ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS ADMINISTRATION

Determinants of Customers' Bank Selection Decision: The Case

of Bank Customers in Addis Ababa

BY

HELEN W.SLASSIE

ID No.SGS/0536/2007A

JUNE, 2018

ADDIS ABABA, ETHIOPIA

DETERMINANTS OF CUSTOMERS' BANK SELECTION DECISION: THE CASE OF BANK CUSTOMERS IN ADDIS ABABA

BY

HELEN W.SLASSIE

A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST. MARY'S UNIVERSITY, DEPARTMENT OF BUSINESS ADMINISTRATION IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)

JUNE, 2018

ADDIS ABABA, ETHIOPIA

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

FACULTY OF BUSINESS

DETERMINANTS OF CUSTOMERS' BANK SELECTION DECISION: THE CASE OF BANK CUSTOMERS IN ADDIS ABABA

BY

HELEN W.SLASSIE

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate studies	**Signature**
Advisor	**Signature**
External Examiner	**Signature**
Internal Examiner	**Signature**

DECLARATION

I, the undersigned, declare this thesis is my original work, prepared under the guidance of Tiruneh Legesse, Asst. Prof. All sources of materials used for the thesis have been dully acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

_____ _____

Name   Signature

St. Mary's University, Adds Ababa   **May 2018**

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

_____   _____

              Advisor   Signature

St, Mary's University, Addis Ababa   **June, 2018**

Table of Contents

ACKNOWLEDGEMENTS

ACRONYMS/ABBREVIATIONS

ATM: Automatic Teller Machine

EFA: Exploratory Factor Analysis

PCA: Principal Component Analysis

SPSS: Statistical Package for Social Sciences

LIST OF TABLES

LIST OF FIGURES

Abstract

Commercial banks need to identify the criteria on which potential customers determine theirbank selection decision in order to plan an appropriate marketing strategy for keeping present customers and attracting new ones. In light of this, this research set out with an objective of identifying factors that determine customer's choice of a bank, with due emphasis on an exhaustive list of potential factors. The study was designed as aquantitative descriptive research andemployed survey type specifically questionnaire to collect data from sample respondents of 280 customers (73.29% response rate from 380 distributed) at the commercial banks in Addis Ababa. Exploratory factor analysis was implemented for data reduction and finding an optimum grouping and number of common factors influencing a set of measures from the 34 items included in the survey. Accordingly, 32 of the items were maintained and grouped in to seven components that incorporated social factors, technological factors, financial factors, promotional factors, convenience factor, speed and service quality factors as well as image and reputation. The one sample t-test conducted confirmed the importance of all seven factors in customers bank selection decision at p< 0.01. The ranking of the seven factors using their mean values showed that convenience factors (location and proximity) were the highest followed by image and reputation (overall image of the bank, goodwill of the bank and previous experience). financial factors, speed and service quality and technology ranked fromthird to fifth. Promotional factor and social factors were the least ranked bank selection factors.

Keywords: Determinants of Bank Selection, Customers, Banks, Banking Service

CHAPTER ONE
INTRODUCTION

This chapter introduces the concept of customers' choice and the factors they consider in choosing a particular bank. After discussing some prominent research work in the area and introducing the banking industry in Ethiopia, the problem to be explored, the objective as well as the significance of conducting this research are given.

1.1 Background of the Study

The importance of banking and financial services in the world services industry cannot be understated. Today, new technologies and information systems are forcing these institutions to offer more sophisticated and innovative services in the banking and finance industry. The competitive financial atmosphere also led banks and financial institutions to improve their service quality and follow new technologies (Tehulu and Wondmagegn, 2014). The increase in competition naturally benefits banking customers.

The banking industry in Ethiopia has been flourishing with the sector entertaining more participants from both private and public sector. An NBE (2016) report indicates that there are currently 2 public banks and 16 private banks with a total branch network of 3187 across the country and a total capital of Birr 43.06 Trillion. During the fiscal year 2015/16 banks opened additional of 494 new branches (NBE, 2016). Another notable progress in the industry besides the expansion in the number of branches is the advance in the level of technology with which banks intend to offer efficient services to clients (Lelissa and Lelissa, 2017). Encountering advertisements and messages on various banking service offers and technology acquisitions has become a common everyday experience. Tekletsadik (2013) however notices that even though sharing strong expansion, there are prominent variations along with banks in terms of their aggregate size, revenue sources, customer focus, loan concentration, and operational efficiency.

As economic environment is rapidly changing potential customers are being offered multiple of options. Lelissa and Lelissa (2017)claim that the increase in the number of banks in the industry to some extent has increased the sense of competition among banks. With growing competitiveness in the banking industry (Grady and Spencer, 1990), and similarity of services offered by banks (Holstius and Kaynak, 1995), it has become increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services. Lelissa and Lelissa (2017) also notice that meeting the needs of the customers in respect of banking service provision has emerged as a significant element of bank reputation that persuades customers to select a bank. Therefore, it will be imperative for banks to explore how customers make a choice among banks to conduct their day-to–day financial transactions (Lelissa and Lelissa, 2017).

One possible theory explaining customers' choice is the rational choice theory. According this theory rational choice involves determining what options are available and then choosing the most preferred one according to some consistent criterion (Lelissa and Lelissa, 2017).Rational individuals choose the alternative that is likely to give them the greatest satisfaction (Scott, 2000). On the contrary, competition theory tries to explain how firms try to win customers patronage and loyalty through service excellence, meeting customers' needs and providing innovative products (Lelissa and Lelissa, 2017).Combining the two one can suggest that customers select the alternative that is likely to give them the greatest satisfaction out of what is provided by firms trying to win competition. This implies that selection is done logically and that it can be influenced by what firms do.

Research in to factors affecting customers' selection of a bank has been researched in various contexts. Rao and Sharma (2010) however argue that a set of determinant factors that have a significant role in bank selection in one nation may prove to be insignificant in another. For example, a study of bank selection decisions in Singapore has placed high emphasis on the pricing and product dimensions of bank services (Ta and Har, 2000). In Bangladesh, Siddique (2015) identified low interest rate on loan, convenient branch location, safe investment (accountability of the govt.) variety of services offered and low service charges in his study. On the other hand, a similar study in Nigeria revealed that the safety of funds and the availability of technology-

based service(s) as the major reasons for customers' choice of banks (Arebgeyen, 2011).

In Ethiopia, Lelissa and Lelissa (2017) identified the speed of services, the extent of the branch network, and forex resources as top three factors. Looking at private banks in Addis Ababa, Tekletsadik (2013) also identified convenience, reliability and service provision as chief factors determining customers' bank selection. Tehulu and Wondmagegn (2014) also identifiedfriendly or pleasing manner of staff, ATM service, and bank speed as the top three factors. While the findings of Lelissa and Lelissa (2017), Tekletsadik (2013) and Tehulu and Wondmagegn (2014) have different outcomes, all considered selected banks and limited sample size affecting the generalizability of their findings. Further, the research used varying definition of factors influencing customers' choice of banking service rendering the comparison and generalizability of their outcomes impossible.

With this in mind, this research conducted identification of factors determining the customers' selection of a bank with due attention to an exhaustive list of potential factors and ample sample size.

1.2 StatementoftheProblem

Understanding customers' banks selection criteria has been argued to be helpful to banks in identifying the appropriate marketing strategies needed to attract new customers and retain existing ones (Arebgeyen, 2011). Indeed, the growing competitiveness in the banking industry (Grady and Spencer, 1990), and similarity of services offered by banks (Holstius and Kaynak, 1995), has made it increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services.

The issue of bank selection process attracted considerable attention in the bank marketing literature, mainly in the USA, Europe and other regions (Lee and Marlowe, 2003; Ta and Har, 2000; Kennington, et al., 1996). The literature has shown that studies made in the countries other than the USA and Europe are quite rare (Gerrard and Cunningham, 2001). On the other hand, the studies conducted in the field mostly targeted the general population while some focused on some sampled segments (Almossawi, 2001; Gerrard and Cunnigham, 2001). While, such studies have

contributed substantially to the literature on bank selection, their findings may not be applicable to other countries, due to differences in cultural, economic and legal environments. A set of determinant factors that have a significant role in bank selection in one nation may prove to be insignificant in another (Rao and Sharma, 2010). Hence the results of these studies may not significantly applicable to other countries like Ethiopia, due to differences in cultural, economic and legal environments.

In Ethiopia the Banking sector has been growing significantly and keeping pace with the social and economic improvements. Eshete, Teshome and Abebe (2013), however, indicated that the Ethiopian banking industry is characterized as highly profitable and concentrated while moderately competitive. They further claimed that the Banks performances are governed largely by macroeconomic performances than competitiveparameters. On the other hand,Kifle (2016) suggested that commercial Banks in Ethiopia are feeling the competitive pressure which led to huge investment in their branch network expansion, adopting new technology and rolling out new products. However, one can notice that introduction of new product offerings as well as technology by banks seems to be very similar across the board limiting differentiation.

Regardless of whether banks' efforts in such front are in line with the preference of customers', understanding what factors leadcustomers to choose one bank over another are of significant importance.

Further, the researcher has only found very few researches in the Ethiopian context with inconsistencies in outcome as well as definition of factors. To this end, this research undertook the identification of factors that determine customer's choice of a bank, with due emphasis on an exhaustive list of potential factors as well as use of a representative sample size to allow generalization.

1.3 Research Questions

To achieve the above-mentionedobjectives, this research raised the following basic research questions.

1. What are the major factors that are considered in customers' bank selection decision

2. What is the relative importance of each determinant in customers' bank selection?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this research was toexplorethedeterminantsthataffect customers'decision in the processof bankselection in the case of customers in Addis Ababa.

1.4.2 Specific Objectives

The specific objectives of the research were:

- To identify the major factors that are considered in customers' bank selection decision
- To determine the relative importance of each factor in customers' bank selection decision

1.5 Significance of the Study

Understanding customers' behavior is a key component of any marketing activity for banks. Investigate the main determinants of bank selection decision by customers therefore benefits practitioner in understanding their customers better. Assuring messages aimed at potential customers create the intended outcome also requires accurate segmentation of potential customers. A better grasp of determinants of bank selection criteria coupled with demographic influences therefore enables accurate segmentation. Undertaking this research therefore will shade more light on the above issue for practitioners.   In addition, identifying determinants of bank selection by bank customers in Ethiopia will also compliment the general literature in this topic area.

1.6 Scope of the Study

Due to time and financial resources the scope of this research is limited to commercial bank customers in Addis Ababa. Further, research in to determinants of customers'

bank selection can sometimes take various forms. Milner and Rosensteich (2013) for example examine the use of various consumer decision–making models in the selection of financial services. However, conceptually, the scope of this research is however only limited to identification of determinants from empirical evidence and a test of suitability of models or development of a unique model was not undertaken. The shortage of time also meant only a quantitative can be used as a methodology.

1.7 Limitation of the Study

The single most significant limitation to this research is the lack of resources (time and money) that will limit the research effort to remain within Addis Ababa. The resource limitation will also impact the researcher's ability to deploy a structured sampling mechanism. Further, the analysis will depend on the quality of the data to be gathered. Experience has showed that some participants show willingness to complete questionnaires however the genuineness of their responses are questionable.

1.8 Organization of the Study

This research is organized intofive chapters. The first chapter introduces the research topic and the problem followed by the second chapter where related theoretical and empirical literature is reviewed. The methodology of the study is presented in chapter three. The presentation of the findings and discussion is given in chapter four. Chapter five summarized the findings, draw conclusions and presented the recommendations based on the findings.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter presents a literature review covering basic topics in the subject area beginning with the general concept of customers' selection/decision making for a service followed by particular topics covering determinants of customers' bank service selection. Discussion of relevant empirical work in the area of customers' bank selection will also be presented and a general framework guiding this research is given.

2.1. Theoretical Literature

2.1.1. Theories on mode of choice and decision making

Various theories have tried to explain and model the choice and process of decision making by individuals. Theories explaining choice look at it from two perspectives, particularly what affects choice and the process of choice. Those theories assume that choices do not happen randomly and a certain logic of factor determine the outcome. Some of the prominent theories that discuss what affects choice and process of choice are discussed below.

Rational Theory.Rational choice refers to the process of determining what options are available and then choosing the most preferred one according to some consistent criterion (Levin and Milgrom, 2004). Rational choice theory is the process of determining what options are available and then choosing the most preferred one according to some consistent criterion (Levin, 2004). Rational choice theory assumes that all people try to actively maximize their advantage in any situation and therefore consistently try to minimize their losses. The theory is based on the idea that all humans base their decisions on rational calculations, act with rationality when choosing, and aim to increase either pleasure or profit. As it is not possible for individuals to achieve all of the various things that they want, they must also make choices in relation to both their goals and the means for attaining these goals (Scott, 2000). Rational choice theory also stipulates that all complex social phenomena are

driven by individual human actions. The rational choice theory provides useful insights on the choice or selection behavior of individual customer.

However, critiques of rational choice theory argue that that individuals do not always make rational utility-maximizing decisions. Others also argue that individuals will not be able to make rational decisions due to the fact that they will not obtain all the information they would need to make the best possible decision.

Competition theory.Competition theory explains how firms try to win customers patronage and loyalty through service excellence, meeting customers' needs and providing innovative products. Competition occurs when two or more organizations act independently to supply their products to the same group of consumers. Direct competition exists where organizations produce similar products that appeal to the same group of consumers. Indirect competition exists when different firms make or sell items which although not in head to head competition still compete for the same money in the customers pocket. Both direct and indirect competition cause commercial firms to develop new products, services and technologies, which would give consumers greater selection and better products (Aregbeyen,2011). Thus, the competitive strategy of firms is dependent upon consumers' choice characteristics which tend to influence firms' productive decision towards the satisfaction of consumers preferences.

Nicosia Consumer decision-making Model.Nicosia's model of buyer behavior (Nicosia, 1966) is credited as the first comprehensive model of buyer behavior (for example, see Jones, Shaw, & McClean, 2011). Nicosia's model consists of four 'fields', beginning with the communication of information to affect the consumer's attitude (influenced by firm attributes and consumer attributes, notably consumer predispositions), followed by a search and evaluation process, a decision, and outcomes in terms of behavior, consumption, storage, experience and feedback. Nicosia's formulation of the process to include an iterative, or repurchase cycle is important for conceptual framework development and very relevant to the services context. However, a major limitation of the Nicosia model is that it is from the marketer's perspective rather than the consumer's, with consumer activities only very broadly defined.

Engel, Kollat, and Blackwell Consumer decision-making Model. Nicosia's model was adjusted by Engel, Kollat, and Blackwell in the late 1960s (Engel et al., 1968). One of the strengths of the revised model is the feedback or 'search' loop, which allows for iterations of partial decision-making. For example, a consumer may proceed past the inputs to arriveat the necessary problem recognition stage, perform an external search for information and then for some reason, opt out of finishing the decision-making process. While the decision-making process may be undertaken, there may exist no intent to purchase and thus the decision process may be halted or postponed at any point, providing feedback for use as inputs next time a need is aroused. An example of this is the stereotype of 'window shopping', or in the context of financial services, attending an investment seminar without necessarily having an intention to invest in the short term. Undertaking of the process may be considered a trial run for recall at a later stage, or the process interrupted by something more important, or the consumer simply did not have the capacity to undertake the remainder of the process.

Howard and ShethConsumer decision-making Model. The Howard and Sheth (1969) model presented an advance at the time because of an enhanced level of specificity in terms of the relations between variables, for example, the model notes not only that attitude influences purchase, but also that intention is a moderating variable (Hunt & Pappas, 1972). The model is also notable for including a wide range of inputs into the process in terms of marketing variables and social influences, which is an important step towards current input-process-output models.

McCarthy, Perreault, and Quester Consumer decision-making Model. The McCarthy, Perreault, and Quester (1997) model of consumer decision-making, or a variant of it, appears in most 21st century introductory marketing and consumer behavior textbooks (forexample, Kotler & Armstrong, 2010; Neal, Quester, & Hawkins, 2006). Essentially the McCarthy et al. model is a modification of the Engel et al. model with some minor changes and clarifications. For example, McCarthy adds the concept of criteria for choice which is an important unpacking of the evaluation task, since it recognizes that the task of setting up criteria is quite different to evaluating the alternatives. The McCarthy et al. (1997) model has been able to group like constructs in a form with logical simplicity while remaining comprehensive. It does however display some of the weaknesses that are common to the models that

preceded it, such as: depicting a linear process; depicting a limited and counter-intuitive influence of social and situational variables (they are shown as only impacting only on need want awareness); and not clearly indicating the manner in which psychological variables influence the process. As noted earlier, these issues are significant in the context of financial services.

2.1.2. ConsumerBehavior

Consumer behavior refers to the buying behavior of final consumers. It is the behavior that consumers display when searching for, when purchasing, using, evaluating, disposing the product or the idea that they have for the commodity and if it will satisfy their need. The study of consumer behavior therefore seeks to understand how the consumers make decisions on how to spend their available resources in regard to purchase (Kotler, 2006). Consumer behavior is of importance to the marketers as it helps them understand why and how individuals make decisions so that they can make better marketing decisions to have a great competitive advantage at the market place (Armstrong, 2006).

Consumers make many buying decisions every day. Most large companies' research consumer buying decisions deeply with an aim to find answers to questions such as what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy and how they dispose what they have bought and don't need. The central question for marketers is: How do consumers respond to various marketing efforts the bank might use? The starting point is the stimulus-response model of buyer behavior (Kotler, 2006). This model shows that marketing and other stimuli enter the consumer's mind and stimulate certain responses. Therefore, marketers must figure out what is in the buyer's mind.

The black box model assumes that observable behavior is the only valid object of study and that psychological constructs are part of an impenetrable box which should not be opened. Marketing stimuli consist of the product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment such as economic, technological, political and socio-cultural factors. All these inputs enter the buyer's black box, where they are turned into a set of observable buyer responses such as

product choice, brand choice, dealer choice, purchase timing, and purchase amount (Kotler, 2006).

The marketer wants to understand how the stimuli are changed into responses inside the consumer black box, which has two parts (Fig. 1). The first part includes the buyers'characteristics that influence how he/she perceives and reacts to stimuli. The other part includes the buyers' decision process (Armstrong, 2006).

Figure 1: The Model of Other Stimuli

Marketing and Other Stimuli	
<u>Marketing</u> Product Price	<u>Others</u> Economic Technological

Buyer's black box	
<u>Buyer's Characteristics</u>	Buyer decision process

Buyer's responses
Product choices   Brand Choice   Dealer Choice
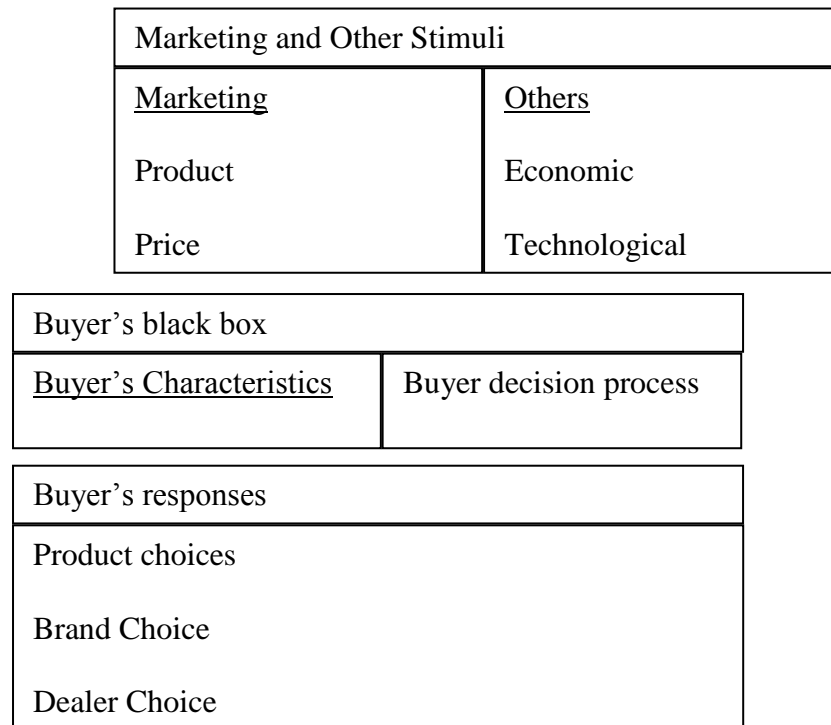
Source: Kotler (2006)

Consumer behavior is not only influenced by external factors as financial benefits, but also by attitudes and expectations. These attitudes and expectations are constantly changing in response to a continuous flow of events, information and personal experiences.

2.1.3. Influences on Customer Decisions

Apart from understanding the procedure of the customer decision-making process, industries also try to determine what influences in customers' lives affect this process. There are two main categories: internal and external (situational and social influences)

Service giving organizations know that one customer's ideal treatment can be quite different from that of another customer. You may think the ideal treatment is a vigorous internet banking, while your best friend dreams of a typical fast customer service and your father is set on having a friendliness of the staff in the organization. Some of these differences are due to the way in which customers internalize information about the outside world such as perception, exposure, attention and interpretation. A number of different factors in customers' lives influence the consumer decision making process. Organizations need to understand these influences and which ones are important in the exploit process to make effective marketing decisions.

A. Internal Influence

Perception: Perception is how we consciously and subconsciously process information. It is how we view the world around us. But it is also how we view ourselves. Self-perception plays a large role in customer purchase decisions. Each and every personal has a "perceptual filter" that is unique to them. In order to effectively influence a customers' purchase decision, you as a marketer, must learn how to position yourself in such a way so that you are filtered appropriately through a customers' perception. The simplest way to do this is to make it very known how your product/service will provide a solution to your customers' problems.

Education: A persons' knowledge undoubtedly influences their purchasing decisions. Knowledge is the sum of all the education and experience owned by a person. As a marketer, the key to obtaining new customers and retaining old ones is getting people to be open-minded and to accept new information about your product. This can often be a tricky task, and again is why proper positioning is critical.

Motivation: Motivation is a hugeinternal influence when it comes to a customers' purchase decision-making process. If somebody is motivated to achieve something, they will often encounter a problem along the way, and will seek solutions in order to accomplish what it is they are set out to do. For example, say you are motivated to get fit. Great! That's fantastic! Now what? Well, you need some sort of a solution. You could join a health club, invest in a personal trainer, purchase a kettle bell, etc. There are a variety of possible solutions, and depending on your level of motivation, some may be more enticing than others. However, do not confuse motivation with

involvement, which is about how much effort a customer puts into making a decision. Again, as a marketer, you will have a greater advantage if you can find out what is motivating your customers.

Attitude: people have attitudes regarding religion, politics, clothes, music, food, and almosteverything else. Attitude describes a person's relatively consistent evaluations,feelings, andtendencies toward an object or idea. Attitudes put people into a frame ofmind of liking or disliking things, of moving toward or away from them Attitudes aredifficult to change. A person's attitudes fit into a pattern; changing one attitude mayrequire difficult adjustments in many others, (Kotler, P, 2011).

Personality: each person's distinct personality influences his or her buying behavior. Personalityrefers to the unique psychological characteristics that distinguish a person or group.Personality is usually described in terms of traits such as self-confidence, dominance,sociability, autonomy, defensiveness, adaptability, and aggressiveness. Personality canbe useful in analyzing consumer behavior for certain product or brand choices.The idea is that brands also have personalities, and consumers are likely to choosebrands with personalities that match their own. A *brand personality* is the specific mixof human traits that may be attributed to a particular brand (Frank, 2002).

Life Style: people coming from the same subculture, social class, and occupation may have quitedifferent lifestyles. Lifestyle is a person's pattern of living as expressed in his or herpsychographics. It involves measuring consumers' major AIO (activity, interest andopinion) dimensions—activities (work, hobbies, shopping, sports, social events),interests (food, fashion, family, recreation), and opinions (about themselves, socialissues, business, products). Lifestyle captures something more than the person's socialclass or personality. It profiles a person's whole pattern of acting and interacting in theworld, (Desmond, 1972).

Age and Life-Cycle Stage: people change the goods and services they buy over their lifetimes. Tastes in food,clothes, furniture, and recreation are often age related. Buying is also shaped by thestage of the family life cycle—the stages through which families might pass as theymature over time. Life stage changes usually result from demographics and lifechangingevents—marriage, having children, purchasing a home, divorce, childrengoing to college, changes in personal income, moving out of the

house, and retirement.Marketers often define their target markets in terms of life-cycle stage and developappropriate products and marketing plans for each stage (Frank, 2002).

B. External Influences:

Culture: No external influence has as much of a profound impact on a person's purchasing decisions than their culture. People often share beliefs, attitudes, and behaviors. And that is exactly what culture is; the shared behavior between the members of a society. If you want to know your customer, then it would be a considerably wise decision to first try and understand their culture.

Social Class: This may be financial, educational, or occupational. Depending on what social class a potential customer belongs to, will greatly influence their purchase decisions. It makes sense doesn't it? A vagrant, living under the I-95 overpass, will probably not be making a Lamborghini purchase decision anytime soon.

Social/professional groups: similar to culture but on a smaller scale. These are the groups that people often feel the need to associate, or even disassociate themselves with. Understanding the group(s) that your customer belongs to crucial for a marketer's success. There you have it. Not all that complicated right? Well, it's easier said than done, as actually prying out such information can be quite tedious. But stay tuned; I will have another post up soon enough some of the most effective techniques for squeezing information out of potential customers.

2.1.4. Determinants of customers bank selection

Banking today, commercial banks are not only buying and selling money, but also aim to provide appropriate financial services to customers (Kaynak and Holstius, 1995 cited on Wei and Lu, 2013). While some fundamentals of decision-making apply to all types of purchases, the specific circumstances for high credence products, such as financial services require a diligent decision. Banks try to practice customer-oriented activity to persuade customers' decision. For this, banks need to have a comprehensive understanding of customers' attitudes, perceptions and behavior (Kaynak and Whiteley, 1999) and what matters to those customers.

Levin (2004) notes the relevance of rational choice, where people compare the costs and benefits of certain actions, is easy to see in respect of bank selection behavior of customers. Since people want to get the most useful products/services at the lowest price/convenience, they will judge the benefits/significance of a certain banks services/offers (for example, how useful is it or how attractive is it) compared to similar ones from others banks. Then they will compare prices or costs and benefits. In general, people will choose the bank that they perceive provides the greatest reward or benefits at the lowest cost, given their preferences.

In order to understand bank/banking choice or selection behavior of individual customer various studies have been conducted in different countries in different parts of the world. Determinants of bank section like any other service depends on preferences or needs as well as the attributes of the banking service attributes offered by the service provider. Research has shown that a combination of factors across individual and competitive factors influence selection of a bank by customers.

Cicic et al. (2004) for example indicates that selection behaviors are determined by three market segments. Firstly, "task-oriented bank customers" are considered as a consumer group who emphasizes on the bank's professionalism. Secondly, "security-oriented customers" appear in the requirement for a bank with a good reputation and high reliability. Thirdly, "interaction-oriented customers" usually prefer friendly and confidentiality service of the bank.

On the other side, Parak (2011) suggests that selection of a bank depends on the focus and access on how customers perceive the banks and their competitors in comparison with various variables and attributes such as happiness, joy, cheerfulness and delightfulness that derived from a banking services and avoid bringing emotions of sadness, enraged and deceit to them. The fierce competition in banking industry has led to emergence in technology such as ATM and mobile banking electronic banking; consumers are expecting more demand for financial services (Hinson, Osarenkhoe and Okoe, 2013).

Safakli (2007) also indicates that bank selection criteria employed by customers is a result of bank image, service quality and efficiency, parking facilities, convenient location, financial factors and affected opinion. He further indicates that different

demographic characteristics of customers impacts their priorities in customers' bank selection process.

Blankson et.al. (2009) tried to see commonalities in banking selection factors between developed and developing countries. He identified four key factors - convenience, competence, recommendation by parents, and free banking and/or no bank charges - to be consistent across the two economies. Aregbeyen (2011) while noting the difference of geographic locations and status of economies between developed and developing countries, he identified factors in the context of developing countries. He identified safety of funds, quick/prompt service, minimum waiting time, good complaint handling, reputation /dependability, one stop banking, any branch banking, innovative products &services, low/reasonable service-charges, and friendly/pleasing manners of staff as the major factors in a bank selection by the sampled respondents. The number of branches, closeness to home/work place etc., transactions alert and regular communication with customers, availability of functional and secured ATMs all times, and connectivity to other bank's ATMs are also considered to be one of the important choice determinants.

2.2. Empirical Research

Various experimental research using different methodologies and approaches have been done in various parts of the world to investigate the bank selection criteria of the customers. While such studies have contributed substantially to the literature on bank selection, their findings may not be applicable to other countries, due to differences in cultural, economic and legal environments. Another notable fact across many of the research is that none use a specific frame sticking to any of the choice theory or processes.

In Sweden, there are few researches about bank selection criteria of consumers. Zineldin (1996) conducts a survey on banking behavior among Swedish citizen. Total samples of 400 consumers in four large cities are surveyed for the study. 19 potential factors are identified which include reputation, speed of service, recommendation by others, price competitive on savings, opening hours, high technological services, convenience of location and so on. He finds that friendliness and helpfulness of personnel, accuracy in account management, efficiency in correcting mistakes,

availability of loans were the most important factors. Nevertheless, the advertising and convenience of location do not have significant influence on bank selection of Swedish citizen. In general, students are considered as low-income group because most of them are unemployed and have to depend on their parents to support. Thus, when it comes to the topic of bank selection criteria of college students, studies show that bank selection criteria are a little bit different from students to others (Cicic et al., 2004).

Safakli (2007) conducts a study in Northern Cyprus to examine the bank selection criteria employed by customers. The findings indicate that the most crucial criteria affecting customers' bank selection decisions are bank image, service quality and efficiency, parking facilities, convenient location, financial factors and affected opinion. The study indicates that it would be crucial to deal with different demographic characteristics of respondents as distinctive segments and treat different priorities in their bank selection process.

Aregbeyen (2011) conducted a research about the determinants of banks selection criteria by business customers in Nigeria. A total of 1750 respondents on the importance of 25 different factors while choosing a deposit bank are sought and analyzed. The study reveals that the safety of funds and the availability of technology-based service(s) are the main reasons for customers' choice of banks.

Msangi (2015) conducted a study of factors influencing customers' choice of banking services in Tanga City council in Tanga Tanzania. His study used both quantitative and qualitative methods with a sample size of 200 customers. He found out that easy account opening procedures, operating balance of an account and the ATM efficiency/technology also has high effects on consumer choice of a bank. The study also identified that demographic factors like income, age and lifecycle stage, role and status and social class have a high effect on consumer choice of a bank.

A study attempting to identify determinants of bank selection choices by Lelissa and Lelissa (2017) in Addis Ababa used a sample of 101 participants. With a descriptive analysis using mean scores and factor analysis they concluded that speed of services, the extent of the branch network, the location of branches and availability of forex resources were the most important factors. Tekletsadik (2013) in his study "Customers Bank Selection Criteria in the case of selected private commercial banks in Addis

Ababa" have identified convenience, reliability and service provision are main factors as most important factors. Inhis study he used 120 customers from four banks in Addis Ababa and deployed a descriptive analysis with mean scores, independent T-test, one-way ANOVA and factor analysis.

Grouping the various determinants identified by the empirical research, one can identify about seven group of determinants. Those factors are summarized below:

Social Factors. When we consider personal factors, Tan and Chua (1986) in Singapore, found that advice of friends; neighbors' and family members have a strong positive influence on customers' decisions, compared with other variables in selecting financial institutions. Ta and Har (2000) also show that recommendation by parents and friends, i.e. peers, was the most important criterion which had significant influence on customers' bank choice.Social factors include Bank recommended by family, friends, relatives and peers. Employer's requirement or recommendation could also be regarded as a social factor.

*Technological Factors.*In the recent time, the development in technology has affected business organizations in several ways, most especially in terms of management and control; marketing and research; operations and decision making. Many studies revealed that customers emphasized on the importance of technology factors to select banks (Cicic et al., 2004 and Rao & Sharma, 2010). Availability of functional and secured ATMs all times, & number of counter windows and connectivity to other bank's ATMs are also considered to be the important choice determinants (Aregbeyen, 2011).

Financial Factors. Findings of Boyd et al. (1994) reveal that interest paid on savings accounts, interest charged on loans and quick service are viewed as having more importance.Similarly, Kazeh and Decker (1993) in their study of the determinants of customer's bank selection decisions among university students in Maryland, USA also identified service charges and interest charged on loans as significant factors among others. Schlesinger et al. (1987) in his study conducted in New York State found that two out of the three most important factors in selecting a bank for small business customers were lending rates and accessibility of borrowing.

Promotional Factors. The findings of Mylonakis (2008) in Greece found that Bank customers may not be interested in advertising at first while choosing their bank, but this is the initial reaction of all those who are interested in achieving the most cost-beneficial and favorable terms. The point is that advertising is not the main criterion for consumers in choosing their bank. However, its existence is a prerequisite, as it verifies a bank's critical presence in the market and plays an important role in their choices. Banking advertising includes advertising availability of several branches, availability of parking space nearby, and long operating hours by banking institutions. According to Aregbeyen (2011) and Maiyaki (2011), any branch banking and number of branches is the major factor in a bank selection by the sampled respondents.

Convenience Factors. Schram (1991) identified that convenience remains the primary reason why most college students choose their banks. Gerrard and Cunningham (2001) found convenience factor was rated significantly higher by multiple bankers. Many studies in the literature also suggested that convenience of bank location had a significant positive influence for customers on bank choice (Kaynak and Kucukemiroglu, 1992; Riggal 1979; Laroche et al., 1986; Martenson, 1985; Reed 1972).Therefore, it seems that convenience related factors like the location of the bank and opening hours of the bank are important in the decision-making process of the consumer.

Speed and Service Quality. As Julian and Ashen, (1994) stated delivering quality services and products to customers had significant positive influence for success and survival of today's competitive banking environment. By using a survey of households, Omar and Orakwue (2006) also evaluated the relative importance of bank selection criteria used by bank customers in Nigeria. The results suggest safety of fund; efficient service quality and speed of transactions have significant positive influence on customers' bank selection decision.

Bank Image and Reputation. Image and reputation is important factor for customers to patronize a bank. Almossawi (2001) conducted a study in Bahrain to examine the bank selection criteria employed by college students. He found that the key factors determining college students' bank selection were: bank's reputation, availability of parking space near the bank, friendliness of bank personnel and availability and location of automated teller machines (ATM). Aregbeyen (2011) revealed that the

safety of funds is the major significant factor for customers' choice of bank in his study carried out in Nigeria. Gerrard and Cunningham (2001) surveyed a sample of 184 Singapore's undergraduates to establish a ranking of the various dimensions which influence their bank selection decisions. Using factor analysis, seven bank selection dimensions were identified by the researchers, the most important being undergraduates should "feel secure", followed by "electronic services" and "service provision". Cicic et al. (2004) asserted that young customers place more emphasis on factors like good reception at the bank.

Table 1: Selected studies of bank selection criteria and their findings

Author/s and Topic	Methodology and Technique (s) (Scope/ area)	Sample Size	Main finding (s)
Rao and Sharma, 2010). "Bank Selection Criteria Employed by MBA Students in Delhi: An Empirical Analysis"	Self-administered questionnaire Descriptive analysis and Factor Analysis (India)	**1000** students from University of 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
Aregbeyen, (2011) "Determinants of banks selection criteria by business customers in Nigeria."	Self-administered questionnaire Descriptive analysis, mean scores and standard deviations (Nigeria)	1750 respondents from seven locations from Nigeria	Most important factors - Safety of Funds; secured ATMs - availability of technology-based service - convenience (location);
Lelissa and Lelissa (2017). "Determinants of Bank Selection Choices and Customer Loyalty the Case of Ethiopian Banking Sector"	Self-administered Questionnaire, Descriptive analysis with mean scores and factor analysis	101 participants from Addis Ababa	Main findings: - the speed of services - the extent of the branch network - the location of branches - availability of forex resources
Tekletsadik (2013). "Customers Bank Selection Criteria in the case of selected private commercial banks in Addis Ababa	Self-administered Questionnaire, Descriptive analysis with mean scores, independent T-test, one-way ANOVA and factor analysis	120 customers from four banks in Addis Ababa	The main findings: - Convenience, reliability and service provision are main factors - demographic variables also influence bank selection
Tehulu and Wondmagegn(2014). "Factors Influencing	Self-administered Questionnaire, Descriptive analysis	204 customers in five Commercial Banks in Bahir Dar	The main findings: significant factors include friendly or

Customers' Bank Selection Decision in Ethiopia: The Case of Bahir Dar City"	with mean scores and multinomial regression	City	pleasing manner of staff, ATM service, bank speed, and service quality among others

Source: Compiled based on anempirical review

.

2.3. Conceptual Framework

Based on the theoretical and empirical literature review presented above, this research has identified potential determinants of customers' bank selection as social factors, technological factors, financial factors, promotional factors, convenience factors, service quality factors as well as bank image & reputation factors. The researcher therefore has developed the following conceptual framework to guide the research.
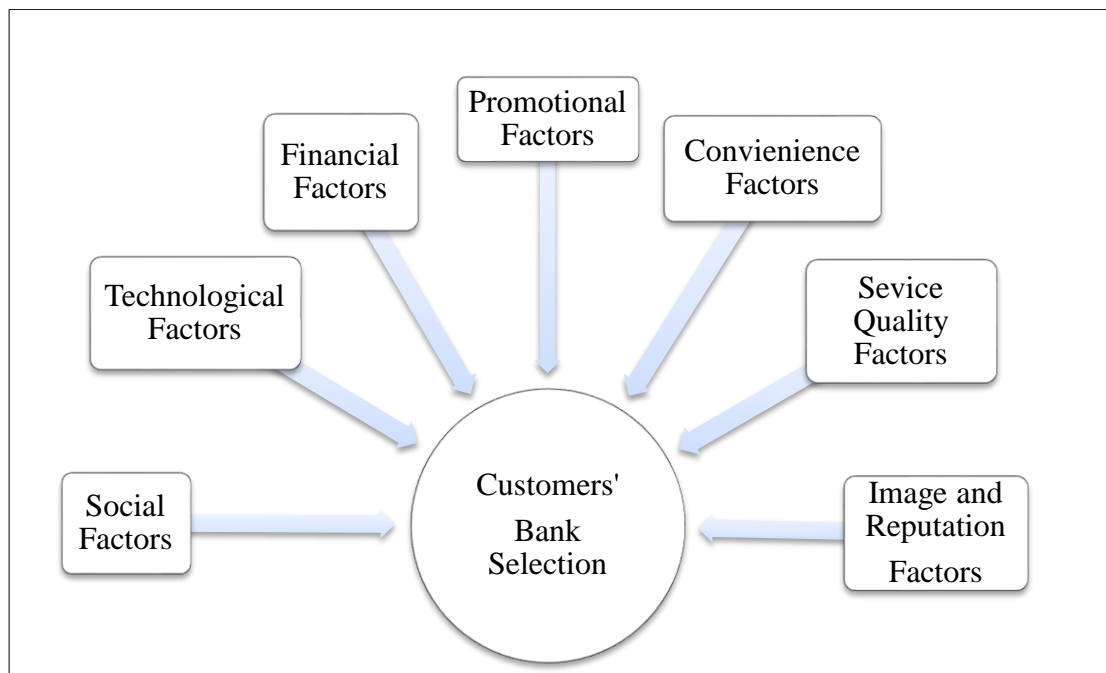

Figure 2: Research framework developed based on empirical review

CHAPTER THREE
RESEARCH METHODOLOGY

This chapter provides the details of the research strategies adopted to address the research questions identified in chapter one. Specifically, this chapter covers, design and approach, sampling method, data collection method and data analysis techniques.

3.1 Research Design

According to Cooper and Schindler (2014), a research design constitutes the blueprint for the collection, measurement, and analysis of data. This study was designed as a quantitative descriptive research utilizing a survey methodology to identify the determinants of customers' bank selection. It is also designed as a cross-sectional study as data is only to be collected at one point in time.

According to Yin (2003) a descriptive case studies are used to describe an event/process in its natural ambit and the main objective is to answer how, who and what questions. Thyer (2001) also states that a descriptive research is one in which information is collected without changing the environment and it is used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation. This design is therefore suitable for the purpose of this research.

3.2 Sample and Sampling Technique

This research is aimed at identifying determinants of customers' bank selection in Addis Ababa city. The population therefore constitutes the residents of Addis Ababa who are customers of all 17 commercial banks in the city.

In conducting a research however, Cooper and Schindler (2014) point out that it is not possible, practical and sometimes expensive to gather data by considering entire population. Therefore, smaller portion of the population that was assumed to be representative is considered.

Using a 95% confidence level and a 10% acceptable margin of error (common in management studies), Krejcie and Morgan Table suggests a sample of 382 (Krejcie and

Morgan, 1970) for a population more than 75, 000. This research, therefore, used a sample size of 382.

Since obtaining a sampling frame from which will require a complete list of all commercial bank customers is practically impossible, applying a probability sampling technique was not be possible. Accordingly, a non-probability sampling technique of convenience sampling (also known as availability sampling) was used. Saunders, et al (2012) recommend the use of convenience sampling for the purpose of reducing the time and cost required for data collection. Taking four branches of each of the commercial banks in Addis Ababa, data was collected from customers that are available at branch office during data collection. While collection the allocation age, sex and other observable profile of customers was also paid due attention.

3.3 Source and Instruments of Data Collection

This research utilized primary data collected from commercial bank customers in Addis Ababa city. A five-point Likert scale questionnaire instrument consisting of 34 items was developed based on the empirical review conducted(Aregbeyen, 2011; Lelissa and Lelissa, 2017). The 34 items were grouped into seven factors. Social factors included four items, technological factors contained six items, financial factors consisted of three items, and promotional factors included four items. Similarly, convenience factor contained four items while 'speed and service quality factors' consisted of seven items. Finally, image and reputation items included were six.

3.4 Procedure of Data Collection

As indicated in the sampling technique section, the questioners were distributed at the selected branches to customers available on the spot and willing to give a response. From a total of 382 questionnaires distributed, 280 were returned. The returned questionnaires were carefully checked, and those with excessive missing data were discarded. The response rate is 73.29% percent. Such a response rate is considered sufficient for statistical reliability and generalizability (Mokhlis, 2009) and most satisfactory especially given the fact that external surveys result a very low response rate.

3.5 Validity and Reliability of the Instrument

The development of a questionnaire raises the issue of validity and reliability. Validity in general looks at if the instrument has measured what it set out to measure. The fact that the questionnaire was developed based on empirical literature as well as pilot testing on the instrument assures its validity.

Pilot test is preliminary version of full survey operations that is used to identify whether problems exist before distributed real survey to the respondents (Lavrakas, 2008). In the pilot test phase, fifteen sets of the questionnaires are distributed to customers at CBE Gezahagn Yilma Branch and examined for respondents understanding of the questions and were asked their feedback on the questionnaire. The only question that was dropped from further uses was the duration with which the customer has stayed with the bank which was judged to be an issue of satisfaction or commitment rather than selection decision. Accordingly, the research proceeded with the data collection.

Reliability, on the other hand, is concerned in the instrument's ability to produce a consistent outcome in measurement. Reliability is the degree to which the measure of a construct is consistent or dependable. Therefore, Cronbach's alpha which is a measure of internal consistency, that is, how closely related a set of items are as a group was used to measure the scale reliability. The Cronbach's Alpha was 0.928 indicating the scale reliability as a score of more than 0.9 is considered excellent.

Reliability Statistics	
Cronbach's Alpha	N of Items
.928	34

3.6 Methods of Data Analysis

The data collected from participants was analyzed using both descriptive and inferential statistics. Descriptive statistics, particularly frequencies and percentages were used to characterize the participants profile while mean and standard deviation were used to summarize the scores of potential determinants of bank selection.

Inferential statistics, particularly one sample t-test was used to test the statistical significance of the difference of the calculated mean values from the neutral values. The One-Sample t-test is commonly used to test the statistical difference between a sample mean and a known or hypothesized value of the mean in the population (Gaur and Gaur,2009). In this study, to ascertain the importance of a factor with mean greater than the mean value three, the hypothesis that each mean value calculated is different from the hypothesized value 3 was done with the help of one sample t-test.

Further, exploratory factor analysis (EFA) was implemented for data reduction and finding an optimum grouping and number of common factors influencing a set of measures (DeCoster, 1998). EFA basically helps to simplify the wide individual items in the questionnaire through summarizing them in a gross component (Hair et al, 1998). Further, exploratory factoranalysis also reveals any latent variables that cause themanifest variables to covary. During factor extractionthe shared variance of a variable is partitioned fromits unique variance and error variance to reveal theunderlying factor structure; only shared varianceappears in the solution.

3.7 Ethical Considerations

During the course of administering the questionnaires, names and any identifying remarks were not used. The confidentiality of the responses collected was also kept. The study only utilized data collected from participants using the questionnaires and the researcher's opinions were kept out of the analysis as much as possible.

CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

The aim of this study was to assess determinants of customers' Bank selection decision. Accordingly, this chapter presents analysis and discussion of the data obtained from survey to answer the research questions raised in chapter one and support the objectives of the study.

4.1. Participants Profile

The survey instrument included five background questions to characterize the participants profile. The questions include gender, age, education, and income. Table 2 summarizes the participants profile.

Table 2: Participant's profile

S. No.	Item		Frequency	Percent	Remark
1	Gender	Male	151	53.9	
		Female	129	46.1	
2	Age	18-25	26	9.3	
		26-30	100	35.7	
		31-35	46	16.4	
		36-40	47	16.8	
		>40	61	21.8	
3	Education	High School	0	0	
		Certificate	4	1.4	
		Diploma	38	13.6	
		Degree	197	70.4	
		Post Graduate	41	14.6	
		other	0	0	
4	Income	< 5000	35	12.5	
		5001 - 10000	121	43.2	
		10001 - 15000	92	32.9	
		15001 - 20000	20	7.1	
		> 20000	12	4.3	
		Total	**280**	**100.0**	

Source: Survey Data (2018)

Gender distribution between Male and Female was at 151 (53.9%) and 129 (46.1%). Furthermore, there were 26 (9.3%) respondents age between 18 - 25 years old, 100 (35.7%) respondents age between 26 – 30 years old, 46 (16.4%) respondents agebetween 31 - 35 years old, 47 (16.8%)respondents age between 36 - 40 years old and 61 (21.8%) respondent age above 40 years old.

For educational level attained, there were no participants with high-school completion as their highest level of education while there were only 4 (1.4%) who completed a certificate. There were 38 (13.6%) participants with a Diploma.Respondents with Bachelor degree have the highest frequency which is 197 (70.4%). Respondents with Master degree were 41 (14.6%).

As for personal monthly income, 35 (12.5%) respondents have salary less than Br5000 per month. There are 121 (43.2%) respondents with salary between Br 5001 –10,000. Respondents with salary between Br 10,001 – 15,000were 92 (32.9%) and Br 15,001 – 20,000 were 20 (7.1%). Finally, only 12 (4.3%)of the respondents had salary above Br 20,000 per month.

4.2. Determinants of Bank Selection

4.2.1 Exploratory Factor Analysis

The exploratory factor analysis basically helps to simplify the wide individual items in the questionnaire through summarizing them in a gross component. The 34 items therefore are categorized into seven components thatincorporatesocial factors, technological factors, financial factors, promotional factors, convenience factor, speed and service quality factors

Such an approach, especially if applied before going in to mean-ranking analysis improves the quality of the analysis as well as providesan aggregate view of the selection criteria. In short, the 34 variables of the survey are analyzed to seven underlyingdimensions in the set of selection criteria. There appear three steps in exploratory factor analysis:

KMO and Bartlett's Test. Before running on the exploratory factor analysis, there is a need to decide on if the data gathered is appropriate for factor analysis. The test pertinent to the above investigation is the Kaiser-Meyer-Olkin (KMO) and Bartlett's

Test that measures the sampling adequacy which describes the strength of inter-correlations among those items. The **KMO index** should be above 0.6 and the Bartlett's test of sphericity index should less than 0.05(Sig.<0.05) which suggests the sample of survey is good enough for factor analysis (IDRE, n.d.). The value of KMO for the data used is 0.866 which is above 0.6 and similarly the Bartlett's test of sphericity was significant ($\chi2$ (528) = 5643.021,$p < .05$). Finally, the communalities were above 0.4 except the variable 'Familiar with shareholders'(see annex), further confirming that each item shared some common variance with other items. Given these overall indicators, factor analysis was deemed to be suitable with all 33 items except'Familiar with shareholders' which was dropped.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.866
Bartlett's Test of Sphericity	Approx. Chi-Square	5643.021
	df	528
	Sig.	.000

*Factor extraction and rotation.*Next to the confirmation for the application of the factor analysis in the data through both the KMO andBartlett's Test there is a need to go further step to identify the interrelationships among the set of variables. This study applied the exploratory factor analysis with principalaxis factors to determine thenumber of factors to be retained in the study. Costello and Osborne (2005) suggest that, if the assumption of multivariate normality is not maintained, the use of one of principal factor methods; "principal axis factors" in SPSS be applied.

Further, Varimax rotation which is a type of orthogonal rotation was used. Costello and Osborne (2005) also indicate that, orthogonal rotation produce uncorrelated factors, of which Varimax rotation is by far the most common choice. Using the scree test and eigenvalue greater that one rule, seven factors commutatively explaining66.915% of the variation explained was retained (See annex for details).

Table 4: Rotated Factor Matrix

S. No.	Items	Factor
		1	**2**	**3**	**4**	**5**	**6**	**7**
1	Recommendation by family and friends					.679		
2	Employer's Influence/requirement					.591		
3	Familiar with an employee					.596		
4	Availability of modern banking software			.406			.453	
5	Connectivity with other banks			.433				
6	Availability of ATM network			.735				
7	Availability of mobile banking services			.796				
8	Availability of internet banking services			.714				
9	Availability of Point of sale terminals			.586				
10	Low service charges							.454
11	High interest rates on savings accounts							.512
12	Low interest rates on loan							.567
13	The bank is Advertising itself appropriately		.577					
14	Personal contact from bank marketing staff		.715					
15	TV/radio presence		.728					
16	Presence in newspaper and print media		.680					
17	Location of the bank						.647	
18	Proximity to home/work	.427					.685	
19	Operating hour of bank	.581						
20	Availability of parking space at or near the bank	.583						
21	Fast and efficient service	.794						
22	Speed of transactions	.732						
23	Friendliness of Bank personnel,	.413						
24	Accuracy and timeliness of statements	.653						
25	Minimum waiting time	.806						
26	Providing services in specified time	.750						
27	Easiness of opening of bank account	.571						
28	Overall image of bank				.741			
29	Goodwill of bank among customers				.766			
30	Past experience				.605			
31	Safety of funds and confidence							.431
32	The bank is heading in growth path				.454			
33	Being a government-owned bank							

Extraction Method: Principal Axis Factoring.
 Rotation Method: Varimax with Kaiser Normalization.
Factors: 1- Speed and Service Quality 2- Promotion 3-Technology 4- Bank Image and Reputation 5- Social 6- Convenience 7- Financial

Source: Output of SPSS

Out of the 34 items, the analysis started with, 'familiar with shareholder' was dropped due to poor covariance with the rest as shown in the communalities table. Further, the item 'being government owned' did not load with any of the seven factors with a loading of 0.4 or higher, hence, was not included into any factor.

The item 'modern banking' loaded onto two factors with more than 0.4 value. However, it was included in factor six (convenience factor) for analysis as the availability of modern banking software allows people to access their account at any branch and contributes the issue of location and proximity. Similarly, 'Proximity to home/work' into two factors; factors 1 and factor 6, however its loading with factor 6 was considered for analysis. Loadings which were different from previous research were observed with items initially presumed convenience factors. Specifically, 'operating hour' and 'Availability of parking space at or near the bank' were found loading with 'Speed and Service Quality'. Even though different from previous research, this grouping is in agreement with the SERVQUAL instrument, hence accepted. Likewise, the item 'safety of funds' initially thought to load with 'Image and Reputation of the Bank' was found loading with Financial Factors.

4.2.2   Factor Interpretation

The rotated matrix has resulted in seven components having 32 variables retained due to theirloading higher than 0.4. The cumulativevariance explained due to each factor (component) is also shown depicting the variation in the responses among theselected group ofcustomers.

The first factor or componentthat explained by far the largest variance was'speed and service quality' which explained 33.22%of the variations. This factor included nine items where items related to speed showed higher loadings. The second factor, promotional factor has explained 8.6% of the variation with four items. The third factor was technological factors that explained 7.51% of the variation with five items. 'Availability of mobile banking' and 'Availability of ATM' loaded higher than 'POS terminals' and 'connectivity with other banks'.

The fourth and fifth factors were 'image ad reputation' and 'social factors' explaining 5.2% and 4.91%. Each of those factors included four and three items respectively. The

last two factors were 'convenience factors' that explained 4.29% and 'financial factors' explaining 3.14% of the variation.

Table 5: Factor loading used for analysis

S. No.		Factors and Items	Loadings	% variance
1.		*Speed and Service Quality*		
	1	Minimum waiting time	0.806	
	2	Fast and efficient service	0.794	
	3	Providing services in specified time	0.750	
	4	Speed of transactions	0.732	
	5	Accuracy and timeliness of statements	0.653	33.22%
	6	Availability of parking space at or near the bank	0.583	
	7	Operating hour of bank	0.581	
	8	Easiness of opening of bank account	0.571	
	9	Friendliness of Bank personnel	0.413	
2.		*Promotional Factors*		
	10	TV/radio presence	0.728	
	11	Personal contact from bank marketing staff	0.715	8.60%
	12	Presence in newspaper and print media	0.680	
	13	The bank is Advertising itself appropriately	0.577	
3.		*Technological Factors*		
	14	Availability of mobile banking services	0.796	
	15	Availability of ATM network	0.735	
	16	Availability of internet banking services	0.714	7.51%
	17	Availability of Point of sale terminals	0.586	
	18	Connectivity with other banks	0.433	
4.		*Bank Image and Reputation*		
	19	Goodwill of bank among customers	0.766	
	20	Overall image of bank	0.741	5.20%
	21	Past experience	0.605	
	22	The bank is heading in growth path	0.454	
5.		*Social Factors*		
	23	Recommendation by family and friends	0.679	
	25	Familiar with an employee	0.596	4.91%
	24	Employer's Influence/requirement	0.591	
6.		*Convenience Factors*		
	28	Proximity to home/work	0.685	
	27	Location of the bank	0.647	4.29%
	26	Availability of modern banking software	0.453	
7.		*Financial Factors*		
	31	Low interest rates on loan	0.567	
	30	High interest rates on saving accounts	0.512	3.14%
	29	Low service charges	0.454	
	32	Safety of funds and confidence	0.431	

Source: Output of SPSS

4.3. Importance of Determinant Factors in Bank Selection Decision

The factor rotation has shown the seven factors with appropriate loadings. In this section the analysis of the importance of each factor in the customers' bank selection decisions is presented. The table below shows the mean scores of each of the factors and their standard deviations (Table 8).The mean scores of each factor indicate a value of more than 3 with standard deviations less than one suggesting all thefactors are important in bank selection decision. However, Further, the statistical significance of the mean scores need to be tested.

Table 6: Mean scores and correspondingSd

S. No.	Factors	Mean	Std. Deviation
1	Convenience Factors	4.19	0.837
2	Image and Reputation	4.16	0.772
3	Financial Factors	4.15	0.759
4	Speed and Service Quality	4.14	0.758
5	Technological Factors	4.00	0.730
6	Promotional Factors	3.71	0.879
7	Social Factors	3.63	0.839

Source: Calculated from Survey (2018)

To test the statistical significance of the mean scores showing the importance of each factor in customers' bank selection decision, a One-Sample T-Test was done. The result indicates thatthe mean scores of all the seven factors indicating the importance of the factors in customers' bank selection factors are statistically significant.

Table 7:One-Sample T-Test

S. No.	Determinant Factors	t	df	Sig. (2-tailed)
1	Convenience Factors	23.705	279	.000
2	Image and Reputation	25.231	279	.000
3	Financial Factors	25.449	279	.000
4	Speed and Service Quality	25.254	279	.000
5	Technological Factors	22.820	279	.000
6	Promotional Factors	13.432	279	.000
6	Social Factors	12.553	279	.000

As revealed on the above table Convenience (mean =4.19) take the first rank from the statedfactors. This shows that customers consider the 'location' and 'proximity' of the bank as the major factor to select a bank. other studies have noted the importance of convenience factor in bank selection. In agreement with the finding here, Lelissa and Lelissa (2017) have found location and proximity as a prominent factor in their study of ban selection determinants and loyalty among bank customers in Addis Ababa. Almossawi (2001) ranked convenience assecond most important factor for bank selection decision in Bahrain customers while Mokhlis et al. (2008) placed it fifth in their study offactor for the selection ofbanking services by the customers.

Image and reputation was the second-ranked factor with mean 4.16. This indicates that customers place high regard to items like 'overall image of the bank', 'goodwill of the bank' and 'previous experience' in their selection of a bank. Previous studies have also found 'image and reputation' as an important factor. Almossawi (2001) in Bahrain, Maiyaki (2011) in Nigeria as well as Lelissa and Lelissa, 2017 in Ethiopia, have identified 'bank reputation' second and third highest important factors.

Financial factors were third with mean 4.15 closely followed by 'speed and service quality' 4.14. Financial factors include 'safety of funds and confidence' and 'low interest rates on loans'. Service quality items include 'speed of transaction', 'fast and efficient service', 'easiness of opening an account'which individually had the highest mean scores signifying their importance in customers' bank selection. Lelissa and Lelissa (2017) placed the speed of services as the highest importance. Chigamba and Fatoki (2011) in their study of South Africa students have ranked service quality as the most the most important criteria for bank selection decision. Wei and Lu (2013) also confirmed the same in their study of Swedish bank selection choices by international students at Gävle.

The fourth-ranked item was technology with mean 4.0. Availability of ATM network', 'availability of mobile banking' and 'connectivity with other banks were the highest scoring factors. This finding is different from other studies. Tehulu and Wondmagegn (2014) for example found ATM service very important to customers in Bahir Dar City. Chigamba and Fatoki (2011) have also placed high priority in ATM location and ATM availability in their study of South Africa students' bank selection behavior.

The mean scores of the last two factors 'promotional factors' and 'social factor' were much lower than the rest with means 3.71 and 3.63. Promotional actors like 'advertising', 'TV/radio ads', 'print media ads' were ranked lower than others except social factors. Social factors like 'recommendation by family and friends', 'requirements by employers' 'familiarity with an employee' were ranked the least. This shows that customers mostly rely on their own in their choice of a bank and did not choose banks and banking services dependingon suggestion of others. On the contrary, thisfactor was the first most important factor for commercial bank selection in the study conductedby Andersonet al. (1976) and Kaynak (1991), for the customers in America and Turkey, andranked as second most important factor in the study of Farooq et al. (2010) by Islamic customersin Afghanistan.

CHAPTER FIVE

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1   Summary of Findings

The research set out with an objective of assessing the determinants of customers' Bank selection decision, particularly the influence of factors like social, technological, financial, promotional, convenience, speed and quality of service as well as the Banks's image and reputation.

A total of 280 complete responses were used in the study. The assessment of the participants profiles indicated that there was a close distribution in terms of gender while the age distribution showed that the study covered a relatively young participants where about 60% of the participants were below the age of 35. Education wise, most of the participants were educated with more than 80% of the participants had a bachelor's degree or higher. Most of the participants also had an income range of 5,000 – 10,000.

The exploratory factor analysis conducted revealed that seven factors as anticipated with few items changing (loading) in another category and two items 'familiarity with a shareholder' and 'Bank owned by the government' were dropped from further analysis due to inadequate loading in factor analysis.

The analysis of determinant factors then indicated that all the seven factors (Social, technological, financial, promotional, convenience, speed and service quality, and image and reputation) were important to customer's in their bank selection decisions.Ranking by mean values shoed that 'convenience factors and image and reputation are the highest followed by financial, speed and service quality and technology factors. The least two ranked factors were promotional factors and social factors.

Further, sub-items like 'speed of transactions', 'fast and efficient transaction', 'easiness of opening an account', 'goodwill of the bank', 'past experience', 'location' and 'proximity to home/office' were seen to have higher mean scores. On the contrary, ''availability of POS terminals', 'recommendation by family', 'familiarity with an employee working at the bank', 'presence in newspaper and print media' as well as 'personal contact from bank marketing staff' were sub-items with the least man scores.

5.2   Conclusions

Here in this section, conclusions are given based on the analysis presented above. The research intended to examine the effect and importance of the identified factors on customer's bank selection decision. The findings show that all the identified factors'speed and service quality', 'image and reputation', 'convenience', 'technological', 'financial', 'social' and 'promotional' are important to customers in their bank selection decision.

- Social factors were found to have a fairly positive influence (with man 3.63) implying that 'recommendation by family and friends' as well as 'requirements by employers' affects customers' bank selection decision. Compared to other factors however, social actors were seen to be one of the least implying that banks should not rely only on social influence to recruit more customers

- The result also indicated that customers agree with the influence of technological factor in their bank selection decision. Availability of ATM network', 'availability of mobile banking' and 'connectivity with other banks were the highest scoring factors. comparing means with others, however, technology was ranked fourth. this implies that commercial banks investment on technology is not currently being considered as a priority by customers.

- The result also showed that financial factors have influence of customers bank selection decision showing that 'safety of funds and confidence' and 'low interest rates on loans' are relevant to customers in their bank selection decision. Comparing the mean with other, financial factors were ranked third showing a relative importance.

- Promotional factors were also found to be important in customers bank selection decision. However, this was one of the least ranked factors suggesting that promotional factors are having low impact in customers bank selection decision.

- Convenience factors were found to be important in customers bank selection decision. The comparison with other factors indicated that

convenience actors were ranked first indicating the importance of 'location' and 'proximity' to customers.

- Service quality items include 'speed of transaction', 'fast and efficient service', 'easiness of opening an account' which individually had the highest mean scores signifying their importance in customers' bank selection. It can be concluded that improving the services in commercial banks could lead to increased customer recruitment.

- Image and reputation were also found important in determining bank selection decision by customers. The comparison showed that it was the second-ranked factor. This indicates that customers place high regard to items like 'overall image of the bank', 'goodwill of the bank' and 'previous experience' in their selection of a bank. Commercial banks therefore can build their image to improve their customer recruitment.

Even though the identified factors are important to customers, a factor may not influence the choice of alternatives when there is no differentiation. Accordingly, one can conclude that bank customers in Addis Ababa are relying on convenience factors like 'location' and 'proximity' or bank image factors like 'goodwill' and 'past experience' in absence of differentiation in 'technology' and 'financial factors'. Similarly, customers have also relied on speed and service quality factor like 'speed of transaction'.

5.3   Recommendation

Managerial Implications

Overall, it was observed above that customers place importance in all the seven factors to make their bank choice suggesting the need to pay attention to all factors. Improving the performance of the banks based on these factors would increase the chances of their customers choosing their banks as preference.

- The importance of convenience to customers puts a need for Commercial banks to increase their branch locations in a manner that shows differentiation with other competitors. Commercial banks could also address the issue of branch locations with technology which are currently being introduced by many.

Creating general awareness on how those technology work and how it can address the issue of locations in the minds of potential customers could also have a similar impact.

- Commercial banks should therefore consider activities such as corporate social responsibility will improve the banks image or activities like participation in national events, sponsorship of big events, association with national teams, etc … that will project the goodwill of the bank rather than simpler promotions should be considered.

- Commercial banks should therefore try to continuously improve the of transactions at their branches and simplify account opening processes to attract more potential customers. The aim hear is not just improving but creating distinction from others.

Further research

Previous relevantresearchers have done most of the research based on many common variables affectingbank selection criteria. This research included additional items and covered many banks. However, the findings were limited due to geographic coverage as well as in terms of comparing factors among different banks. The researcher therefore suggests:

- The survey be carriedout in other cities of Ethiopia to confirm the results
- Second a comparative study between commercial banks to see if certain attributes can be attached to specific commercial banks

REFERENCES

Arebgeyen, O (2011). *The Determinants of Bank Selection Choices by Customers:
Recent and Extensive Evidence from Nigeria.* International, Journal of Business
and Social Science Vol. 2, No. 22.
http://ijbssnet.com/journals/Vol_2_No_22_December_2011/32.pdf

Cooper, D. and Schindler, P. (2014). Business Research Methods. 12th Edition,
McGraw-Hill Irwin, Boston.

Costello, A. B. and Osborne, J. W. (2005). Best Practices in Exploratory Factor
Analysis: Four Recommendations for Getting the Most From Your Analysis.
Practical Assessment Research & Evaluation, Vol 10, No 7.

DeCoster, J. (1998). *Overview of Factor Analysis*. Retrieved: Dec 19, 2017
from http://www.stat-help.com/notes.html

Devlina, J., & Gerrard, P. (2005). *A study of customer choice criteria for multiple bank
users.* Journal of Retailing and Consumer Services, 12, pp. 297–306

IDRE (n.d.). Exploratory Factor Analysis | SPSS Annotated Output. UCLA: Statistical
Consulting Group.
https://stats.idre.ucla.edu/spss/output/principal_components/

Gerrard, P. & Cunningham, J. B. (2001), *Singapore Undergraduates: How They
Choose which Bank to Patronize*, International Journal of Bank Marketing,
19(3), 104-114.

Grady, B. & Spencer, H. (1990). *Managing Commercial Banks.* Englewood Cliffs, NJ:
Prentice-Hall.

Gaur, A. S. & Gaur, S.S. (2009). Statistical Methods for Practice and Research: A
Guide to Data Analysis Using SPSS. DOI:
http://dx.doi.org/10.4135/9788132108306.n4

Holstius, K. &Kaynak, E. (1995). *Retail banking in Nordic countries: The case of
Finland.*International Journal of Bank Marketing, *13*(8), 10-20.4.

Kennington C., Hill, J., and Rakowska A. (1996). *Consumer Selection Criteria for
Banks in Poland,*International Journal of Bank Marketing14(4), pp 12–21.

Kotler P. (2006). *Principles of Marketing*, 11th edition, Pearson Prentice Hall, New
Jersey,U.S.A

Kotler, P. and Armstrong, G. (2011). *Principles of Marketing*, 14th edition. India:
Prentice-Hal.

Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement, 30*, 607-610. Available at:

https://qhaireenizzati.wordpress.com/2017/10/05/sample-size-determination-using-krejcie-and-morgan-table/

Lee, J. and Marlowe, J. (2003). How Consumers Choose a Financial Institution: Decision Making Criteria and Heuristics, International Journal of Bank Marketing, 21(2), pp. 53-71,

http://www.cefe.illinois.edu/jce/archives/2003_vol_21/Marlowe%20Lee%202020 03.pdf

Lelissa, M. B. and Lelissa, T. B. (2017). Determinants of Bank Selection Choices and Customer Loyalty the Case of Ethiopian Banking Sector. European Journal of Business and Management. (Online) Vol.9, No.13, P. 9-24

http://iiste.org/Journals/index.php/EJBM/article/view/36846

Levine, R., and Zervos, S. (1998). *Stock Markets, Banks and Economic Growth.* American Economic Review, 1998 (88), 537-58.

Milner, T. and Rosensteich, D. (2013). *A review of consumers decision making models and development of new model for financial services*. A Sydney Business School Paper.

http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1404&context=gsbpapers

Mohammed Almossawi, M. (2001). *Bank selection criteria employed by college students in Bahrain: an empirical analysis.* International Journal of Bank Marketing,Vol. 19Issue: 3, pp.115-125,

https://doi.org/10.1108/02652320110388540

Msangi, Z. (2015). *The factors influencing customers' choice of Banking services in Tanzania: a case of Tanga City*. An MBA Thesis submitted to Mzumbe University. Available at:

http://scholar.mzumbe.ac.tz/bitstream/handle/11192/1164/MSc_MBA-CM_Zainabu%20Msangi_2015.pdf?sequence=1

NBE (2016). Annual Report 2015/2016. Available at:

http://www.nbe.gov.et/pdf/annualbulletin/Annual%20Report%202015-16%20N.pdf

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*. Erasmus School of Economics, Master Thesis.

Proclamation No. 592/2008. ADDIS ABABA, 25th August, 2008. Available at: http://www.nbe.gov.et/pdf/Proclamation/BANKING%20BUSINESS%20592.pdf

Rao, S. and Sharma, Dr. R.K. (2010). *Bank Selection Criteria Employed by MBA Students in Delhi: An Empirical Analysis.* Journal of Business Studies Quarterly, Vol. 1, No. 2, pp. 56-69, 2010. Available at SSRN: https://ssrn.com/abstract=1597902

Saunders, M., Lewis, P. & Thornhill, A. (2012) "Research Methods for Business Students" 6th edition, Pearson Education Limited

Scott, J. (2000). *Understanding Contemporary Society: Theories of the Present.* Published by Sage.

Siddique, Md. N. (2015). *Bank Selection Influencing Factors: A Study on Customer Preferences with Reference to Rajshahi City*. Asian Business Review, [S.l.], v. 1, n. 1, p. 80-87. Available at: http://journals.abc.us.org/index.php/abr/article/view/1.12Siddique

Ta, H. P. and Har, K. Y. (2000). *A study of bank selection decisions in Singapore using the Analytical Hierarchy Process.* International Journal of Bank Marketing, Vol. 18 Issue: 4, pp.170-180, https://doi.org/10.1108/02652320010349058

Tehulu, T. A. and Wondmagegn, G. A. (2014). *Factors Influencing Customers' Bank Selection Decision in Ethiopia:* The Case of Bahir Dar City. Research Journal of Finance and Accounting. Vol.5 No.21. P. 57- 67. http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.865.4793&rep=rep1&type=pdf

Tekletsadik, D. (2013). *Customers Bank Selection Criteria in the case of selected private commercial banks in Addis Ababa.* A Master's Thesis submitted to Addis Ababa University. http://etd.aau.edu.et/bitstream/123456789/5524/1/Dawit%20Tekletsadik%20Thesis.PDF

Thyer, B. A. (2001). *The handbook of social work research methods.* Thousand Oaks, Calif.: Sage Publications.

Wei, S. and Lu, J. (2013). Determinants of Swedish bank selection choices by international students', MBA thesis, University of Gävle.

ANNEXES

A. Research Questionnaire

A Research Questionnaire

Dear participant,

My name is Helen W.Slassieand I am a student undertaking a Master of Business Administration Degree at St. Mary's University, Department of Business Administration. To fulfill the completion of this program, I am carrying out a study in title "Determinants of Customers' Bank Selection Decision: The Case of Bank Customers in Addis Ababa". I am inviting you to participate in this research study by completing the attached questionnaire by making a symbol "√". On your level of agreement for each question given.

Since it is intended for academic purposes only, please answer all questions as honestly as possible. The information collected will remain confidential. As a participant you are not required to include your name.

Thank you in advance for your cooperation!

Section I: Demographic In formations

1. What is your Gender?

    Male☐

    Female☐

2. Age

    18 – 25☐31 – 35☐   More than 40 ☐

    26 – 30☐36 – 40 ☐

3. Indicate your Level of Education

    High school☐Degree☐

    Certificate☐Post Graduate☐

    Diploma☐   Other   ☐

4. Could you indicate the range of your monthly income?

    Less than Br. 5, 000   ☐   15,001 - 20, 000 Br.   ☐

    5, 001 - 10,000 Br.   ☐Over Br. 20,000   ☐

      10,001 - 15, 000 Br.   ☐

Section II: Factors affecting a customer's bank selection

Below are potential factors that could affect a customer's bank selection. Considering each factor please indicate your rating to the extent the given factor has affected your bank selection by putting a " ✓ " on the corresponding column.

The rating are as follows:

SD = Strongly Disagree   *D = Disagree*   *NAND = Neither agree nor disagree*   *A = Agree*   *SD = Strongly Agree*

	Selection Factors	SD	D	NAND	A	SA
	Social Factors					
1	Recommendation by family and friends					
2	Employer's Influence/requirement					
3	Familiar with an employee					
4	Familiar with shareholders					
	Technological Factors					
5	Availability of modern banking software					
6	Connectivity with other banks					
7	Availability of ATM network					
8	Availability of mobile banking services					
9	Availability of internet banking services					
10	Availability of Point of sale terminals					
	Financial Factors					
11	Low service charges					
12	High interest rates on saving accounts					
13	Low interest rates on loan					

	Promotional Factors					
14	The bank is Advertising itself appropriately					
15	Personal contact from bank marketing staff					
16	TV/radio presence					
17	Presence in newspaper and print media					
	Convenience Factors					
18	Location of the bank					
19	Proximity to home/work					
20	Operating hour of bank					
21	Availability of parking space at or near the bank					
	Speed and Service Quality					
22	Fast and efficient service					
23	Speed of transactions					
24	Friendliness of Bank personnel,					
25	Accuracy and timeliness of statements					
26	Minimum waiting time					
27	Providing services in specified time					
28	Easiness of opening of bank account					
	Bank Image and Reputation					
29	Overall image of bank					
30	Goodwill of bank among customers					
31	Past experience					
32	Safety of funds and confidence					
33	The bank is heading in growth path					
34	Being a government owned bank					

Thank you for taking the time to complete this survey!

I truly value the information you have provided!

B. Sample Size Determination Table

Table 3.1

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size   Source: Krejcie & Morgan, 1970

C. Results of Statistical Tests

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Recommendation by family and friends	280	1.00	5.00	3.6036	1.07263
Employer's Influence/requirement	280	2.00	5.00	3.8250	.98815
Familiar with an employee	280	1.00	5.00	3.4607	1.10646
Familiar with shareholders	280	1.00	5.00	3.1107	1.06014
Availability of modern banking software	280	1.00	5.00	4.0607	.93894
Connectivity with other banks	280	1.00	5.00	4.0821	.86574
Availability of ATM network	280	1.00	5.00	4.1393	.92664
Availability of mobile banking services	280	1.00	5.00	4.1071	.93668
Availability of internet banking services	280	1.00	5.00	3.9357	1.03148
Availability of Point of sale terminals	280	1.00	5.00	3.7107	1.07024
Low service charges	280	1.00	5.00	4.1107	1.01170
High interest rates on saving accounts	280	1.00	5.00	4.0036	1.12163
Low interest rates on loan	280	1.00	5.00	4.2036	.97532
The bank is Advertising itself appropriately	280	1.00	5.00	3.9214	1.08471
Personal contact from bank marketing staff	280	1.00	5.00	3.5107	1.10387
TV/radio presence	280	1.00	5.00	3.7107	1.12573
Presence in newspaper and print media	280	1.00	5.00	3.6786	1.02840
Location of the bank	280	1.00	5.00	4.2714	1.02543
Proximity to home/work	280	1.00	5.00	4.2250	1.03492
Operating hour of bank	280	1.00	5.00	4.1464	1.02827
Availability of parking space at or near the bank	280	1.00	5.00	3.8500	1.07713

Fast and efficient service	280	1.00	5.00	4.2214	1.10760
Speed of transactions	280	1.00	5.00	4.3250	.91076
Friendliness of Bank personnel,	280	1.00	5.00	4.1607	.90353
Accuracy and timeliness of statements	280	1.00	5.00	4.1143	.98072
Minimum waiting time	280	1.00	5.00	4.1714	1.02263
Providing services in specified time	280	1.00	5.00	4.1000	.99677
Easiness of opening of bank account	280	1.00	5.00	4.2107	.96269
Overall image of bank	280	1.00	5.00	4.1357	1.03148
Goodwill of bank among customers	280	1.00	5.00	4.2821	.90935
Past experience	280	1.00	5.00	4.2536	.85718
Safety of funds and confidence	280	1.00	5.00	4.3000	.88557
The bank is heading in growth path	280	1.00	5.00	3.9821	.97442
Being a government owned bank	280	1.00	5.00	3.1036	1.53104
Valid N (listwise)	280				

Total Variance Explained

Factor	Initial Eigenvalues Total	Initial Eigenvalues % of Variance	Initial Eigenvalues Cumulative %	Extraction Sums of Squared Loadings Total	Extraction Sums of Squared Loadings % of Variance	Extraction Sums of Squared Loadings Cumulative %	Rotation Sums of Squared Loadings Total	Rotation Sums of Squared Loadings % of Variance	Rotation Sums of Squared Loadings Cumulative %
1	10.961	33.217	33.217	10.567	32.020	32.020	5.788	17.539	17.539
2	2.839	8.603	41.820	2.390	7.241	39.261	2.902	8.793	26.332
3	2.477	7.507	49.327	2.075	6.289	45.550	2.872	8.704	35.036
4	1.736	5.261	54.588	1.369	4.148	49.698	2.572	7.795	42.831
5	1.619	4.905	59.493	1.201	3.640	53.338	2.119	6.422	49.252
6	1.415	4.286	63.780	1.021	3.093	56.431	1.901	5.759	55.012
7	1.035	3.135	66.915	.645	1.954	58.385	1.113	3.373	58.385
8	.915	2.771	69.686						
9	.897	2.719	72.405						
10	.816	2.473	74.878						
11	.713	2.161	77.040						
12	.673	2.040	79.079						
13	.634	1.921	81.000						
14	.601	1.821	82.821						
15	.498	1.509	84.330						
16	.485	1.470	85.800						
17	.473	1.435	87.235						
18	.444	1.346	88.581						
19	.411	1.245	89.826						
20	.383	1.162	90.988						
21	.362	1.098	92.085						
22	.331	1.003	93.088						
23	.301	.912	94.000						
24	.282	.854	94.854						
25	.260	.788	95.642						
26	.245	.741	96.384						
27	.228	.692	97.076						
28	.216	.656	97.731						
29	.200	.605	98.336						
30	.166	.503	98.839						
31	.147	.447	99.285						
32	.125	.379	99.664						
33	.111	.336	100.000						

Extraction Method: Principal Axis Factoring.

Scree Plot
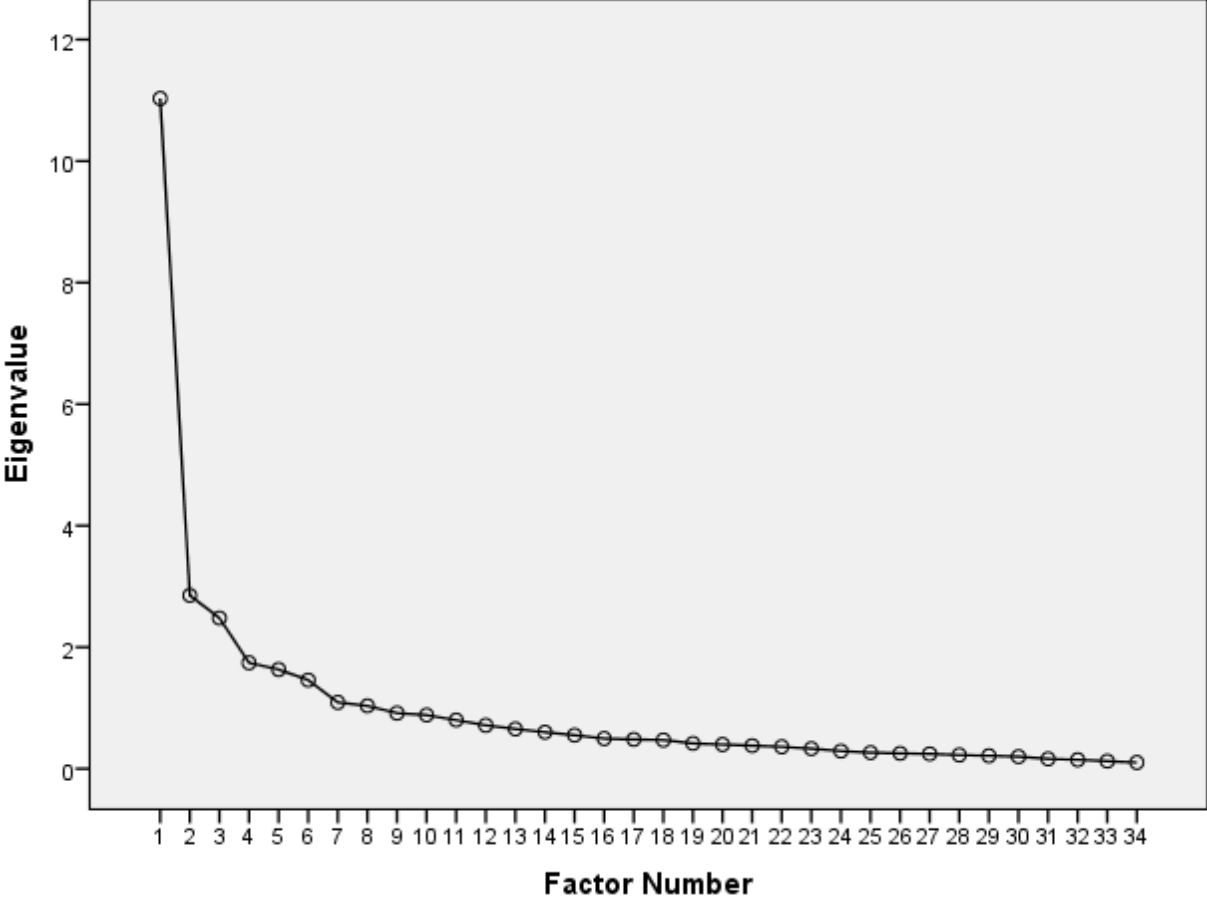
Communalities

	Initial	Extraction
Recommendation by family and friends	.572	.599
Employer's Influence/requirement	.539	.381
Familiar with an employee	.500	.505
Familiar with Shareholders	.364	.115
Availability of modern banking software	.587	.522
Connectivity with other banks	.476	.415
Availability of ATM network	.587	.612
Availability of mobile banking services	.654	.661
Availability of internet banking services	.584	.566
Availability of Point of sale terminals	.569	.451
Low service charges	.558	.515
High interest rates on saving accounts	.545	.504
Low interest rates on loan	.666	.593
The bank is Advertising itself appropriately	.667	.522
Personal contact from bank marketing staff	.668	.660
TV/radio presence	.727	.720
Presence in newspaper and print media	.592	.517
Location of the bank	.643	.644
Proximity to home/work	.659	.707
Operating hour of bank	.648	.554
Availability of parking space at or near the bank	.627	.486
Fast and efficient service	.738	.733
Speed of transactions	.757	.707
Friendliness of Bank personnel,	.642	.656
Accuracy and timeliness of statements	.652	.544
Minimum waiting time	.719	.684
Providing services in specified time	.672	.641
Easiness of opening of bank account	.647	.581
Overall image of bank	.721	.661
Goodwill of bank among customers	.787	.819
Past experience	.637	.586
Safety of funds and confidence	.617	.582
The bank is heading in growth path	.518	.481
Being a government owned bank	.536	.439

Extraction Method: Principal Axis Factoring.