



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**CONSUMERS' BANK SELECTION DECISION IN SELECTED CITIES IN
ETHIOPIA**

BY:

FANTAHUN MENGESHA

**JULY, 2021
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE
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APPROVED BY BOARD OF EXAIMINERS

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Aderaw Gashaye (PhD). All sources of materials used for the thesis have been duly 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

CandidateName

Signature

Date

St. Mary's University, Addis Ababa

May, 2021

ENDORSEMENT

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

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Abstract

*The main purpose of the study was identify the main banking service attributes (criteria) that influence consumers' bank selection decision and to test the mean difference in bank selection criteria between genders, cities, income levels and educational status was the main objective of the study. The data have been collected by using structured questionnaire. The consumers' gave their value to the importance of 47 listed bank service attributes to their bank selection by using five point **likert-type** scales. **310 samples** were proportionally selected from two cities: Addis Ababa and Adama, by using a non-probability convenience sampling technique. The Descriptive statistic, mean score and, Mann-Whitney & Kruskal-Wallis test used to analyze rank of selection variables and to test significance of mean score difference between groups. In addition correlation analysis was performed to examine the relationship between bank selection criteria and bank selection decision. The study found out that "service provision", "branch location" "financial performance" and "secure feeling" are the top four important bank selection criteria to consumers' bank selection decision and the importance of "peoples influence" and "Marketing Promotion" are found the least important bank selection criteria. The study further revealed that "service provision, "Branch location", "Financial Performance" and "Secure Feeling" had a strong positive correlation with bank section decision while "Marketing promotion", "Attractiveness" and "People Influences" had a weak positive correlation with bank selection decision.*

Key word: Bank Selection Criteria, Consumer Behavior, Decision Process

ACCRONYM

- SP–Service provision
- AC - Accessibility
- BL- Bank location
- PI–People influence
- FP-Financial performance
- MP–Marketing promotion
- AT–Attractiveness
- FB-Financial benefit
- BSD– Bank Selection Decision
- ANOVA – Analysis of variance
- SPSS -- Statistical package for social science

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The role of banking institutions in the growth of every economy cannot be over emphasized. Banks and financial institutions in general facilitate the mobilization, accumulation, and allocation of capital for individuals, firms and the government. According to McKinnon (1973) an increase in holding financial assets by the public promotes savings mobilization which leads to higher levels of savings, investment, production, growth and poverty alleviation. The deregulation of the financial sector as well as the enactment of the new banking law has led to the emergence of a number of financial institutions in the country by private entrepreneurs targeting different categories of savers and investors. As a result of this the banking industry has been characterized by increasing competition since the early 1980s (Blankson, Cheng and Spears, 2007)

The increased competition resulting from a decade of deregulation of the financial services industry has meant that banks are faced with the task of differentiating their organizations and their products or services as a means of attracting customers (Blankson et al., 2007). The intense competition that exists in the market for financial services presents a big challenge to the profitability of retail banking institutions of all sizes Mokhlis (2009). The competition and saturation in the banking industry requires banks to be more customer focused. Banks have created diverse products in an attempt to satisfy customers and be highly competitive. For example, banks offer internet banking products which has positive impact on bank performance (Singh 2004; Ciciretti, Hasan & Zazzara 2009). Banks have become more involved in the granting of home loans (previously mainly offered by building societies) and other aspects not strictly associated with traditional banking activities. Globally banks are faced with keen competition for customers and as a result banks embark on different marketing strategies to attract and retain customers

Customer retention is an important element of banking environment in an increasingly competitive environment today. Banks not only compete among each other but also with non-bank and other financial institution. Bank management must identify and improve all the factors that can limit customer defection. It is because to increase bank's profit the banks must reduce their customer's defection. The Customer may defection because of lack knowledge about the bank, poor service utilized offer by the bank, and the criteria of the bank (Haron, 1994). Due to this highly competitive environment, it is important for financial institution to obtain more information about their customers concerning what influence them before selecting the financial institution.

Modern banking in Ethiopia introduced in 1905. At the time, an agreement was reached in between Emperor Minelik II and a representative of the British owned National Bank of Egypt to open a bank which leads to Bank of Abyssinia launched in Feb.16, 1906 by the Emperor (Abraha, SL & Imam, SH., 2005). This event marked the introduction of banking in the country. The Bank of Abyssinia was given a 50 years pleasure and was engaged in issuing notes, collecting deposits and granting loans, but its clients were mostly foreign businessmen and wealthy Ethiopians (Mauri, 2003).

Ethiopian banking is flourishing. Financial results for the 2010 fiscal year prove an industry enjoying high growth, high profits, and high dividends. Even in the middle of a challenging situation, all key areas of banking operations: collecting deposits, providing loans, and foreign exchange dealing, showed growth of more than 20 percent. Even though sharing strong expansion, there are of course prominent variations along with banks in terms of their aggregate size, revenue sources, customer focus, loan concentration, and operational efficiency¹. Presently, there are 15 banks in Ethiopia of which 12 are private banks² and the rest are government owned banks. Moreover, looking ahead, banks will surely be confronted by the entry of six new banks (namely: Abay, Enat, Hawassa, Debub Global, Noah, Zam-Zam) and other financial institutions.

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. In this regard, the basic aim of the study is to examine the basic motivational factors in customers' bank selection in Addis Ababa city. In order to achieve the research aim, the study has adopted both quantitative research approach specifically survey method through personally administered questionnaires

1.2 Statement of the problem

The wellbeing of every economy is closely depends on soundness of their financial system and Banking sector plays an important role in financial system. **The bank is having effective role in economic development of country**. In a modern and competitive atmosphere also affect the banks to adopt new technologies and improve their service quality. Each type of banks is providing varied services to attract the customers as it is considered as important assets. Today's most important of any business are to attract new and **retain** the existing customer in a highly competitive environment. Service organization might be able to effectively attract and retain customer. It is also crucial to understand what is valuable for them and how the customers make decisions (Govind M. Dhinaiya, 2016).

There are a lot of studies undertaken in different countries on the area of customer's Bank selection criteria. However, the **conclusion developed in the context of one country may not be applicable in other countries as the institutional**, cultural, social, personal, psychological, economic, political and technological factors may different from region to region or from one sector to another within the same region (Reo &Sherma, 2010). For example the study undertaken by Kennington, Hill and Rakowska (1996) show Poland customers give high value to reputation, rates (price/cost), and convenience. In the other way, Levesque and MeDougall (1996) study found that Canada customers give high value to providing promised service, getting it right the first time and competitive interest rates.

The growing competitions in the industry pushes the banks expand their reaches to potential clients. As a result, understanding the factors that influences bank selection decision has become more important and commercial banks need to identify these factors as an essential move in their effort to attracting new **potential customer** and maintaining the existing ones. Particularly, the current literature has given much consideration and attention to investigate bank selection criteria

from different segments (Yue and Tom, 1995).

However, Ethiopian commercial banks should prepare for the inevitable stiff competition that will arise from local and with the eminent future entrant of foreign banks that may be opened as part of journey towards accession to the World Trade Organization (WTO). Many transition countries allowed foreign bank entry for the last two decade as result of agreement made on the WTO. As numerous studies identified, benefit of foreign banks operation in those countries has outweighed the risks. Ethiopia also applied for the WTO membership and the liberalization process becomes one of the questions raised by member countries. So, soon or later the openness of the financial sector will become inevitable, under the condition that, the countries long and strong desire to be a member (AbrehamAmanuel, 2008).

Despite all the above facts, a few related studies are conducted by Ethiopian researchers on factors most influence Bank selection decision among bank customers citizens in different cities by (Dawit T., 2013; Agarwal P., 2017; Tilahun A. and Gedifew A., 2014; and Goitom, 2011). Many studies on this topic area conducted in developed and emerging countries. Though such studies have contributed to the literature on bank Selection, some of their findings may not be very applicable to other countries like Ethiopia, and a set of determinant factors that have a significant role in bank selection in one nation may prove to be insignificant in another due to differences in cultural difference, economic situation, customer perceptions, geographical location, rules of the country, and environments.

Therefore, this study seek to address the problem by providing information about the factors affecting consumer bank selection decision by considering the potential segment customers both from Addis Ababa and Adama cities. Further, this paper tries to show if there is any difference in the selection criteria between genders, income levels, education level and cities. Such a study is hopefully expected to fill the gap in literature by scrutinizing the determinants of customers' bank selection in Addis Ababa and Adama City.

1.3 Research Questions

This research is designed to address the following questions

1. What are the most important bank selections attributes to consumers?
2. Is there any significant difference in bank selection criteria between different education groups?

3. Is there any significant difference in bank selection criteria among cities?
4. Is there any significant difference in bank selection criteria between different income levels?
5. Is there any significant difference in bank selection criteria between different education groups?
6. Is there a significant relationship between bank selection decision and bank selection criteria or factors?

1.4 Objective of the study

1.4.1 General objective

The main objective of this study is to identify the main banking service attributes (criteria) that influence consumers' bank selection decision.

1.4.2 Specific Objectives

- ✚ To identify the most important factors that contributes to their selection criteria.
- ✚ To find out if there is a significant difference in bank selection criteria among cities.
- ✚ To find out if there is a significant difference in bank selection criteria among gender
- ✚ To find out if there is a significant difference in bank selection criteria between income levels
- ✚ To find out if there is a significant difference in bank selection criteria between education groups
- ✚ To examine the relationship between bank selection criteria (service provision, branch location, financial performance, accessibility, secure feeling, financial benefits, market promotion, attractiveness and people influence) and bank selection decision.

1.5 Significance of the Study

This study has a great importance for the management of the banking sector especially to design targeted marketing strategy. To attract new customers and to retain the exiting customers it is also essential to identify their needs and factors that affect their bank selection decision. So that through identification of factors appropriate marketing strategy can be developed that has greater influence

on the market. While managers and executives understand the real consumers need and want and acting accordingly that will directly benefit consumers by adding value for the banking service by decreasing switching cost.

1.6. Delimitation/Scope of the Study

The research was delimited to certain conceptual and geographical coverage. The study focused on identifying the main banking service attributes (criteria) that influence consumers' bank selection decision. The study focused on nine aggregate bank selection criteria that may affect bank selection decision namely service provision, branch location, financial performance, accessibility, secure feeling, financial benefits, market promotion, attractiveness and people influence and one dependent variable, (bank selection decision). However, there may be some other factors that can have an impact on bank users but were not examined in this study. Further empirical research is required to examine the other factors that can impact on banking behavior decisions.

Even though there are many big cities Ethiopia it is difficult to study all due to the pandemic, and due to adequacy and accessibility of data so it is convenient for the researcher to conduct the study at Adama and Addis Ababa hence the study is delimited to these two cities excluding other cities.

1.7. Limitation of the Study

The paper was conducted on selected two cities Addis Ababa and Adama excluding other cities so the findings of the study should be viewed with certain limitations in mind. This is due to by not having sufficient time and budget to gather enough data from outlying other Ethiopian cities. Therefore Generalizability of the present findings should therefore be examined in future research in other bank sectors.

1.8 Organization of the Study

The study has been organized into five chapters. In chapter one, background of the study, statement of the problem, research questions, objectives the study, significance of the study scopes of the study and limitation of the study are outlined. Chapter two consists of literature reviews which are deemed to be relevant with the research project. The data and methodology that are used to achieve the objectives of the study are outlined and discussed in chapter three. Chapter four presents the results obtained by applying the methods described. In chapter five conclusions and recommendations have been made based on the results obtained.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introductions

This chapter considers literature relevant to the subject under study. It summarizes the information from other researchers who have carried out their research in the same field or study. The specific areas covered here are **theoretical framework or review, under section 2.2, empirical review under section 2.3.**

2.2. Theoretical review

2.2.1 Rational choicetheory

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). In rational choice theory, individuals are seen as motivated by the wants or goals that express their 'preferences'. They act within specific, given constraints and on the basis of the information that they have about the conditions under which they are acting. At its simplest, the relationship between preferences and constraints can be seen in the purely technical terms of the relationship of a means to an end. 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 holds that individuals must anticipate the outcomes of alternative courses of action and calculate that which will be best for them. Rational individuals choose the alternative that is likely to give them the greatest satisfaction (Scott, 2000).

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 (Levin, 2004).

2.2.2. 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).

To prepare an effective competitive marketing strategy, a company must consider its competitors as well as its actual and potential customers. It must continuously analyze its competitors and develop competitive marketing strategies that effectively position it against competitors and give it the strongest possible competitive advantage(Armstrong,1999).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.

2.2.3 Customers behavior

Customer behavior is the process individuals or groups go through to select, purchase, use and dispose of goods, services, ideas or experiences to satisfy their needs and desires (Sells, n.d.). Consumer behavior is not only influenced by external factors, but also by their attitudes and expectations. These attitudes and expectations are constantly changing in response to a continuous flow of events, information and personal experiences (Peer, 2009).

Customer employ a number of processes for product/service evaluation which will eventually leads to the choice and/or preference of a particular product or service provider. Thus, (Zeithaml, VA, Berry, LL &Parasuraman, A 1993)

categories the factor into three groups of quality characteristics. Search qualities are the features that customer can see, feel or touch and might be evaluated in advance of purchase. Secondly, experience qualities are those qualities that may be evaluated during or after consumption. And finally, credence attributes are the features that customer find difficult to evaluate after purchase or consumption such as medical services provided by a doctor. Financial services are characterized by high levels of credence and experiential features, therefore, making them difficult to be evaluated before consumption (Owusu-Frimpong 1999). Therefore, to minimized the risk and uncertainty that is related to the purchase of service, customer more or less rely on the tangible cues such as place, equipments, people, symbols among others as the evidence of service quality (Morley 2004). When customers choose and prefer a service provider based on the tangible cues, they are more likely to become loyal to the service provider.

Customer retention and true loyalty as, (Bove and Johnson, 2000) notes, “is defined by a high customer relative attitude in addition to high repeat purchase behavior”. Given the understanding that customer retention is economically more advantageous than constantly seeking new customers; Reichheld and Sasser (1990) observe that customer loyalty is a primary goal for most businesses today. This leads to an explosion in the use of different types of bonds (i.e. economic or structural) which bind the customer to the firm through high switching costs.

With the intense competition and increasing globalization of the financial markets, building customer loyalty has become a critical strategy for most financial institutions. The banking industry must develop strong relationships with their customers in order to compete successfully in the competitive retail banking environment. Numerous studies have shown that banks’ profitability is closely associated with customer retention (Garland 2002; Anderson, Fornell& Lehmann 1994; Reichheld&Sasser 1990). The longer a bank can retain a customer, the greater revenue and cost savings from that customer. Maintaining an existing customer is five times cheaper than obtaining a new one as the advertising, sales, and set-up costs can be amortized over a longer customer lifetime (Morgan, 2007; Clemes, Gan&Zheng, 2007; Reichheld&Sasser, 1990).

Duncan & Elliot (2002) note that customer loyalty is an important factor that contributes to an organization's earnings and profits. Loyal customers normally establish a stable relationship with an organization compared to non-loyal customers (Zeithaml, Berry & Parasuraman, 1996). Customer loyalty can contribute to an increase in a firm's revenue; reduce customer defection rates; and develop new business through positive word-of-mouth advertising (Reichheld 1996; O'Brien & Jones 1995; Reichheld & Sasser 1990). Thus, at the end of the day, the bank's assets are not only primarily registered on the balance sheet, but also related to the fact that customers have been successfully retained (Scharioth & Hurber, 2002).

The deregulation and the emergence of new technology in the financial service industry have had a critical impact upon consumer behavior. When customers can purchase nearly identical financial products provided by the retail banks, customers are also more prone to change their banking behavior (Beckett, Hewer & Howcroft, 2000). Chakravarty, Feinberg & Rhee (2004) state that "the competitiveness of banking combined with the relative homogeneity of banking products and services appears to make banking particularly susceptible to customer switching behaviour" (pp, 512). As a result, service quality or product is no longer the only factor that banks need to focus on as customers are more value-oriented and cautious in making tradeoffs between benefits and costs (Mazumdar, 1993).

Kotler and Keller (2006) hold that companies recognize the importance of satisfying and retaining customers. Satisfied customers constitute the company's customer relationship capital. According to them, the following are interesting facts about customer retention: acquiring new customers can cost five times more than the cost involved in satisfying and retaining current customers; the average company loses 10 percent of its customers each year; and the customer profit rate tends to increase over the life of retained customers. Again, Kotler and Keller (2006) argue that the critical factor to attaining customer loyalty is customer satisfaction because a customer who is highly satisfied will most likely exhibit the following characteristics:

- a) Stays loyal longer
- b) Buys more as the company introduces new products and upgrades existing ones.

- c) Talks favorably about the company and its products
- d) Pays less attention to competing brands and advertising, and is less sensitive to price, and
- e) It will cost less to serve than new customer because transactions are routines.

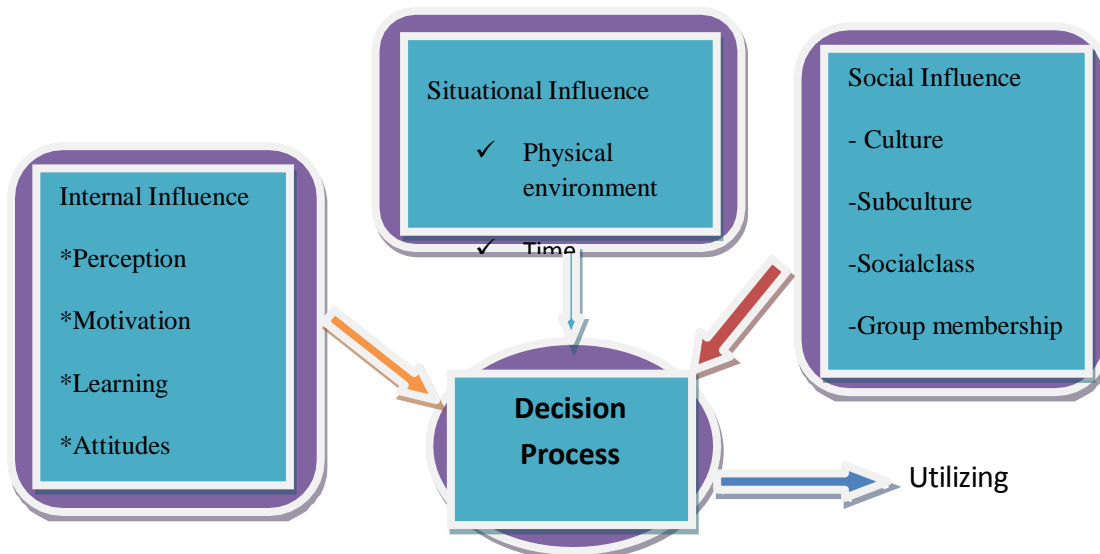
2.2.4 Influences on customers' decisions

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

A. Internal influences on customers' decisions:

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. Perception is the process by which people select, organize and interpret information from the outside world (Sells, n.d.).

Fig. 2: Influences on customer decision making



Source: Adopted from Sells S. (n.d.), Consumers behavior, pp. 157)

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.

B. Situational influences on customers' decisions

These factors can affect what, where and how customers utilize their choices from different organizations. It is no secret that people's moods and behaviors are strongly influenced by their physical surroundings such as advertizing. There is one motto by the advertising archives: "As customers are exposed to more and more advertising, advertisers must work harder than ever to get their attention". In addition to the physical environment, time is another situational factor. Organizations know that the time of day and how much time one has to make a utilize affect decision making. Time is one of consumers' most limited resources. We talk about "making time" or "spending time", and are frequently reminded that "time is money". They should provide fast service for their customers.

C. Social influences on customers' decisions:

Although we are all individuals, we are also members of many groups that influence our utilizing decisions. Families, friends and classmates often influence our decisions, as do larger groups with which we identify, such as ethnic groups and political parties.

2.3 Service quality

2.3.1 The Difference between Service and Goods

Service is largely intangible and is normally experienced simultaneously with the occurrence of production and consumption, and it is the interaction between the buyer and the seller that renders the service to customers (Gronroos 1988). In order to distinguish services from goods, Gronroos (1990) identifies five unique characteristics of service: intangibility, inseparability between production, delivery, and consumption, heterogeneity, perishability, and no ordinary transfer of ownership.

2.3.2 The Definitions of Service Quality

Since the interactions between a customer and a service provider create opportunities for customers to evaluate services, service quality is defined as a customer's overall impression of the relative inferiority/superiority of the organisation and its service provisions (Gronroos 1988; Bitner&Hubbert 1994). Similarly, Lewis & Booms (1983) define service quality as a measure of how well the service level delivered matches customer expectations. Perceived service quality is developed from the perspective of a customer's attitude to judge the overall service provision (Spathis, Petridon&Glaveli 2004). Lewis (1989) suggests perceived service quality is a consumer judgment which is derived after comparing consumers' expectations of service with their perceptions of actual service performance. In general, customer expectations can be established from previous experiences with the organisation, the competitors of an organisation, the traditional marketing mix, or external influences such as word-of-mouth communication (Parasuraman, Zeithaml& Berry 1988; Gronroos 1984b). In regards to banking, Kamilia and Jacques (2000) note that perceived service quality results from the gap between customers' expectations of the service provided by the bank and the perception of the actual services provided by the bank.

2.4 Purchase Process in Financial Market

2.4.1 Problem Recognition

Needs and wants for personal customers will vary according to personal circumstances, whereas the needs of business customers will depend upon the stage of development and the situation of the business. For personal customers there is a range of needs that may be satisfied through the purchase of financial services, including the need to make payments e.g. cheques, the need to defer payments e.g. loans, mortgages, credit cards, etc., the need for protection e.g. house insurance, health insurance, life insurance, etc., the need to accumulate wealth e.g. managed funds, stocks, life insurance based savings, etc. and the need for information and advice e.g. tax/financial planning, etc. (Ennew& Waite, 2007).

As a consequence of the lack of intrinsic appeal and the complexity of the range of financial services available, it is often argued that consumers do not actively recognize that they have needs for various

financial products; rather, they remain essentially passive participants in a decision process until the point of sale (Knights et al., 1994, as cited in Ennew& Waite, 2007)). At this point, the marketing process then starts to focus on the identification and activation of those needs.

2.4.2 Information Search

Information search describes the process by which consumers gather relevant information either from their own memories or from external sources: from marketing communications, from other consumers or from independent third parties (Kotler& Armstrong, 2011). Unless consumers can draw on their own prior experience of the product there will be a tendency to rely heavily on the experience of others in the form of word of mouth recommendations, and on the credibility of the organization as a whole. If there are difficulties for consumers with respect to the gathering of information, these difficulties are magnified when the consumer attempts to evaluate alternative services (Ennew& Waite, 2007).

2.4.3 Evaluation of Alternatives

Depending on consumers and buying decision the evaluation process and steps followed by consumers is different (Ennew& Waite, 2007). Some customers found to use one attribute to select product like price or convenience and their decision is easy to predict. But, most consumers consider several attributes but assign different importance to each (Kotler& Armstrong, 2011).

However, the presence of credence qualities in many financial services also makes this evaluation process complex (Ennew& Waite, 2007).

2.4.4 Purchase Decision

Purchase is normally expected to follow logically as the result of the evaluation of alternatives, unless any unexpected problems materialize. However, earlier discussions have suggested that, for many financial services customers, needs are only created or activated at the point of purchase. Accordingly, the actual process of purchase will often be the result of an active selling effort by a supplier (Ennew& Waite, 2007).

2.4.5 Post Purchase

The post purchase evaluation of financial services is difficult, for the reasons mentioned earlier. Indeed, it is often suggested that evaluation may place rather more emphasis on functional

aspects of the service (how things are done?) than on technical aspects (what is done?) because the latter are more difficult to evaluate (Lovelock & Wright, 1999).

However, where a high degree of trust is established between buyer and seller, there can be considerable benefits for both parties. The establishment of trust can bring about a degree of inertia in buyer seller relationships. Since an irreversible amount of time and effort is required by an individual in order to acquire the necessary experience and information on which to assess an institution's reliability, it is usually the case that, once satisfied, a consumer is more likely to remain with that institution than to incur the costs of searching for and checking alternative suppliers (Ennew & Waite, 2007).

Kotler and Armstrong (2011) highlight ten attributes that determines perceived service quality: access (is the service easy to get access to and delivered on time?); credibility (is the company credible and trustworthy?); knowledge (does the service provider really understand customers' needs?); reliability (how dependable and consistent is the service?); security (is the service low-risk and free from danger?); competence (are staff knowledgeable and in possession of the skills required to delivery good service?); communication (how well has the company explained its service?); courtesy (are staff polite, considerate and sensitive to customers?); responsiveness (are staff willing and quick to deliver the service?); and tangibility (does the appearance of staff, the physical environment and other tangible representations of the service reflect high quality?).

2.5 Bank selectioncriteria

As Kotler and Keller (2006) observe, customers are becoming harder to please; they are smarter, more price conscious, more demanding, less forgiving, and they are approached by many more with equal or better offers. Hence, the challenge is beyond producing satisfied customers as competitors can do it too; the challenge is to produce delighted and loyal customers. This challenge is perhaps brought about by the increasing financial sophistication of customers which is facilitated by efficient use of information technology, and the entry of new aggressive competitors in the marketplace (Owusu-Frimpong, 1999).

Customer employ a number of process for product/service evaluation which will eventually leads to the choice and/or preference of a particular product or service provider. Thus, Zeithalm (2000)

categorize the factor into three groups of quality characteristics. Search qualities are the features that customer can see, feel or touch and might be evaluated in advance of purchase.

Secondly, experience qualities are those qualities that may be evaluated during or after consumption. And finally, credence attributes are the features that customer find difficult to evaluate after purchase or consumption such as medical services provided by a doctor.

Financial services are characterized by high levels of credence and experiential features, therefore, making them difficult to be evaluated before consumption (Owusu-Frimpong, 1999). Therefore, to minimize the risk and uncertainty that is related to the purchase of service customer more or less rely on the tangible cues such as place, equipment's, people, symbols among others as the evidence of service quality (Morley, 2004). In most of the previous studies the investigators used a broad and in most cases different set of bank selection criteria. After a literary study on these different sets of criteria the study distinguish two factors (bank and customer) specific factors of criteria of bank selection choices by customers which are coming back in most of the studies.

2.5.1 Bank specific factors of selection criteria

I. Physical presence

In their study of selection factors used by Hong Kong consumers in choosing domestic and foreign banks to find the importance Kayanak and Kucukemiroglu (1995) found that convenient location ranked first among the other factors. The proximity of the branch and ATM might construct a convenient network to satisfy the customer's demand without too much cost for a bank (Meister, 1996).

II. E-banking

According to Almassawi (2001) technology is one of the determinant of commercial bank selection. In his study of college students' bank selection in Bahrain, he found high ranking for e-banking services such as convenient ATM locations, availability of ATMs in several location and 24 hours availability of ATMs. Almassawi (2001) notes that the vast majority of young people prefer to use ATMs, not only for their speed and convenience, but also for the mental structure of today's young people who have been

very much involved with computer-based activities

Gerrard and Cunningham (2001) and Kaynak and Harcas (2005) contend that electronic services are of relative importance. Even though they were not available for that long, the current well-educated generation has been exposed to modern technology in their higher education which will increase their drive to patronise banks that are regarded as technology leaders.

III. Service quality

As Julian and Ashen (1995) 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 efficient service quality have significant positive influence on customers' bank selection decision.

Lymperopoulos (2006) examined the importance of service quality in bank selection and found bank service quality is the most important element that customers consider in order to select their mortgage providers and establish a long-term relationship with them.

IV. Availability of service

A number of studies have argued that efficiency of banking services are the main selection criteria of a specific bank (e.g., Holstius and Kayank, 1995; Yue and Tom, 1995; Mylonakis, 1998; Coyle, 1999; Driscoll, 1999; and Moosawi, 2001).

V. Price and accessibility

Findings of Boyd (1995) reveal that interest paid on savings accounts, interest charged on loans, quick service, reputation and hours of operation are viewed as having more importance than other criteria. Schlesinger et al. (1998) in his study conducted in New York State found that the three most important factors in selecting a bank for small business customers were lending rates,

accessibility of borrowing, and the number of services offered.

VI. Innovative products

A study conducted by Kumar (2009) found that innovative of various products is one of the most important factors affecting the decision of the customers on making the choice of the bank in Malaysia. The paper recommended to banks to be innovative in creating more types of channels by riding on technological advancement.

VII. Quality of premises

Sarwar and Mubeen (2012) conduct a research about the factors that affected the bank selection decision of the undergraduate students. They find that attractiveness of the bank's building had significant influence on the bank selection decision of undergraduate students. Holstius (1995) found that the external appearance and interior comfort of the bank counter partitions are one of the most influential factors reported by customers.

VIII. Promotion

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.

According to Gerrard and Cunningham (2001) the key focus of any marketing campaign should be on making customers feel secure more particularly emphasizing the bank's stability. Banks should also try to build good brand image, as many of customers prefer to have accounts in prominent banks where security arrangement are good so they can be assured of the safety of their money (Sharma & Rao, 2010).

IX. Reputation and confidence

A study conducted by Almosawi (2001) in Bahrain to examine the bank selection criteria employed by college students in Bahrain, reveal that bank's reputation is one of the key factors. This means that confidence in the bank management leads to the conclusion that the customers consider management to be most responsible for both success and failure of the banks. Creating a positive image in the minds of young people bring them to the understanding that the firm is customer conscious.

The key focus of any marketing campaign should be on making customers feel secure more particularly emphasizing the bank's stability. Banks should also try to build good brand image, as many of customers prefer to have accounts in prominent banks where security arrangement are good so they can be assured of the safety of their money (Sharma & Rao, 2010).

X. Financial performance

A study was conducted by Abduh (2010) on the Indonesian customer's attitude. They targeted the customers of Islamic banks. Finding of his study were that most customers prefer banks based on announcements of the country's council on interest rates is their first consideration in patronizing a particular bank and puts reason of safety of fund during the financial crisis, has greater possibility to patronize Islamic banks in Indonesia

2.6 Empirical Literature Review

There are inadequate literatures that are under taken about Ethiopian customers' choice behavior toward different bank service attributes. However, a lot of researches have been done in different countries by considering many factors. Some of researches' tried to find the general customers' decision criteria to select bank (Aregbeyen, 2011, Kennington, Hill, & Rakowska, 1996) and others only try to identify the determinant factors of decision making of specific groups (Katircioglu, Tumer, & Kılınç, 2011; Mamunur & Kabir, 2009; Sarwar & Mubeen, 2012). This section present reviews of previously done literatures in the field.

Katircioglu, Tumer and Kilinc (2011) study found that Romanian people give least importance to the people influence, bank marketing campaign and gifts of the bank. While they consider ATM service, internet banking, bank reputation, personal attention shown by the bank staff, privacy of

the customer's data and branch network of the bank as important factor to decide either they should select a bank or not this study concede with the finding of Mokhlis (2009) study of "Determinants of Choice Criteria in Malaysia's Retail Banking: An Analysis of Gender-Based Choice Decisions". Maran, Chan, Lim, Low and Tan(2010) study finding on Islamic banking selection criteria in Malaysia using non-probability sampling indicated that cost-benefits, service delivery, convenience, friends/relatives' influence do have significant relationships with the acceptance of Islamic Banking. In other study on customers selection criteria of Islamic banking of Bangladesh that was done by Mamunur and Kabir (2009), founded that customers give high importance to Corporal efficiency, Core-Banking services and Confidence. In their finding customers' choice is statistically differ between gender, marital status, income level and educational status. Manunur and Kabir used multiple regression analyses by making satisfaction level of customers as dependent variable.

Another study done (Subhani, Hasan, Rafiq, Nayaz, & Osman, 2012)on Islamic banking selection criteria in Pakistan by using ten factor suggested that High profit & Low service charges was the most important factor followed by Religious motives and Quality of Service for selecting Islamic banking by consumers.

As studies finding shows the customers' criteria also changed with time. For example the finding of Zineldin (1996) shows the customers' value to location of service providers become decreasing due to ATMs, computers, home banking, credit cards, etc.

The finding of Saleh, Rosman and Nani (2013) revealed that the most significant factor affect the Kelantan, Malaysia, customers in choosing a bank was the Accessibility. This factor was consist of several items which were the bank has ATM facility, convenient ATM locations, 24 hours availability of ATM services, the bank has a speedy service and the bank has an internet banking facility. In their finding gift for customers was the least important attributes.

For the study of determinants of Bank Selection Choices by Customers in Nigeria, Aregbeyen (2011) has collected data on 25 attributes of banks. The responses of customers were measured by using five point Likert-Scale. In this study Aregbeyen identified, safety of fund and availability of technology based service are the major reason for customers' choice. And statistically significant difference is observed between gender and age in their selection criteria of bank. However no significant location and income difference in the factor selection has been observed.

The study undertaken by Muzenda (2014) to identify customers' retail bank selection criteria in South Africa done by considering five dimensions: Security, Service quality, Technology and Products, Location and affordability. The study indicated that customers' choice highly affected by security feeling and less to affordability.

A study (Mylonakis, 2008) showed the advertising effect on Greece customers' selection of banks is insignificant. As the finding customers more depend on the price and product related criteria of the banks than advertisement.

In a study Mokhlis (2009) use the nine factors to identify their importance as selection criteria used by Malaysian students to select the bank by male and female students. From these nine factors he found that ATM service and financial stability of the bank are most important factors for students while selecting any bank. After that factors cost factor was third important factor for male student while female student give third importance to the service provision. Female student give importance to the professionalism of the bank personal, fast and efficient service while this factor comes at the fourth point in the list of male students. Female students give fourth importance to the nearness of the bank branch from home or university while male students give not so importance to this factor. From all the factors he found that male and female student give least importance to the marketing campaign and people influence while selecting any bank for their financial matters.

The results provided by Katircioglu et al (2011) show that bank selection criteria are statistically different among Romanian cities and different income levels.

Sarwar and Mubeen (2012) study identified important factor that influence business graduate students of Pakistan in selection of bank. Their finding show Marketing, People influence, Bank personnel and Attractiveness of the bank's building have a great influence on their selection criteria.

Goiteom (2011) had conducted gender based study on factors influencing the choice of banking service by using exploratory factor analysis techniques. For the study purpose 201 convenience samples are taken from different occupation: students, employee and businessman. The samples are only from Addis Ababa. Respondent asked to evaluate 23 individual bank attributes on four level scales. These variables finally decreased to 7 factors namely Convenience/ security, Service provision, Employers' influence, Bank image, Promotion strategy, Reputation and Financial benefits/ technology. The finding showed that the first important factor that influences customers' bank selection is convenience/security. The second most important factor was service provision. After this factor employer influence factor is the third factor that influences their bank selection. Financial benefits/technology, bank reputation and promotion strategy factors are founded the least factors that influence customers bank selection criteria. The study also found that there is a slight difference between genders. Bank image is the second important factor to male customers' while it is the third important factor to women. The least factor for male customers are financial benefit/technology and attractiveness and for women attractiveness and financial benefit/technology are the least factors.

CHAPTER THREE

3. RESEARCH DESIGN and METHODOLOGY

In this chapter , the type of research design and approach, the target population of the study, the survey population ,the sampling techniques, data and its source , data collection instrument method of data analysis and presentation tools discussed.

3.1 Research Design and Approach

The purpose of this study was to identify the major factors that influence consumer's bank selection decision and to test whether there is a significance decision difference between the selected cities, age groups, income groups, genders and education status or not. To achieve these objective descriptive and explanatory research designs is employed. Descriptive research design is designed to obtain information, which concerns the present status of phenomenon and it involves gathering data that describes events and then organizes, tabulates, depicts and describes data. It uses description as a tool to organize data in patterns that emerge during analysis. Owing to the nature of this research, a quantitative research approach will be used for the study to obtain quantitative view point of analysis, to get better understanding and more insightful interpretation of the results (to make inference).

3.2 Target and Survey Population

The target populations of the study will be the consumers of commercial banks in Addis Ababa and Adama city with estimated total number of more than 2 million customers according to NBE number of bank user's report 2018EC. The survey population of this study will be walking and existing consumers of commercial banks in Addis Ababa and Adama city excluding those consumers which are not active and below one year active customers of the banks. The representative sample from these consumers will be determined to answer research question and to achieve research objectives. Walking consumers are customers that use the bank service but have no permanent relation with a bank by having account. These consumers use bank service like local money transfers, receiving foreign money transfers, ordering CPO etc. On the other hand, existing consumers are those who have account in the bank that would be saving account, current account, loan account etc.

The size of survey population depends on resource constraints such as the budget, the size of group member as well as the time required to undertake this survey. By considering our economic situations (resource constraints) and the size of the cities, this study make the sample size manageable by only selecting representative samples from the survey population and addressed in the following sampling design section.

3.3 Sampling Design

3.3.1 Sampling Technique

The primary goal of sampling is to get a representative sample or a small collection of units from a much larger population, such that the researcher can study the smaller group and produce accurate, consistent and unbiased estimates of the population that will help to generalize the larger group. Because random sampling is difficult due to “time, cost and ethical consideration” ” (Dattalo, 2008, P. 5) and it is difficult to get list of sample frame, data for the study have been collected through a non-probability sampling technique. In non-probability sampling techniques element of population have unknown probability to be selected as a sample (Dattalo, 2008).From non-random sampling techniques convenient sampling technique is selected to collect reliable information from the representative samples of commercial banks users or consumers. This sampling technique is used where subjects are selected because of their convenient accessibility to the researcher. The selection of the sample under convenience sampling depends on the researcher`s personal judgment.In this study, the two cities, Addis Ababa and Adama are selected using judgmental or purposive sampling techniques due to the fact that they have heterogeneous and large population and it is a place where all banks heads quarters and branches are found. In addition to this, it is believed that residents of these cities have more exposure to different banks` services and have ability to evaluate banks service attributes

3.3.2 Sample Size Determination and Allocation

Representative sample size is very essential to obtain consistent and unbiased estimates of the population. Therefore, in order to maximize research accuracy the representative customers of the

commercial banks from the total estimated customers of 2 million had been determined using sample size formula developed by Yamane'(1967).The samples drawn from these survey population will be the main samples from which information or relevant data will be obtained or collected to achieve research objectives and answer research questions.

$$n = \frac{N}{(1 + N * e^2)} \dots\dots\dots 3.1$$

Where, *N* is survey population size, *n* is sample size without considering response error, *e* is desired margin of error. In this study the desired margin of error value for branches at 95 % confidence level (± 0.05) is used to determine representative sample size.

$$n = \frac{N}{(1 + N * e^2)} = \frac{2000000}{(1 + 2000000 * (0.05)^2)} = 400$$

A total of 400 representative samples will be taken to collect data from the two specified cities. This sample size will be allocated to each city using proportional allocation methods. As Kothari (2004) suggested, “Proportional allocation is considered most efficient and an optimal characteristic” (p. 63). Due to unavailability of the estimated number of customers or bank consumers for each individual city, sample size allocation has been made depending on the size of population each city has. The total populations of the two cities have around 5,329,530 million. From this total population Addis Ababa and Adama city have an estimated population of 5,005,524 and 324,000 respectively according to UN world population review 2021.

Table 1: Proportional sample size allocation

No	City	Population Size	Population proportion	Total Sample	Proportional sample
1	Addis Ababa	5,005,524	94%	400	376
2	Adama	324,000	6%	400	24
	Total	5,329 530	100%	400	400

Source: UN world population review 2021 and own computation, 2021).

In order minimize sampling bias, systematic error and to be the sample more representative with respect to gender this study will use equal number of male and female bank service

consumers to collect reliable data on the selected bank selection attributes. In addition to this, the sample to more representatives the researcher will reach at different groups, and different area of the cities. Taking samples at different place and taking samples from different categories help to decrease non-sampling error that is caused by selection bias (Dattalo, 2008).

3.3. Data and Data collection procedures

3.3.1 Data Type

Primary data are collected at one point in time, cross sectional data, from the selected representative sample bank consumer through structured questionnaires.

3.3.2 Questionnaire Design

In this study the data collection instrument for primary data is Questionnaire. Questionnaires play a central role in data collection process since they have a major impact on data quality and influence the image of the research project to the public. Therefore, in this study the questionnaires have been designed based on operational constraints and to achieve survey objectives based on questionnaire design criteria. It is also designed to obtain information in such a way that survey respondents understand the questions and can provide the correct answers easily in a form that is suitable for subsequent processing and analysis of the data. Even if there are two types of questionnaires open and closed ended type of questionnaires, a closed-ended questionnaire is designed in this study to achieve the objectives of this study and to make the analysis more quantitative. Structured questionnaire is used based on literature review and objective of the study. The research questions have different parts. First part would ask personal demography profile like respondent cities, age, and gender and income level. These demography variables are used to identify if there is any difference on selection criteria between different ages, genders, cities and income levels. Second part asks respondent to rate relative importance of bank attributes when they choose bank. 38 individual lists of bank attributes were carefully selected and developed from different literatures (Katircioglu, et al., 2011; Kugyte&Sliburyte, 2005) with some amendment. These 38 individual criteria grouped in to 9 criteria factors, namely, financial benefit, convenience, tangibles, core service, service encounter, recommendation by others, reputation, brand familiarity and marketing promotion.

The relative importance of bank attributes will be measured by using five Point Likert-type scales for importance ranging from very important to not important at all. The rating so recorded is assigned rating values ranging from 5 to 1 respectively as shown in Table 3:

Table 3.1: The Response Value

Response scale	Scale Rating
Very important	5
Important	4
Undecided	3
Lessimportant	2
Not important at all	1

3.3.3 Method of Data Collection

The method of data collection should be chosen to achieve a high participation rate and collect data that are as complete and accurate as possible while minimizing the burden to the respondent and satisfying the researcher budget and operational constraints. Even if there are two basic methods of collecting survey data, self –enumeration and interview-assisted, the study used both methods to minimize response error and find reliable information by minimizing the burdens of respondents. Before the questionnaires given to respondent, only two pre-selection criteria are used: the respondents first asked if they are more than 18 years and if so, then ask if they are active bank customers with more than one year use of bank service.

3.4 Validity and Reliability

In order keep the validity and reliability of the questions, each questions are selected careful from previously done researches. Some items included to list of question by considering current marketing activity of industry. The selected list of questions are reviewed and commented by senior bank staff in addition to thesis advisor to increase validity and reliability of the questionnaire. By considering background of respondent profile the questionnaire will translate to Amharic. Prior to using questionnaire for data collection, the survey instrument will be tested with 35 Addis Ababa consumers to check for possible problems with statement clarity and respondents understanding as well as

ability to complete the survey instrument. Based on their comment little amendment will do to originally prepared questionnaire.

To insure internal consistency of measurement scale reliability test has been done. According to Cronbach (1984) it is possible to evaluate the reliability of the data (otherwise speaking its internal consistency) by Cronbach's α , which is in compliance with Nunnally (1978) and Anastasiadou (2006) supposed to be one of the most important coefficients of reliability that doesn't depend on the arrangement of variables. This coefficient is based on included in the scale items and their correlations. Moreover, the reliability of instrument that is measured by alpha determines the level to which attained results are instantiated by retentiveness and not aligned with measurement errors. Kline (1999) suggests that acceptable value for Cronbach's α is .70 and higher, what makes it possible to infer that the scale is reliable. In this case to determinate the value of Cronbach's α , the "Reliability Analysis" in SPSS 20 was conducted. Moreover, using the function "Scale if item deleted" Cronbach's α for each item of the scale was defined in order to be convinced that no item causes a significant decrease in the overall Cronbach's α . The results are presented in Table 4..

Table 3.2: Reliability Analysis Result

Scale	No. of Items in the Scale(N)	Cronbach's Alpha Result (α)	α based on standardized items
Branch location	2	.893	.895
Financial benefits	7	.852	.863
Accessibility	3	.858	.862
Attractiveness	4	.895	.900
Secure Feeling	4	.912	.923
Marketing promotion	15	.853	.863
People Influences	4	.883	.893
Financial Performance	6	.842	.853
Service provision	4	.861	.871
Overall model	38	.865	.872

Source: Own computation using SPSS 20

As it can be seen from the Table 4.4, the Cronbach's alpha for all the scales is above the established threshold of .70, what signifies about their good internal consistency. The values of Cronbach's alpha based on standardized items is just faintly higher than the Cronbach's alphas themselves (the differences don't exceed .01), therefore the expansion in the number of variables for each scale will insignificantly increase the Cronbach's alpha (not more than by .01). Thus, there is no need in quantity input of new variables.

3.5 MethodData Analyses and PresentationProcedure

The data gathered through questionnaire is going to be classified, tabulated and summarized by using percentages and tables. Descriptive and inferential statistics will be used to analyze the data. Descriptive statistics such as means, modes, percentages and standard deviation were used to analyze the data. These were used to show the distribution of responses and the presentations will take tables, figures and charts. Descriptive statistical technique, mean scores will be used to measure and rank bank selection criteria of current Ethiopian consumers. In addition to mean score, Mann-Whitney test is used to test whether there is a statistical mean difference between genders, cities and Kruskal-Wallis H test has been performed to test the statistical mean difference between education groups and between income levels preference

In addition, Correlations is performed to establish the relationship and magnitude between dependent variable (bank selection decision) and independent variables such financial benefit, convenience, tangibles, core service, service encounter, recommendation by others, reputation, brand familiarity and marketing promotion. Regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. The regression analysis results were presented using regression model summary tables, Analysis of Variance (ANOVA) table and beta coefficient tables. The data are collected and then analyzed in response to the objectives of the study. The data collected through questionnaire will be analyzed using Statistical Package for Social Sciences (SPSS) Version 20.

3.51 Mann-Whitney (M-W) UTest

Mann-Whitney U test is a test on ordinal data of the hypothesis of difference between two independently selected random samples. The U test is the ordinal counterpart of the independent t- test. Since data does not need to be normally distributed in order to run this test properly, it is not as powerful a test as the t-test.

The test statistic for the Mann-Whitney test is U. This value is compared to a table of critical values for U based on the sample size of each group. If U exceeds the critical value for U at some significance level (usually 0.05), it means that there is evidence to reject the null hypothesis in favor of the alternative hypothesis or there is evidence that the two samples are from different populations.

3.5.2 Kruskal-Wallis (K-W) HTest

Kruskal-Wallis H tests a test of the hypothesis of difference on ordinal data among at least three independently selected samples. Although one-way analysis of variance (ANOVA) is the method of choice when testing for differences between multiple groups, it assumes that the mean is a valid estimate of center and that the distribution of the test variable is reasonably normal and similar in all groups. However, when test variable is ordinal, the mean is not a valid estimate because the distances between the values are arbitrary. Even if the mean is valid, the distribution of the test variable may be so non-normal that it makes any test suspicious that assumes normality.

When the assumptions behind the standard ANOVA are invalid or suspect, using the nonparametric procedures designed to test for the significance of the difference between multiple groups should be consider. They are called nonparametric because they make no assumptions about the parameters of a distribution, nor do they assume that any particular distribution is being used.

The Kruskal-Wallis test is a one-way analysis of variance by ranks. It tests the null hypothesis that multiple independent samples come from the same population. Unlike standard ANOVA, it does not assume normality, and it can be used to test ordinal variables. The H test is the ordinal counterpart of the one-way ANOV A.

3.6. Ethical Considerations

The necessary precaution has been taken to make the study ethical. In order to keep the confidentiality of the data given by respondents, the respondents are not required to write their name and assured that their responses are treated in strict confidentiality. The purpose of the study disclosed in the introductory part of the questionnaire. Respondents informed ahead about the purpose of the data they were providing. They told that the information they provide via the questionnaire is going to be used only for the purpose of academic study and remain confidential. They also are assured that their identity would be anonymous for a research. The researcher should also avoid misleading or deceptive statements in the questionnaire. Lastly, the questionnaires are distributed only to voluntary participants.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4. Introduction

This chapter presents data analysis, findings and discussion of the study in line with the research objective. The research objective was to examine the effects of training and development on employees' performance of the national bank of Ethiopia. Descriptive analysis, Mann-Whitney U test for two measures & Kruskal-Wallis H tests for two and more measures and correlation analysis are presented. Descriptive statistics was used to analyze the data and results presented in form of tables for easy, simple and clear interpretation of data.

4.1 Respondents' socio-demographic characteristics

This section provides a profile of the respondents. This information is presented on a number of basic characteristics, including age at the time of the study and gender. This information is offers general understanding about the population under the study. An analysis of these variables provides the socio-demographic context within which other subsequent factors falls.

Table 4.1 presents the socio-demographic characteristics of the respondents. From the data analyzed, 119(38.8%) of respondents were females and 191(61.2%) were males. When it comes to their age, 24(7.7%) the respondents were between 18-24 years of age, 57(18.4%) are between 25-34 years of age, 76(24.5%) were between 35-44 years of age, 21(27%) were between 45-54 years of age, 48(15.5%) were between 55-64 years of age and 21(6.8%) are above 65 years. The implication is that all respondents are mature and their observations on bank selection decision are based on personal experience. Furthermore, 169 (54.5%) were married while 141(45.5%) are single. The implication is that most respondents are married or have been belong to a family and are working. This makes them satisfy the inclusive criterion and can take part in the research. 71(26.1%) respondents had a college diploma & below, 163(52.6%) respondents had first and 66(21.3%) had second degree & above. The implication is that educational backgrounds of respondents are varied and it is a good ground for the study. When it comes to their income level,

48(15.5%) of the respondents had income below birr 5000, 127(41.0%) were belong to the income categories 5000 to 10000 birr, 83(26.3%) of the respondents had income between 10000-15000 and 52(16.8%) had income above birr 15000. The implication is that incomes of respondents are varied and it is a good ground for the study. Finding also showed that 39(13.0%) of respondents maintained their account in one bank, 164(54.7%) were maintained their account in 2 banks and 97(32.3%) of the respondents maintained their account in 3 banks. This implies that 86% of the respondents maintained their account in more than 2 banks and it is a good ground to achieve the objectives of the study.

Table 4.1: Analysis of socio-demographic variables

		Gender					
		Female		Male		Total	
		Count	%	Count	%	Count	%
Age group	18-24	11	3.5%	13	4.2%	24	7.7%
	25-34	19	6.1%	38	12.3%	57	18.4%
	35-44	32	10.3%	44	14.2%	76	24.5%
	45-54	32	10.3%	52	16.8%	84	27.1%
	55-64	19	6.1%	29	9.4%	48	15.5%
	above 65	6	1.9%	15	4.8%	21	6.8%
	Total	119	38.4%	191	61.6%	310	100.0%
Marital status	married	59	19.0%	110	35.5%	169	54.5%
	divorced	0	0.0%	0	0.0%	0	0.0%
	widowed	0	0.0%	0	0.0%	0	0.0%
	single	60	19.4%	81	26.1%	141	45.5%
	Total	119	38.4%	191	61.6%	310	100.0%
Education level	degree	60	19.4%	103	33.2%	163	52.6%
	Master & above	25	8.1%	41	13.2%	66	21.3%
	diploma	34	11.0%	47	15.2%	81	26.1%
	Total	119	38.4%	191	61.6%	310	100.0%
Occupation	Gov. Employee	74	23.9%	127	41.0%	201	64.8%
	Private Sector employees	28	9.0%	38	12.3%	66	21.3%
	Businessman	17	5.5%	26	8.4%	43	13.9%
	Total	119	38.4%	191	61.6%	310	100.0%
Number of banks	1	15	5.0%	24	8.0%	39	13.0%
	2	64	21.3%	100	33.3%	164	54.7%
	3	37	12.3%	60	20.0%	97	32.3%

	Above 3	0	0.0%	0	0.0%	0	0.0%
	Total	116	38.7%	184	61.3%	300	100.0%
Income Level	below 5000	16	5.2%	32	10.3%	48	15.5%
	5000-10000	45	14.5%	82	26.5%	127	41.0%
	10000-15000	35	11.3%	48	15.5%	83	26.8%
	Above 15000	23	7.4%	29	9.4%	52	16.8%
	Total	119	38.4%	191	61.6%	310	100.0%

4.2 Descriptive Analysis for the Study Variables

In order to analyze differences in the importance of bank selection criteria on bank users employed, here below a ranking table was produced showing the mean score of each factor. To describe the mean score of the participants, mean score measurement used by Pihie (2009) was applied where mean score of <3.39 considered as low, mean score of 3.4-3.79 as moderate and mean score of >3.8 as high.

Table 4.2: Rank of Bank Selection Criterion

Descriptive Statistics						
	N	Mean	Std. Deviation	Rank	Minimum	Maximum
Branch location	310	4.1936	.80270	2	1.00	4.00
Financial benefits	310	4.0580	.78978	6	1.00	4.00
Accessibility	310	4.1096	.77599	5	1.00	4.00
Attractiveness	310	3.7226	.79039	8	1.00	4.00
Secure Feeling	310	4.1778	.95790	4	1.00	4.00
Marketing promotion	310	4.0516	.97508	7	1.00	4.00
People Influences	310	3.5226	.99242	9	1.00	4.00
Financial Performance	310	4.1878	.95790	3	1.00	4.00
Service provision	310	4.3936	.93303	1	1.00	4.00

Table 4.2 presents findings with respect to relative importance of bank selection criteria. The variables having a higher mean score referred to the perception of the importance of bank selection decision presented on following descending order:

Service provision measurement scales such as, “Specialized bank skills, to benefit from the known relative advantage that one bank has over the other, possibly a wider range of financial services including E-banking services and to meet product prestige/esteem/” (mean=4.39, SD= .933). This result value indicates that most of the customers’ believed that availability of bank “service provision” is the most important decision variable in bank selection process and ranked at the first place. The studies conducted Katircioglu et al. (2011) and Mokhlis (2009), come up with the similar results and found that the most important decision variable in bank selection process. In addition, the top two factors that found in the listing were “service provision” and “branch. It indicates that bank customers’ place great emphasis on the attribute of saving time and many consumers place great emphasis on their bank(s) offering locational convenience. Also, it shows customers are tending to rely increasingly on E-banking service. The importance of these factors has been seen in those previous studies, Gerrard and Cunningham (2001); Denton and Chan (1991) and Mokhlis, Safrah and Hazimah, 2009 found service provision and branch location factor were rated significantly higher by bank users.

Branch location measurement variables such as, “Improved convenience in terms of number of branches and Convenience branch locations” (Mean=4.19, SD= 0.802). The mean score indicates that branch location is the second most important decision variable in bank selection process.

Financial performance measurement variables such as, “the bank is heading in growth path, Profitability of the bank is on the highest, Risk exposure of the bank is not significant and There is no worry in the financial standing of the bank” (Mean= 4.187; SD=.95) and it indicates that “financial performance” the third most important decision variables in the bank selection process.

Secure Feeling measurement scales such as, “to reduce the risk that a bank might go out of business, financial stability of the bank and Confidentiality” were the fourth most important decision variables in the bank selection process (Mean= 4.167; SD=1.05).

The **Accessibility** measurement variables such as, “branch opening and closing hours are convenient, service through online banking are available 24/7, Service through private banking is need when needed and branches are in accessible location”(Mean= 4.109; SD=.77) was the fifth most important bank decision variables in the bank selection process(Mean= 4.109; SD=.77).

Financial Benefit measurement scales such as, “Low service charges, the ability to negotiate a better deal on financial services, quick loan approval, low interest rates on loans, high interest rate on saving account, to get foreign currency for import, to facilitate money transfer /receive for customers /family out of Addis Ababa”(Mean= 4.059; SD=.78) ranked in sixth place.

From the result, seventh rank is taken by **Marketing promotion** measurement variables such as, “Free gifts for customers, TV/radio presence has made me to choose the bank Presence in newspaper and print media has made me to choice the bank, personal contact from bank marketing staff has influence my choice”(Mean= 4.051; SD=.97).The studies conducted Salehn et al. (2013) in Kalantan, come up with the similar results and found that marketing promotion for customers was the least important attributes and a study done on Greece customers’ selection of banks by Mylonakis (2008) showed the effect of advertisement is insignificant for bank selection.

The attractiveness variables such as “Friendliness of bank personnel, Class of the famous/rich people who used the bank and Pleasant bank atmosphere (Mean= 3.72; SD=.79) and The effect of “Others people’s recommendations” (Mean =3.52) that consider recommendation of family, friends, bank staffs, family and friends usage of the bank is founded the least important factors for bank selection decision and ranked ninth and tenth place respectively.

4.3 Descriptive Analysis of Bank Selection Criteria for Gender

Table 4.3: Bank Selection Criterion Rank Based on Gender

Items	Gender			
	Female		Male	
	Mean	Rank	Mean	Rank
Branch location	4.1512	4	4.2198	2
Financial benefits	4.1344	5	4.0104	5
Accessibility	4.0840	6	4.1256	3
Attractiveness	3.832	8	3.6544	8
Secure Feeling	4.0336	7	3.7592	7
Marketing promotion	4.2690	3	3.9162	6
People Influences	3.4286	9	3.5812	9
Financial Performance	4.4034	2	4.0210	4
Service provision	4.4202	1	4.3770	1

Table 4.4: Mann-Whitney test result in Bank selection criteria on gender

Items	Gender					
	Female		Male		Mann-Whitney U	Asymp. Sig.
	Mean Rank	Sum of Rank	Mean Rank	Sum of Rank		
Branch location	153.9	18317.0	156.5	29888.0	11177	0.78
Financial benefits	160.4	19085.0	152.5	29120.0	10784	0.383
Accessibility	154.5	18385.5	156.1	29819.5	11245.5	0.858
Attractiveness	161.8	19252.5	151.6	28952.5	10616.5	0.279
Secure Feeling	163.2	19423.0	150.7	28782.0	10446	0.191
Marketing promotion	167.3	19910.5	148.1	28294.5	9958.5	0.042*
People Influences	151.8	18069.0	157.8	30136.0	10929	0.530
Financial Performance	167.0	19876.5	148.3	28328.5	9992.5	0.048*
Service provision	156.7	18652.5	154.7	29552.5	11216.5	0.836

*. Mean difference is significant at the 0.05 level

Table 4.3 represents the results of bank selection criteria based on gender. According to the descriptive analysis result, the importance of bank selection criteria is presented on the following descending order: For male “service provision” (Mean =4.377), “Branch location” (Mean = 4.219),“Accessibility” (Mean = 4.125),“Financial Performance” (Mean = 4.021),“Financial benefits” (Mean = 4.010),“Marketing promotion” (Mean = 3.916),“Secure Feeling” (Mean = 3.795),“Attractiveness” (Mean = 3.654),and“People Influences” (Mean = 3.581). For female “service provision” (Mean =4.42),“Financial Performance” (Mean = 4.40),“Marketing promotion” (Mean = 4.26),“Branch location” (Mean = 4.15),“Financial benefits” (Mean = 4.13),“Accessibility” (Mean = 4.08),“Secure Feeling” (Mean = 4.03),“Attractiveness” (Mean = 3.83) and “People Influences” (Mean = 3.42).

To test the mean rank difference in bank selection attributes between male and female is statistically significant or not, a non-parametricMann-Whitney test is employed and the result revealed that the mean rankdifferencein “Marketing promotion” and “Financial Performance” between male and female is statistically significant at 5% level ($p < 0.05$) signifying mean rank in “Marketing promotion” to female (167.3) is significantly higher than male (148.1). Likewise the test result revealed that the mean rank in “Financial Performance” to female (167.0) is significantly higher than male (148.3). The study conducted Tadesse(2015),come up with similar results and found that marketing promotion for female is significantly higher than male while the study conductedMokhlis (2009), come up with different results and found that gender the importance level of “marketing promotion”, for male is significantly higher than female. The study further identified that female gave more importance to “attractiveness” and “people influence” than male (Table 4.3 & Table 4.4).

The non-parametric Mann-Whitney test result further revealed the mean rank in “branch location”,“service provision”,“Accessibility”, “Financial benefits” “SecureFeeling”, “Attractiveness” and “People Influences” between male and female is statistically insignificant ($P > 0.05$)(Table 4.3 & Table 4.4).

4.4 Descriptive Analysis of Bank Selection Criteria for income level

Table 4.5: Bank Selection Criterion Rank Based on income level

Items	Monthly Income							
	Below 5000		5000-10000		10000-15000		Above 150000	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
Branch location	4.0000	3	4.2362	2	4.1204	4	4.3766	2
Financial benefits	3.9584	4	4.0944	5	3.9518	6	4.2308	5
Accessibility	3.9266	5	4.1418	4	4.0482	5	4.3076	3
Attractiveness	3.4584	8	3.8268	8	3.5662	8	4.000	8
Secure Feeling	3.6250	7	3.9212	6	3.6626	7	4.2692	4
Marketing promotion	3.9166	6	3.9686	7	4.1446	3	4.0770	6
People Influences	2.8750	9	3.5906	9	3.4940	9	3.9616	9
Financial Performance	4.1250	2	4.2204	3	4.1928	2	4.0384	7
Service provision	4.2084	1	4.4566	1	4.6024	1	4.3846	1

Table 4.6: Kruskal-Wallis Test Result in Bank Selection Criteria on Income Level

Items	Monthly Income					
	Below 5000	5000-10000	10000-15000	Above 150000		
	Mean Rank	Mean Rank	Mean Rank	Mean Rank	Chi-Square	Asymp. Sig.
Branch location	148.13	157.05	152.29	163.65	1.177	0.759
Financial benefits	153.48	157.54	149.65	161.71	0.923	0.82
Accessibility	149.03	156.76	151.61	164.62	1.287	0.732
Attractiveness	144.06	160.52	148.1	165.62	2.966	0.397
Secure Feeling	145.09	159.09	146.97	169.95	3.519	0.318
Marketing promotion	150.77	152.5	158.52	162.37	0.758	0.859
People Influences	128.73	159.29	155.87	170.37	7.264	0.044*
Financial Performance	154.66	156.94	156.03	151.91	0.139	0.987

Service provision	144.5	158.31	166.95	140.5	4.202	0.24
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*. Mean difference is significant at the 0.05 level

Table 4.5 represents the results of bank selection criteria based on respondent’s monthly income level. According to the descriptive analysis result, the importance of bank selection criteria for income level is presented on the following descending order: For monthly income below 5000, “service provision” (Mean =4.208), “Financial Performance” (Mean = 4.125), “Branch location” (Mean = 4.00), “Financial benefits” (Mean = 3.958), “Accessibility” (Mean = 3.926), “Marketing promotion” (Mean = 3.916), “Secure Feeling” (Mean = 3.625), “Attractiveness” (Mean = 3.458), and “People Influences” (Mean = 2.875). For respondents those have monthly income of birr 5000- 10000, “service provision” (Mean =4.456), “Branch location” (Mean = 4.236), “Financial Performance” (Mean = 4.220), “Accessibility” (Mean = 4.141), “Secure Feeling” (Mean = 3.921), “Financial benefits” (Mean = 4.094), “Marketing promotion” (Mean = 3.968), “Attractiveness” (Mean = 3.826) and “People Influences” (Mean = 3.590).

For respondents those have monthly income birr 10000 - 15000, “service provision” (Mean =4.602), “Financial Performance” (Mean = 4.192), “Marketing promotion” (Mean = 4.144), “Branch location” (Mean = 4.120), “Accessibility” (Mean = 4.048), “Financial benefits” (Mean = 3.951), “Secure Feeling” (Mean = 3.662), “Attractiveness” (Mean = 3.5662) and “People Influences” (Mean = 3.4940).When it comes to their income above 15000, “service provision” (Mean =4.384), “Branch location” (Mean = 4.376), “Accessibility” (Mean = 4.307), “Secure Feeling” (Mean = 4.269), “Financial benefits” (Mean = 4.230), “Marketing promotion” (Mean = 4.077), “Financial Performance” (Mean = 4.038), “Attractiveness” (Mean = 4.00) and “People Influences” (Mean = 3.961).From the result we conclude that the first and the most important bank selection criteria among all income groups was “service provision” while the least important bank section criteria was “People Influences”.

To check the mean rank difference in bank selection attributes among four income groups is statistically significant or not, a non -parametric Kruskal-Wallis Test was employed and the

result revealed that the mean rank difference in “People Influences” among the four income groups is statistically significant at 5% level ($p < 0.05$). To check where this difference comes from, non-parametric Mann-Whitney test was performed independently between two income groups which gives a total of 6 pairs test. The test result revealed that mean rank difference in “People Influences” is significant between income group below 5000 and the rest three income groups (5000- 10000, 10000-15000 and above 15000). The mean rank in bank selection criteria “People Influences” to income group above 15000 (170.37), to income group 10000-15000 (155.87) and to income group 5000-10000 (159.29), is significantly higher than income group below 5000 (128.73) (Table 4.3 & Table 4.4).

The non-parametric Kruskal-Wallis Test result further revealed the mean rank in “branch location”, “service provision”, “Accessibility”, “Financial benefits”, “Secure Feeling”, “Attractiveness” and “financial performance” between the four income groups is statistically not significant ($P > 0.05$) (Table 4.3 & Table 4.4).

4.5 Descriptive Analysis of Bank Selection Criteria for income level

Table 4.7: Bank Selection Criterion Rank Based on Education level

Education level						
Items	Diploma		Degree		Masters & above	
	Mean	Rank	Mean	Rank	Mean	Rank
Branch location	3.9506	4	4.0858	2	4.3476	2
Financial benefits	3.8766	6	4	4	4.0242	5
Accessibility	3.8372	7	4.049	3	4.2060	3
Attractiveness	3.7284	9	3.546	8	4.0016	8
Secure Feeling	3.8272	8	3.6688	7	4.0940	4
Marketing promotion	4.1470	3	3.8896	6	4.0193	7
People Influences	3.9012	5	3.2392	9	3.0176	9
Financial Performance	4.1716	2	3.9754	5	4.0028	6
Service provision	4.4692	1	4.3926	1	4.3576	1

Table 4.8: Kruskal-Wallis Test Result in Bank Selection Criteria on Education Level

Education Level					
Items	Diploma	Degree	Master & above	Chi-Square	Asymp. Sig.
	Mean Rank	Mean Rank	Mean Rank		
Branch location	143.72	150.12	183.24	10.87	0.004***
Financial benefits	146.81	152.45	173.7	4.889	0.087
Accessibility	141.02	152.27	181.25	10.323	0.006***
Attractiveness	157.83	146.13	175.79	6.428	0.04**
Secure Feeling	156.48	145.89	178.04	7.215	0.027**
Marketing promotion	163.81	147.54	164.96	3.051	0.218
People Influences	172.2	142.45	167.24	9.048	0.011**
Financial Performance	166.62	146.87	163.17	3.646	0.162
Service provision	149.15	155.79	162.58	0.94	0.625

** and ***Mean difference is significant at the 0.05, and 0.01 level respectively

Table 4.7 represents the results of bank selection criteria based on respondent’s education level. According to the descriptive analysis result, the importance of bank selection criteria for education level is presented on the following descending order: For education level diploma and below, “service provision” (Mean =4.469), “Financial Performance” (Mean = 4.1716), “Marketing promotion” (Mean = 4.1470), “Branch location” (Mean = 3.950),“People Influences” (Mean = 3.9012), “Financial benefits” (Mean = 3.876), “Accessibility” (Mean = 3.836), “Secure Feeling” (Mean = 3.827), and “Attractiveness” (Mean = 3.7284). For education level degree, “service provision” (Mean =4.392), “Branch location” (Mean = 4.085), “Accessibility” (Mean = 4.049), “Financial benefits” (Mean = 4.00), “Financial Performance” (Mean = 3.975), “Marketing promotion” (Mean = 3.889), “Secure Feeling” (Mean = 3.668), “Attractiveness” (Mean = 3.546) and “People Influences” (Mean = 3.239).

For education level second degree and above, “service provision” (Mean =4.357), “Branch location” (Mean = 4.347), “Accessibility” (Mean = 4.206), “Secure Feeling” (Mean = 4.094), “Financial benefits” (Mean = 4.024)“Financial Performance” (Mean = 4.002), “Marketing promotion” (Mean = 4.019),), “Attractiveness” (Mean = 4.001) and “People Influences” (Mean = 3.017).Likewise, from the result we conclude that the first and the most important bank selection

criteria among all education level was “service provision” while the least important bank section criteria was “People Influences”.

To check the mean rank difference in bank selection attributes among three education levels is statistically significant or not, a non-parametric Kruskal-Wallis Test was employed and the result revealed that the mean rank difference in “Branch location”, “Accessibility” “Attractiveness” “Secure Feeling” and “People Influences” among three education level is statistically significant at 5% level ($p < 0.05$). To check where this difference came from, non-parametric Mann-Whitney test was performed independently between two education levels which consists a total of 3 pairs test. The test result revealed that mean rank difference in “Branch location” to second degree & above holders (183.24) is significantly higher than first degree holders (150.12) and diploma and below diploma holders (143.72). Likewise, the mean rank in “Branch location” to first degree holders (150.12) is significantly higher than diploma and below diploma holders (143.72).

Regarding to bank section criteria, “Accessibility” the Kruskal-Wallis test shows the highest mean rank is scored by masters and above education level customers (181.25) followed by first degree (152.27) and diploma (141.02). The mean rank in this attribute to first degree holder respondents (152.27) is significantly higher than diploma (141.02) at 5% level of significance.

Kruskal-Wallis test further shows the mean rank in bank selection criteria “Attractiveness” to masters and above education level (175.79), and to diploma and below diploma (157.83) is significantly higher than degree level respondents (146.13) (Table 4.3 & Table 4.4).

The non-parametric Kruskal-Wallis Test result also revealed the mean rank in “service provision”, “marketing promotion” and “financial performance” between the three education level is statistically not significant ($P > 0.05$) (Table 4.3 & Table 4.4).

4.6 Descriptive Analysis of Bank Selection Criteria for income level

Table 4.9: Bank Selection Criterion Rank Based on Education level

City				
Items	Adama		Addis Ababa	
	Mean	Rank	Mean	Rank
Branch location	4.2500	2	4.2028	2
Financial benefits	4.0854	4	4.0280	6
Accessibility	4.0834	5	4.0560	5
Attractiveness	3.9167	7	3.7132	8
Secure Feeling	4.0000	6	4.1138	4
Marketing promotion	3.9134	8	3.8532	7
People Influences	3.1666	9	3.5524	9
Financial Performance	4.1666	3	4.1678	3
Service provision	4.3334	1	4.4056	1

Table 4.10: Mann-Whitney test result in Bank selection Criteria on City

City						
Items	Adama		Addis Ababa		Mann-Whitney U	Asymp. Sig.
	Mean Rank	Sum of Rank	Mean Rank	Sum of Rank		
Branch location	149.42	3586	156.01	44619	3286	0.692
Financial benefits	156.81	3763.5	155.39	44441.5	3400.5	0.931
Accessibility	153.13	3675	155.7	44530	3375	0.876
Attractiveness	160.48	3851.5	155.08	44353.5	3312.5	0.753
Secure Feeling	161.17	3868	155.02	44337	3296	0.725
Marketing promotion	166.75	4002	154.56	44203	3162	0.498
People Influences	141.79	3403	156.65	44802	3103	0.388
Financial Performance	157.92	3790	155.3	44415	3374	0.884
Service provision	148.31	3559.5	156.1	44645.5	3259.5	0.661

Table 4.9 represents the results of bank selection criteria based on city. According to the descriptive analysis result, the importance of bank selection criteria is presented on the following descending order: For Adama city “service provision” (Mean =4.333), “Branch location” (Mean = 4.250),“Financial Performance” (Mean = 4.166), “Financial benefits” (Mean = 4.085), “Accessibility” (Mean = 4.083), “Secure Feeling” (Mean = 3.795), “Attractiveness” (Mean = 3.916), “Marketing promotion” (Mean = 3.913), and “People Influences” (Mean = 3.166). For Addis Ababa city “service provision” (Mean =4.405), “Branch location” (Mean = 4.202), “Financial Performance” (Mean = 4.167), “Secure Feeling” (Mean = 4.113),“Accessibility” (Mean = 4.056), “Financial benefits” (Mean = 4.028), “Marketing promotion” (Mean = 3.853), “Attractiveness” (Mean = 3.713) and “People Influences” (Mean = 3.552). This result is in line with overall descriptive analysis result and concluded that four most important bank decisions in the bank selection process were “service provision, “Branch location”, “Financial Performance” and “Secure Feeling” and the least two important bank selection attributes were “Attractiveness” and “People Influences.

To test the mean rank difference in bank selection attributes between Adama and Addis Ababa city is statistically significant or not, a non -parametric Mann-Whitney test is employed and the result revealed that the mean rank difference in all bank selection criteria between these two cities is statistically not significant at 5% level ($p > 0.05$). The study conducted Tadesse (2015), come up with similar results and found that the mean difference between the two cities in all bank section attributes is statistical insignificant at 5 % level of significance” (Table 4.10) .

4.7 Correlation Analysis for the study variables

In order to establish the relationships between variables bivariate correlation analysis was conducted. Pearson correlation (r) was chosen for this purpose since it is best suited for the data of the study and helps to determinate the strengths and directions of the association between dependent variable(bank section decision) and independent variables(service provision, financial performance, accessibility, financial benefit, secure felling, attractiveness, marketing promotion branch location and people influence). Among the three commonly used significance levels (i.e., .01 – highly significant; .05 – significant; and .10 – moderately significant) the one of 5% ($\alpha=.05$) was selected for this study.

Cohen (1969) firstly introduced the specific criteria for categorizing the magnitude of linear

relationship and divided them into weak, moderate, and strong. According to his often-cited publication the correlational values for Pearson approximately equal to $r = \pm.10$ are considered weak; $r = \pm.30$ are considered moderate; and $r = \pm.50$ are considered strong (Cohen, 1988). Weinberg and Abramowitz (2002) confirmed the dispensation and wide usage of this scale as well as its appliance for behavior science. Such wise, this classification has been used for correlation analysis.

Table 4.11 illustrates the correlation coefficients of the relationship between dependent variable (bank section decision) and independent variables (service provision, financial performance, accessibility, financial benefit, secure feeling, attractiveness, marketing promotion branch location and people influence). From the correlation result it is found that “service provision”(r =0.847, $p < 0.01$), “Branch location”,(r =0.799, $p < 0.01$) “Financial Performance”(r =0.333, $p < 0.01$) and “Secure Feeling”(r =0.543, $p < 0.01$) had a strong positive correlation with bank section decision. On the other hand, the result revealed that Financial benefits” (r =0.543, $p < 0.01$) and “Accessibility” (r =0.384, $p < 0.01$) had moderate positive interrelation with bank selection decision. Furthermore the study found that “Marketing promotion” (r =0.297, $p < 0.01$), “Attractiveness” (r =0. 291, $p < 0.01$) and “People Influences” (r =0. 273, $p < 0.01$) had a weak positive correlation with bank selection decision.

Table 4.11: The correlation analysis results for all variables under study

	BSD	BL	SP	FP	MP	AC	PI	AT	FB	SF	
BSD	Pearson Correlation	1									
	Sig. (2-tailed)										
	N	310									
BL	Pearson Correlation	.799**	1								
	Sig. (2-tailed)	.000									
	N	310	310								
SP	Pearson Correlation	.847**	.906**	1							
	Sig. (2-tailed)	.000	.000								
	N	310	310	310							
FP	Pearson Correlation	.564**	.686**	.730**	1						
	Sig. (2-tailed)	.000	.000	.000							
	N	310	310	310	310						
MP	Pearson Correlation	.297**	.423**	.440**	.684**	1					
	Sig. (2-tailed)	.000	.000	.000	.000						
	N	310	310	310	310	310					
AC	Pearson Correlation	.384**	.610**	.647**	.908**	.632**	1				
	Sig. (2-tailed)	.000	.000	.000	.000	.000					
	N	310	310	310	310	310	310				
PI	Pearson Correlation	.273**	.402**	.430**	.672**	.864**	.621**	1			
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000				
	N	310	310	310	310	310	310	310			
AT	Pearson Correlation	.291**	.423**	.440**	.684**	1.000**	.632**	.864**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000			
	N	310	310	310	310	310	310	310	310		
FB	Pearson Correlation	.333**	.361**	.401**	.252**	.121*	.256**	.105	.121*	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.033	.000	.066	.033		
	N	310	310	310	310	310	310	310	310	310	
SF	Pearson Correlation	.543**	.644**	.698**	.887**	.551**	.764**	.520**	.551**	.229**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	310	310	310	310	310	310	310	310	310	310

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

4.8 Summary of study findings

Objectives	Bank selection criteria	Result
To find out the most important bank selection criteria to the bank users in the process of bank selection	Service provision	The First important attribute
	Branch location	The Second important attribute
	Financial performance	The Third important attribute
	Secure feeling	The Fourth important attribute
	Accessibility	The Fifth important attribute
	Financial benefit	The Sixth important attribute
	Market promotion	The Seventh important attribute
	Attractiveness	The Eighth important attribute
	People influence	The Ninth important attribute
To find out whether or not there is a significant differences in bank selection attributes across gender	Service provision	There is no significance difference
	Branch location	There is no significance difference
	Financial performance	It is more important to female than male at 5% level of significance
	Secure feeling	There is no significance difference
	Accessibility	There is no significance difference
	Financial benefit	There is no significance difference
	Market promotion	It is more important to female than male at 5% level of significance
	Attractiveness	There is no significance difference
	People influence	There is no significance difference
To find out whether or not there is a significant differences in bank selection attributes across income group	Service provision	There is no significance difference
	Branch location	There is no significance difference
	Financial performance	There is no significance difference
	Secure feeling	There is no significance difference
	Accessibility	There is no significance difference
	Financial benefit	There is no significance difference
	Market promotion	There is no significance difference
	Attractiveness	There is no significance difference

	People influence	It is more important to income group above 15000 than the others at 5% level of significance
To find out whether or not there is a significant differences in bank selection attributes across education level	Service provision	There is no significance difference
	Branch location	It is more important to masters & above education level than the others at 1% level of significance
	Financial performance	There is no significance difference
	Secure feeling	It is more important to masters & above education level than the others at 1% level of significance
	Accessibility	It is more important to masters & above education level than the others at 1% level of significance
	Financial benefit	There is no significance difference
	Market promotion	There is no significance difference
	Attractiveness	It is more important to masters & above education level than the others at 1% level of significance
	People influence	It is more important to diploma & below education level than the others at 5% level of significance
To find out whether or not there is a significant differences in bank selection attributes across cities	Service provision	There is no significance difference
	Branch location	There is no significance difference
	Financial performance	There is no significance difference
	Secure feeling	There is no significance difference
	Accessibility	There is no significance difference
	Financial benefit	There is no significance difference
	Market promotion	There is no significance difference
	Attractiveness	There is no significance difference

	People influence	There is no significance difference
To examine the relationship between bank selection criteria and bank section decision	Service provision	There is strong positive relationship
	Branch location	There is strong positive relationship
	Financial performance	There is strong positive relationship
	Secure feeling	There is strong positive relationship
	Accessibility	There is moderate positive relationship
	Financial benefit	There is moderate positive relationship
	Market promotion	There is moderate positive relationship
	Attractiveness	There is a weak positive relationship
	People influence	There is a weak positive relationship

CHAPTER FIVE

Conclusions and Recommendations

5.1 Conclusion

The purpose of this study was to find out the important bank selection criteria of consumers, to evaluate whether or not these important selection criteria are differ between genders, cities, income levels & education level and the degree of relationship between bank selection criteria and bank selection decision by reviewing literatures and by conducting survey on consumers' preference. To properly address these objectives, the study sought to determine, in the first place, the reliability and validity of the proposed methods. Results showed that the bank section attributes are reliable. This research supported that consumers' bank selection decision is strongly affected bank selection criteria such as "service provision", "branch location" "financial performance", "accessibility", "financial benefit", "secure felling", "attractiveness", "marketing promotion" and people influence.

From descriptive analysis, the study revealed that "service provision", "branch location" "financial performance", and "accessibility are the most important bank selection criteria for consumers in the banking selection decision or process whereas "marketing promotion" and "people influence" were the least important bank selection criteria in bank selection process. The study found that "service provision", is the first important bank selection criteria whereas the "people influence" is the least.

The study showed that "service provision", "Branch location" , "Accessibility" and "Financial Performance" were the most important bank selection criteria for male bank users whereas "service provision", "Financial Performance" ,"Marketing promotion" and "Branch location for female bank user. Based on the non -parametric Mann-Whitney test, the study found that the mean rank difference in "Marketing promotion" and "Financial Performance" between male and female is statistically significant and signifying "Marketing promotion" and "Financial Performance to female is more important than male.

Based on the income group, the study found that “service provision” , “Financial Performance” “Branch location” and “Financial benefits” are the most important bank selection criteria for monthly income group below 5000; “service provision”, “Branch location”, “Financial Performance” and “Accessibility” for respondents those have monthly income of birr 5000 – 10000; “service provision”, “Financial Performance”, “Marketing promotion”, and “Branch location” for income group birr 10000 – 15000 and “service provision”, “Branch location”, “Accessibility” and “Secure Feeling” for income group above 15000. “Service provision” founded first and the most important bank selection criteria among all income groups while “People Influences” is the least important bank section criteria.

Regarding to education level, a non-parametric Kruskal-Wallis Test result revealed that the mean rank difference in “Branch location”, “Accessibility” “Attractiveness” “Secure Feeling” and “People Influences” among three education levels is statistically significant. “Branch location” is significantly more important to second degree & above degree holders than first degree holders and diploma and below diploma holders. Likewise, “Branch location” is more important to first degree holder than diploma and below diploma holders. Regarding to bank section criteria, “Accessibility” the Kruskal-Wallis test shows the highest mean rank is scored by masters and above education level customers followed by first degree and diploma. The mean rank in this attribute to first degree holder respondents) is significantly higher than diploma. Kruskal-Wallis test further showed the mean rank in bank selection criteria “Attractiveness” to masters & above; to diploma & below diploma is significantly higher than degree level respondents.

Regarding to cities, the study revealed that the mean rank difference in all bank selection criteria between Adama and Addis Abab cities is statistically not significant at 5% level.

From correlation analysis, the study revealed that “service provision, “Branch location”, “Financial Performance” and “Secure Feeling” had a strong positive correlation with bank section decision. On the other hand, the result revealed that financial benefits” and

“Accessibility” had moderate positive interrelation with bank selection decision. Furthermore the study found that “Marketing promotion”, “Attractiveness” and “People Influences” had a weak positive correlation with bank selection decision.

5.2 Recommendations

Based on the analysis and findings of the study the following recommendations forwarded which financial institutions especially bank managers, executives and marketers would consider when they design, promote and selling products to general and specific market segment.

- ✚ Given that consumers give high importance to core service provision”, “branch location” “financial performance”, and “accessibility, banks should seriously consider providing core services including E-Banking series such as mobile banking, internet banking, ATM; increasing their accessibility by increasing branch outlets, working hours and ATM booth; and making service encounter more conducive by giving customer handling training to front staff employees and by increasing number of staffs on the front.
- ✚ Banks should strictly invest on advertisement and promotions since it is one of the least important factor for customers’ bank selection. The cost of the advertisement should also evaluated with the initial objectives of the ads instead of investing passively without assessing its impact.
- ✚ Bank should consider gender difference when they design their marketing strategy. Marketing toward attracting and retaining female bank consumers should consider arranging attractive external and internal office since female gives more importance to financial performance of the bank and marketing promotion.
- ✚ Consumers’ with different education background should be treated differently. Marketing strategy that designed for one segment will not be successful for other segments.

Consumers with low education background can be attracted and retained by giving gifts and prize draws like low income groups.

- ✦ Generally, differences between the responses of different group customers should send a clear message to bank marketers that they are dealing with distinct market segments which require different marketing strategies. By tailoring their marketing strategies to stress the satisfaction of each segment, bank marketers may be better able to influence the target market segments dealt with in this study.
- ✦ Finally it should be noted that this research is clearly based on Addis Ababa and Adama, cities bank service consumers thus the result may not represent the general population of other cities bank service consumers. Other segments such as rural bank customers who may have different bank selection criteria should be investigated.

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Annex I

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
GRADUATE PROGRAM IN.....

Dear participants:

I, Fantahun Mengesha, am an MBA student of St. Mary's University. Currently I am conducting a research work entitled “**Consumers Bank Selection Decision on The Selected Cities**” as a partial fulfillment of the requirements for Masters of Business Administration (MBA). The purpose of this questionnaire is to collect data in order to identify the main banking service attributes (criteria) that influence consumer's bank service selection. I would like to emphasize that your response are extremely valuable for the successful completion of this thesis and I would greatly appreciate your response for all questions genuinely. Besides, I would like to assure that the data collected using this questionnaire is purely for academic requirement and your responses will be held confidentially and anonymously. Hence, I request you to fill the questionnaire carefully and at your best knowledge in all regard.

I thank you very much in advance for your cooperation and for sacrificing your invaluable time. If you have any questions about this survey, please contact me on 09-15-26-83-27

Put tick (✓) mark in the appropriate answer box

PART I Personal Information

- 1) Gender: Male Female
- 2) Age: 18 – 24 25 – 34 35 – 44 45 – 54
55 – 64 65 and above
- 3) Marital Status: Single Married Divorced Widowed
- 4) Education level: Not completed Secondary school Completed secondary school
Diploma Degree Masters and above
- 5) Occupation: Businessman Employee

6) Number of banks at which accounts are maintained:

1 2 3 4 5 and above

7) Income level: below 3000 birr 3000-7000 birr 5000-10,000 birr
Above 10,000

PART II: Banks Selection Criteria

Indicate in the following table the rate of importance of the criteria you considered when choosing to use more than one bank (multiple banking users). Please tick (√) mark in one number for each statement by using the following scale ranging from “5 = Very important” to “1= not important at all” based on their degree of importance.

5 = Very important 4 = Important 3 = Neutral 2 = Less important 1 = Not important at all

No.	Factors	1	2	3	4	5
	Branch location					
1	Improved convenience in terms of number of branches					
2	Convenience branch locations					
	Service provision					
3	Specialized bank skills					
4	To benefit from the known relative advantage that one bank has over the other					
5	Possibly a wider range of financial Services including E-banking services					
6	To meet product prestige/esteem/ needs					
	People Influences					
7	Recommendation of friends					

8	Recommendation of relatives					
9	Influence of parents					
10	Reception at the bank					
	Secure feeling					
11	To reduce the risk that a bank might go out of business					
12	Financial stability of the bank					
13	Confidentiality					
	Marketing promotion					
14	Free gifts for customers					
15	TV/radio presence has made me to choose the bank					
16	Presence in newspaper and print media has made me to choice the bank					
17	Personal contact from bank marketing staff has influence my choice					
	Accessibility					
18	Branch Opening and closing hours are convenient					
19	Service through online banking are available 24/7					
20	Service through private banking is need when needed					
21	Branches are in accessible location					
	Financial benefits					
22	Low service charges					
23	The ability to negotiate a better deal on financial services such as a loan					
24	Quick loan approval					
25	Low interest rates on loans					
26	High interest rate on saving account					
27	To get foreign currency for import					
28	To facilitate money transfer /receive for customers /family out of Addis Ababa					

	Attractiveness					
29	Friendliness of bank personnel					
30	Class of the famous/rich people who used the bank					
31	Pleasant bank atmosphere					
	Financial performance					
32	The bank is heading in growth path					
33	Profitability of the bank is on the highest					
34	Risk exposure of the bank is not significant					
35	There is no worry in the financial standing of the bank					
	Bank Selection Decision(Dependent variable)					
36	Service provision, Branch location, security feeling and Financial Performance to bank selection process					
37	Financial benefits and Accessibility to bank selection process					
38	Marketing promotion, people influence					