.35%

When respondents were asked to select banks they deemed most popular, the results were very interesting as shown in Table 3.

Table 3: Ranking of the most popular banks in Makola

No.	Bank	Selection Frequency	Percentage
1	GCB	93	49.47%
2	Barclays	38	20.21%
3	Ecobank	28	14.89%
4	HFC Bank	17	9.04%
5	ADB	5	2.66%
6	Procredit	4	2.13%
7	GT Bank	3	1.60%
	Total	**188**	**1.00**

Ghana Commercial Bank and Barclays Bank, that are among the very old bank in the country, ranked first and second respectively in the most popular banks list. This is followed in third place by Ecobank. Procredit (6th) and GT Bank (7th) are at the extreme end of the popularity list.

Furthermore, this study also attempted to establish the general level of customer preference for the various commercial banks. To this end, the respondents were asked to mention any bank they prefer to and actually do business with. Their responses were summarized and analyzed using percentages. The chosen banks were each assigned a

score of 1. The bank with the highest aggregate score was considered to be the most preferred by the respondents. The overall results are presented in Table 4 below.

Table 4: Preferred banks for transactions

S/No.	Banks	Preferred Bank	Percentage
1	HFC Bank	28	14.89%
2	GCB	21	11.17%
3	EB Accion S&L	14	7.45%
4	Fidelity Bank	13	6.91%
5	Barclays Bank	12	6.38%
6	Ecobank	11	5.85%
7	First Allied S&L	10	5.32%
8	Prudential Bank	9	4.79%
9	GT Bank	9	4.79%
10	SG-SSB	8	4.26%
11	UBA	7	3.72%
12	UT Bank	7	3.72%
13	ADB	6	3.19%
14	Procredit S&L	6	3.19%
15	IBG	6	3.19%
16	Amal Bank	5	2.66%
17	ICB	5	2.66%
18	Merchant Bank	4	2.13%
19	UniBank	4	2.13%
20	The Trust Bank	3	1.60%
	Total	**188**	**1.00**

ICB = International Commercial Bank,
IBG = Intercontinental Bank Ghana

In this, the respondents selected HFC Bank as the preferred bank to do business with in the Makola area with 14.89%. This is followed closely by Ghana Commercial Bank with

11.17% of respondents. EB Accion, a savings and loans company comes in at the third position. Conspicuously missing is Standard Chartered Bank, one of the high performing banks in the country currently.

CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATIONS

This study presented a detailed analysis of numerous factors that influence bank choice in a busy business environment. The factors and their relative importance to the customer when choosing a bank were the pivots of this investigation. The main goals were to identify and investigate the rankings of these factors in bank choice of consumers in the Makola area of Ghana. Many factors were identified through the review of the research works of others in several countries. Respondents selected the factors they deemed most important to their bank choice decisions.

5.1 FINDINGS

The following were the findings:

1. The closeness of a bank branch to their workplace or residence is the most important factor in choice decisions. This choice was made whether the factors were considered individually or in groups/clusters. This means that customers place a lot of emphasis on the location of banks relative to where they work or live.

2. Friendliness of the personnel of the bank is next important factor in bank choice decisions. Respondents consider the nature of interaction of bank personnel as very important in bank choice decisions. Thus, personnel, especially those who come in contact with potential customers, have the opportunity to make positive impressions and ultimately attract them.

3. The availability of Automated Teller Machines (ATMs) is also an important factor. ATM gives customers' unlimited access to their savings along with limited self service options.

4. A recommendation by family and friends is another important. This is an indication of how useful customers can be as distribution and marketing channels when delighted with the services. It is also an indication of the strength and usefulness of the age-old system of word-of-mouth advertising.

5. Other important bank choice factors are products and services diversity, reputation and the availability of loans and overdrafts. These factors, though not ranked at the top, are very crucial when making decisions about which bank to deal with.

6. An advertising commercial appearing in the media and on billboards as well as transactional cost had the least influence on bank choice of people who place high value on time.

7. The research also discovered that HFC Bank was the most preferred bank by customers among the Makola banking population. This was followed by Ghana Commercial Bank and Ecobank. On the other extreme The Trust Bank and Unibank were the least preferred banks by customers in Makola.

8. In addition, the survey identified the most popular banks in the area as GCB, followed by Barclays Bank, and then Ecobank.

9. When the identified choice factors are grouped together as clusters, location is still ranked first based on the choices of respondents. The location cluster is made up of closeness of branches to workplace or residence, number of branches, geographical spread and the presence of parking space (Table 3).

10. This is followed by efficiency of service comprising of friendliness of personnel, opening hours, and minimum waiting time in the banking hall. This goes a long way in determining whether or not people who walk into banks in the company of others or to make enquiries would choose that bank or not.

11. Secure feeling is the third most important factor grouping in the bank choice criteria of respondents. Through this choice, respondents made it clear that factors like banks orientation, reputation, integrity and size are very important when making bank selection. These factors give assurance about the safety of all deposits in the care of the bank along with confidentiality of transactions.

5.2 CONCLUSION

From the above findings, the main research questions can be answered positively: that customers are attracted to banks by factors that they deem important. The factors are important whether considered individually or in clusters. Respondents consider how close a bank's branch is sited relative to their place of business, friendliness of personnel, availability of ATM, and recommendation from family and friends, among others, as very critical when choosing a bank. This study confirms previous studies that location, friendliness of personnel, reputation and convenience are among the main factors of importance in bank choice decisions (Mesister, 1996; Devlin and Gerrard, 2005; Singh 2006; and Maiyaki, 2011).

This research which was undertaken to fill a gap in the literature of bank marketing had its limitations. This notwithstanding, diligent planning and systematic execution of the drawn programme led to achievement of the above results. The questionnaire was

personally administered with selected individuals to achieve best results. Though the outcome of the research is for Makola area, the results can be applied everywhere since the sampled area is dynamic and representative of a fair dimension of the country.

5.3 RECOMMENDATIONS

As customers generally prefer some banks for the reasons highlighted above, banks management should pay attention to factors that have significant effect on the choice of banks. Specifically, the setting of bank branches close to customers and expansion of the branch network across the country should be an important part of banks acquisition programmes. The general geographical spread of the branches should also be factored into expansion plans.

Efficiency of service delivery is another important area that needs the attention of bank management. The friendliness of the personnel should be considered by banks as extremely important in their growth and expansion plans. Front office staff should be carefully chosen in order to ensure that individuals who friendly in nature with the right character and attitude are put there. Other symbolic and structural enhancements that reinforce friendliness should be used when necessary. Office layout and banking hall arrangement should be welcoming and calming to customers. Intimidating colours and appearance should be limited and entirely avoided if possible. Steps should also be taken to ensure customers do not waste too much time in the banking hall. Those who would have to wait to be served should be informed about waiting for while and provided with have comfortable and spacious seating. The general efficiency of service should be improved with clear performance indicators that can be used to monitor progress.

Also, the reputation of banks should be crafted and built carefully. Every effort should be made to guard and protect such reputations. Banks should make conscious effort to avoid associations that would mar their names and erode public confidence. Appropriate plans should be put in place aimed at enhancing the existing reputation of banks, and improve personal security of customers.

Marketing programmes should factor in the response of the target audience such that people who have no time to consort with the media would not be targeted in such campaigns. Segmentation of target audience would also be necessary to achieve maximum results such that price insensitive targets are not bombarded with low-cost products. Rather, efficient and quick services would yield better results from such a targeted market. Banking institutions should invest in quality research to enrich their knowledge base about their target customers.

This information should have an impact on the strategy that banks use in order to increase the size of their customer base. Managers should ensure that the elements of their growth strategies reflect those choice criteria found to be important in the eyes of consumers who have opened a bank account especially traders. These managers should therefore focus their strategies more on serving them close-by, improve service efficiency and on creating a feeling of safety.

5.4 LIMITATIONS

Like many other studies, this study has its limitations. The data used in the study were collected in such a manner that respondents had to recall the reasons why they choose a bank, even though some of them made this decision five years ago. This could lead to inaccurate answers and thereby to inaccurate conclusions. However, the chosen approach is probably the most practical way of analyzing the influence of these factors on choice behaviour. Furthermore, people see the opening of a bank account as important and can therefore accurately report the reasons for their choice, even after five years (Devlin and Gerrard, 2004). Another limitation was that most respondents were not highly educated and exhibited visible discomfort in completing the survey. The factors were explained in a local language for the understanding of the respondents. Therefore it was not possible to analyze whether people's factor rating were influenced by their level of education and hence the translation or their understanding of the translation. The study was also restricted to the Makola area. The study could have been improved with the sample size being increased and extended to other people and areas.

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APPENDICES

APPENDIX I

Overview of bank choice research and main findings

ARTICLE	ABSTRACT	WHO	MAIN FINDINGS
Almossawi, M. (2001) "Bank selection criteria employed by college students in Bahrain: An empirical analysis"	The study focuses on examining the bank selection criteria being employed by college students in Bahrain.	1000 students in Bahrain	*Most important factors:* • Reputation • Availability and location of ATM • Parking space near bank • Friendliness of personnel *Other findings:* • Difference in selection process between male and female
Anderson, W. (1976) "Bank selection decisions and market segmentation"	The analysis assesses the principal decision factors used and their relative determinance in bank selection decisions. It also examines the usefulness of these factors as criteria for market segmentation.	466 respondents in a medium sized south western city in the U.S.A.	*Most important factors* • Recommendations • Service charges • Reputation • Availability of credit • Friendliness *Other findings* • Determinant attribute analysis reveals convenience- and service-oriented bank customers
Boyd, W. (1994) "Customer preferences for financial services: An analysis"	Through a survey of households, the relative importance attached to the selection criteria used to choose a financial institution was evaluated.	188 respondents in a medium sized south western city in the U.S.A	*Most important factors* • Interest charges on loans • Reputation • Interest on savings accounts *Other findings* • Selection process influenced by demographic characteristics

Devlin, J. (2004) *"Choice criteria in retail banking: an analysis of trends"*	This paper presents an analysis of trends in the relative importance of choice criteria in respect of selecting a retail bank.	7033 respondents throughout Britain	*Increased factor importance* • Influence of recommendations • Offering of incentives • Wide product range • Financial considerations *Decreased factor importance* • Locational factors
Denton, L. (1991) *"Bank selection criteria of multiple bank users in Hong Kong"*	This study was designed to determine if multiple banking behaviour exists, and if it does, to explore the factors that influence its expression.	120 multiple bank users in Hong Kong	*Most important factors* • Professionalism • Friendliness of personnel • Service level • Convenience *Other findings* • Selection process influenced by demographic characteristics
Edris, T. (1997) *"Services considered important to business customers and determinants of bank selection in Kuwait: a segmentation analysis"*	This paper examines various segmentation analysis tools for bank marketing strategies. It aims to identify the relative importance of banking services to business customers' needs, and to find out the true determinants of bank selection decision.	500 business firms in the commercial, industrial and services sectors in the state of Kuwait.	*Most important factors* • Efficiency of personnel • Help in financial emergencies • Banking experience • Friendliness of staff • Reputation *Other findings* • Three segments of business customers: Kuwaiti, non-Kuwaiti, and joint firms

Haron, S., (1994) *"Bank Patronage Factors of Muslim and Non-Muslim Customers"*	This study was undertaken to determine the factors considered important by customers in selecting their financial institution and to determine differences between Muslims and non-Muslims.	301 Muslim and non-Muslim commercial bank customers in Alor Setar, Sungai Petani, and Kangar towns in Malaysia	*Most important factors (for Muslims and non- Muslims more or less the same)* • Fast and efficient service • Friendliness of bank personnel • Reputation and image of bank • Reception received at the bank *Other findings* • Differences between Muslims and non- Muslims: interior comfort, offer service on financial counseling, internal appearance of bank, impression of manager, hours of operations, a wide range of service offered and fast and efficient service.
Hegazi, I.A. (1995) *"An empirical comparative study between Islamic and conventional banks selection criteria in Egypt"*	The purpose of this paper is to determine the number of selection criteria of Islamic and commercial banks in Egypt and to identify the relative influence that each attribute may exert on the selection process.	400 customers visiting two banking locations in Cairo (Egypt) over a two-month period.	*Most important factors Islamic bank customers:* • The speed of banking services • Friendliness of staff • The bank vision of serving the community regardless of expected profitability *Most important factors commercial bank customers:* • The rate of return offered • Knowledge of employees • Availability of credit *Other findings* • Significant differences between Islamic and commercial bank customers

Kaynak, E. (1991) "Commercial Bank Selection in Turkey"	The objective of this research was to examine the factors used by bank customers in selecting and evaluating a commercial bank.	250 respondents in a middle-class city of Turkey	*Most important factors for customers who are planning to change their banks:* • Recommendations • Reasonable interest rates *Most important factors for customers who do not plan to change their banks:* • Reputation • Financial counseling services provided *Other findings* • Selection process influenced by demographic characteristics
Kaynak, E. (1992) "Bank and product selection: Hong Kong"	The study was designed first to determine the importance of selected patronage factors used by Hong Kong consumers in choosing domestic (e.g. Hong Kong Bank, Hang Seng Bank, etc.) and foreign (Citibank, Chase Manhattan Bank, etc.) banks, and, second, to determine the perceived usefulness of the variety of services offered by domestic versus foreign banks in the Hong Kong market.	106 Hong Kong residents	*Most important factors* • Fast and efficient service • Friendliness of bank personnel *Other findings* • The success of foreign banks in Hong Kong is credited to a strategy of providing high-quality service to niche areas of the Hong Kong banking market.

Kennington, C. (1996)) "Consumer selection criteria for banks in Poland"	This paper reports on a study of consumer banking habits in Poland compared with findings in other countries to determine whether bankers need to adopt different strategies in the relatively new free-market economies.	204 respondents in a medium-sized city in south eastern Poland	*Most important factors* • Reputation • Price • Service *Other findings* • Poles are still relatively conservative in adopting new financial products but are showing that they accept the reallocation of financial responsibility from the State to themselves as individuals.
Laroche, M. (1986) "Services Used and Factors Considered Important in Selecting a Bank: An Investigation across Diverse Demographic Segments"	In this study the authors examine the major factors and services considered most important in the process of selecting a commercial bank.	142 respondents in the city Montreal, Canada	*Most important factors* • Location convenience • Speed of service • Competence and friendliness of bank personnel *Other findings* • Selection process influenced by demographic characteristics
Martenson, R. (1985) "Consumer Choice Criteria in Retail Bank Selection"	In this study the author considers consumer choice of bank and the evaluative criteria used in retail banking.	558 Swedish bank customers and 53 branch managers of a Swedish bank	*Most important factors* • Location convenience • Availability of loans • Payment of salary • Parental influence *Other findings* • Bank decisions are more random than one would expect.

Metawa, S. (1998) *"Banking behavior of Islamic bank customers: perspectives and implications"*	A study designed to investigate the banking behavior of Islamic bank customers in the state of Bahrain is described.	300 customers in Bahrain	*Most important factors* • Adherence to Islamic principles • Rate of return • Recommendations • Convenience of bank location *Other findings* • Selection process influenced by demographic characteristics • Commercial banks are interest based, while Islamic banks are profit and loss sharing institutions.
Tan, C. (1986) *"Intention, Attitude and Social Influence in Bank Selection: A Study in an Oriental Culture"*	The authors discuss the factors influencing bank selection decisions in an oriental culture where family and social relationships are still highly valued.	87 respondents in Singapore	*Most important factors* • Adherence to Islamic principles • Rate of return • Recommendations • Convenience of bank location *Other findings* • Results indicated that the social factors were a stronger influence than the other criteria in bank selection.

Adapted from Peer, V. (2009). Bank Choices in Economic Recession- A study of the influence of the financial crisis on customer choice behavior in the banking sector.

APPENDIX II

Demographic Results

Sex	No. of Respondents	Percentages
Male	63	33.5%
Female	125	66.5%
Total	**188**	**100%**
Age		
18 -- 29	63	33.5%
30 -- 39	49	26.1%
40 -- 49	35	18.6%
50 plus	41	21.8%
Total	**188**	**100%**
Marital Status		
Single	103	54.8%
Living Together	7	3.7%
Married	49	26.1%
Divorced	15	8.0%
Widow	14	7.4%
Total	**188**	**100.0%**
Occupation		
Student	28	14.9%
Traders	111	59.0%
Services	21	11.2%
Assistants	28	14.9%
Total	**188**	**100.0%**
Education		
Basic	45	23.9%
Secondary	118	62.8%
Tertiary	25	13.3%
Total	**188**	**100.0%**
Account Type		
Current	43	22.9%
Savings	145	77.1%
Total	**188**	**100.0%**

APPENDIX III

QUESTIONNAIRE

Dear participant,

This questionnaire is part of a Master Thesis about consumer choice criteria regarding bank selection. The questionnaire will provide me with the relevant information that I need to complete the research.

The answers are completely confidential and anonymous.

Thanks for your time and effort!

Personal information

1. Gender

☐ Male   ☐ Female

2. You age group

☐ 18 – 29   ☐ 30 – 39   ☐ 40 – 49   ☐ Above 50 years old

3. What is your marital status?

☐ Single   ☐ Living together   ☐ Married   ☐ Divorced

☐ Other:...................................

4. How do you classify your job?

☐ Student.

☐ Trader.

☐ Services (tailor, hairdresser, barber, etc).

☐ Apprentice/Shop Assistant.

☐ Other: …………………..

5. What is your highest level of education?

☐ Basic   ☐ Secondary   ☐ Tertiary

<u>Bank choice</u>

6. In which year bracket did you open your most recent bank account?

☐ 1990 to 1999   ☐ 2000 to 2009   ☐ 2010 to date

7. At which bank did you open the bank account? Please state.

……………………………………………………

8. What kind of bank account did you open? Please tick.

☐ Current account   ☐ Savings account   ☐ Investment Account

9. Why did you choose the bank in No. 7 above?

………………………………………………………………………………………………

10. How long did it take to make the decision for the particular bank?

……………………………………………………………

11. Are you satisfied with this bank?

☐ Yes   ☐ No   ☐ Don't know

12. Do you have any plans of changing your bank soon?

☐ Yes   ☐ No   ☐ Don't know

13. At how many other banks do you have accounts?

☐ 1   ☐ 2   ☐ 3   ☐ 4   ☐ More

15. In your view, which bank is the most popular?

…………………………………………………………..

16. Which factor(s) did you consider as important before choosing your bank? Please Tick.

- ☐ Bank is international oriented.
- ☐ Bank has money transfer facilities.
- ☐ Size of the bank.
- ☐ Integrity of the bank.
- ☐ Geographical spread.
- ☐ Image or reputation of the bank.
- ☐ Presence of parking places.
- ☐ Diversity of product /services offered by the bank.
- ☐ Level of interest rate for savings, lending, mortgage etc.
- ☐ Commission costs for using the bank account.
- ☐ Location of the bank's branch is near my home or workplace.
- ☐ Availability of Automatic Teller Machines (ATM).
- ☐ Possibility of using internet banking.
- ☐ Opening hours.
- ☐ Customer friendliness of the personnel.
- ☐ Little or no waiting to get served.
- ☐ Number of branches.
- ☐ Recommended by family and friends.
- ☐ Commercials on television, billboards, magazines etc.
- ☐ Bank offers loan and overdraft.
- ☐ Other(s) ……………………………………