

# **NEAR EAST UNIVERSITY**

## ***FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES***

### **DEPARTMENT OF BANKING AND FINANCE**

#### **GRADUATION PROJECT**

#### **BANK 410**

#### **BANK SELECTION FACTORS FOR STUDENTS IN THE FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES IN NEAR EAST UNIVERSITY**

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## **SUMMARY**

In banking sector these criteria are very important. Because these criteria show us the customers needs so this study can help a bank managers to understand these needs. By taking into consideration these criteria, bank managers can not only satisfy the current customers but attract future customers as well.

In generally, this study include the general averages of Faculty of Economics and Administrative Siencies students. The results of this study is divided in to the most five and at least five important factors. The most five important factors are friendliness of bank personel, bank's reputation, fast and efficient service, hours of operation, ease of opening a current account. The least five important factors are my employer uses the same bank, external appearance of bank, recommendations of relatives, recommendations of teacher, recommendations of friends.

# **TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>ACKNOWLEDGEMENT.....</b>	<b>I</b>
<b>SUMMARY.....</b>	<b>II</b>

## **CONTENTS**

### **ABREVIATION**

**ATM:** AUTOMATIC TELLER MACHINE  
**NEU:** NEAR EAST UNIVERSITY

### **LIST OF TABLES**

<b>TABLE 1:</b> Sample from University of Near East students	
<b>TABLE 2:</b> The general averages of all departments	
<b>TABLE 3:</b> The general female and male averages	
<b>TABLE 4:</b> The averages of female and male in department of Economy	
<b>TABLE 5:</b> The female and male averages in department of Business Administration	
<b>TABLE 6:</b> The averages of female and male in department of Computer Information System	
<b>TABLE 7:</b> The female and male averages in department of International Relations	
<b>TABLE 8:</b> The averages of female and male in department of Banking and Finance	

## **CHAPTER I**

<b>INTRODUCTION.....</b>	<b>III</b>
--------------------------	------------

- Aim of study
- Importance of study



## **CHAPTER II**

<b>LITERATURE REVIEW.....</b>	<b>2</b>
- Studies on non student population.....	2
- Studies on college students.....	10

## **CHAPTER III**

<b>THEORETICALFRAMEWORKOF</b>	
<b>FINANCIALSERVICES.....</b>	<b>12</b>
-The impact of technology on the delivery of financial services.....	12

## **CHAPTER IV**

<b>EMPRICAL RESEARCHES.....</b>	<b>19</b>
- Study sample.....	19
- College students in Northern Cyprus.....	20
- Data collection process.....	21
- Methodology.....	21
- Findings.....	22

## **CHAPTER V**

### **CONCLUSION & RECOMMENDATION**

### **REFERNCES**

### **EXIBITS**

## I-INTRODUCTION

In North Cyprus , there are a lot of universities and also lots of students. Students work with banks to transfer school tuition, pocket money and pay the phone bill, etc. Also it is important for the students to work with a good bank. Therefore, when they select the bank they look at some criteria. This project aims to research bank selection criteria employed by students in the faculty of Economy, International Relations, Banking and Finance, Business Administration, Computer Information system in Near East University.

This project shows us the criteria students and non students look for in a bank. The issue of "how students select banks" has been given considerable attention by researches for example:Holstius, K,and Kaynak,(1995),Haron,S, Ahmed,N, and Planisek, S,(1994) Boyd,W, Leonard, M , and White, C,(1994) ,Kaynak, E, and Yavas, U(1985),Mylonakis, J , Malliaris,P and Siomkos, G (1998). Also this issue shows us bank selection criteria employed by college students in Bahrain and Singapore's undergraduates. These articles provide information to help banks to identify the marketing strategies needed to attract customers.

A review of literature also indicates that studies related to bank selection criteria have not been mainly conducted in the North Cyprus. Although such studies conducted in other parts of the world to have contributed substantially to the literature on bank selection, their findings may not be applicable to other countries, due to differences in cultural, economic and legal environments. This project focuses on studying the bank selection criteria being employed by a crucial segment(i.e. university students) of potential young customers in Cyprus.

By looking at this information, you can learn how the bank can attract new customers and a bank can give good services to its customers. This information aims to increase relationships between bank and customers. Therefore, this information can show us how the should provide its services in order to increases its wealth.

## II-THE LITERATURE REVIEW

The bank selection criteria used by young customers have been largely overlooked in the relevant literature. However, a number of studies have devoted part of their analysis to importance of selection factors relative to age of students. The following section summarizes done on both student and non student population;

### A-) Studies on non student population

i-)Boyd William, L, (1994); With a bank deregulation and the increase sophistication of customers', bank and other financial institution have found that it is very important that they determine the factors that are patient to their customer's bank selection process. In this study, the respondents were asked to rank, from the selected list of ten crieria, the five they percieved as most important for selecting a financial institution, with one being the most and five being the least important of those chosen. So, authors investigated the importance of bank selection criteria in terms of the age of the head of the household.

They found that for the age group under 21 years, a bank's reputation plays a mojour role in determining their bank selection, followed by location, hours of operation, interest on savings accounts and the provision of convenient and quick services. The least important factors for this age group were found to be the friendliness of bank employees and the modern nature of their facilities. Financial institution can use the information provided in the study to advice a better understanding of their customers' selection process and to develop programmes or carve out niches for specific market segments.

ii-)Haron Sudin (1994); A fiercer level of competition is becoming the most influential factor in the structure and activities of the banking system around the world. Banks are competing not only with themselves, but also with other financial institutions with in the financial



industry. To attract more customers, both conventional and Islamic banks should have information on factors used by customers in selecting their banks.

This study was undertaken to determine the factors considered important by customers in selecting their financial institution. Specifically, the study was designed to determine:

- \*the selection criteria used by Muslims and non-Muslim in a dual banking environment;
- \*the difference between Muslims and non-Muslims relating to factors which influence their selection decision;
- \*the perceived usefulness of services offered by the commercial banks.

He surveyed 301 muslim and non muslim commercial bank customers in Malaysia to determine the selection criteria used in dual banking environment. Results of this study show that Muslim and non- Muslims valued almost the same factors when selecting their banks. In other words, both Muslims and non-Muslims who patronized commercial banks have a common perception in selecting their banks.

With this information, the Islamic bank should not over emphasize, and rely on, the religion factor as a strategy in its effort to attract more customers. The Islamic bank should also be aware that only 40 per cent of Muslims believe that religion is the main factor in why people maintain an account with Islamic bank. The more highly scored factors were: fast and efficient services, speed of transactions, friendliness of bank personnel, and confidentiality of bank. Another interesting finding from this study is that both Muslims and non-Muslims value their time highly and expect their banking transactions to be completed as quickly as possible.

### iii-) " Islamic banking : a study in Singapore by Gerrard, P. And Cunningham, J.B.(1997)

This paper establishes that, in Singapore, which has a minority of Muslims in its population, both Muslims and non-Muslims are generally unaware of the culture of Islamic banking. In relation to bank selection criteria, there was general accord as between Muslims and non-



Muslims on the rating of the various criteria. Five significant differences were noted, the most relating to being paid higher interest on savings. The desire to be paid higher interest was far stronger with non-Muslims.

While the amount of published information concerning Islamic banking principles and their application in Muslim countries continues to grow, relatively little relates to the application of the same principles in countries which have small populations of Muslims. This gap will possibly narrow over the years as Muslim banking becomes even more internationalized and forms part of the financial scene in those countries in which Muslims are in the minority.

One country, which has a minority of Muslims in its population, is Singapore. In the 1990 census, there were about 350,000 Muslims in the resident population of some 2.3 million. Even though there is such a small number of Muslims living in Singapore, it is possible that Islamic banking will be introduced into the country in the not too distant future. This possibility arises for two main reasons. First, neighbouring Malaysia and Indonesia have already successfully introduced Islamic banking into their financial services sector. As Singapore is a major provider of financial services in South East Asia, to compete for Muslim sourced deposits on an equal basis would require Islamic banking to be made available in Singapore. Second, Singapore's Finance Minister, in mid-June 1994, announced that commercial banks would be permitted, if they felt it was viable to do so, to set up an Islamic banking operation

iv-)“A study of bank selection decision in Singapore” using the analytical hierarchy process”  
by Huu, P.T and Kar, Y.H.(2000)

This paper presents the findings of a survey of undergraduates on bank selection preferences. In the study, nine criteria for bank selection decision and five banks are identified, and the decision problem is structured into a three-level hierarchy using the Analytic Hierarchy Process. The findings indicate that undergraduates place high emphasis on the pricing and product dimensions of bank services. The results are of interest to bank managers because they provide information on the importance of the selection criteria as well as areas of strengths and weaknesses of banks.

The objectives of this study can be defined as follows:

- To determine the product/service characteristics that undergraduates consider important when selecting a bank and how these characteristics are prioritized according to their importance.
- To determine undergraduates' relative preferences of Post Office Savings Bank (POSB) and the big four banks in Singapore: Development Bank of Singapore (DBS), Overseas Union Bank (OUB), United Overseas Bank (UOB), Overseas Chinese Banking Corporation (OCBC); with respect to each characteristic considered in the decision process.
- To determine the undergraduates' overall preferences of the banks and the managerial implications of these results for bank decision making.

For this study, the decision problem was structured into a three-level hierarchy. The top-most level of the hierarchy is the macro decision to select a bank. The middle level contains the nine selection attributes and the final level represents the five banks.



A literature review on bank selection decisions of consumers was carried out. The literature review generated an extensive list of criteria. From this list, it was found that the consumers consistently ranked several factors such as service, location, operating hours and bank charges, high in importance.

To identify the relevant criteria of undergraduates' bank selection decisions in Singapore, a focus group interview was conducted. The group comprised of six undergraduates from the two universities; three of the students lived on campus. From the discussion, a list of factors that were important for undergraduates' bank selection decisions was generated. Most of the factors were similar to those discussed in past literature. However, the factor availability of self-banking facilities included in this study has not been examined before. Another factor relevant to undergraduates' bank selection decision in Singapore is the availability of undergraduates' privileges. The second part of the discussion required the undergraduates to discuss their familiarity with 12 banks: Bank of China, Chase Manhattan Bank, Citibank, DBS, Keppel Bank, Maybank, OCBC, OUB, POSB, Standard Chartered Bank, Tat Lee and UOB. These 12 banks were selected on the basis that we perceived students were more familiar with them among the banks in Singapore. Seven are local banks and the rest are foreign banks. From the discussion, it was found that students had more interactions with the DBS, OCBC, OUB, POSB and UOB banks as these were the banks which they have accounts with. The last mentioned five banks were thus chosen for our study.

Based on the literature review and the focus group discussion, a total of nine criteria were identified for this study. They were: convenient location of the bank and its branches, high interest rates on savings account, overall quality of service, low charges on services provided



by the bank, low interest rates on loans, long hours of operations, recommendations by parents/friends, availability of undergraduate privileges, availability of self-banking facilities.

For this study, primary data were collected through survey research. The survey instrument used was the mail questionnaire. The questionnaire was constructed from information gathered from the focus group interview and the literature. The questionnaire was divided into three sections. The first section required the respondent to make pairwise comparisons of the nine criteria. The second section asked the respondent to make pairwise comparisons of the five banks with respect to each of the nine criteria. The last section focused on the profile and banking behaviour of the respondents. Detailed instructions on how to use the scale to complete a pairwise comparison of the criteria with respect to the objective of selecting a bank were given. Similar instructions were given to obtain the relative preference of a bank over another with respect to each criterion in the preceding level. The questionnaire was used because the respondents needed time to complete the pairwise comparisons of the nine attributes and the pairwise comparisons of the five banks with respect to each of the nine attributes. In addition, with the questionnaire instrument, it is possible to provide respondents with general information about the five banks. The objective of providing adequate information is to reduce the inconsistencies in the respondents' judgments.

v) Holtius and Kaynak(1995): Implications of bank marketing study which was conducted in the Turku region of Finland in 1993 are reported. The study determines the importance of selected patronage factors used by Finnish bank customers in choosing national versus local banks, and determines the perceived usefulness of the variety of service offered by these 2 groups of commercial banks. It is hoped that the information presented will provide Finnish bank executives with insights in to the kinds of service customers find most appropriate for

their banking needs. This, coupled with an understanding of the salient criteria used by customers in choosing: a bank, should help bankers to develop more precise marketing strategies to attract a larger number of customers. Without such knowledge, it is only wishful thinking that the gap between the buyers and sellers of banking services will be closed.

This study was conducted in Turku, the third largest town in Finland, where the commercial banks are represented by several branch offices each, and where the co-operative and savings banks of Turku region have their offices. The three national and two regional banks were selected. Those chosen represented all major banks or bank groups in Finland. They were the three commercial banks with a nationwide branch network- Kansallis-Osake-Pankki(KOP), the Union Bank of Finland (SYP) and Postipankki (SP) –the Turku District Co-operative Bank (TOP) and the Finland Saving Bank of the Turku Region (SSP).

He surveyed 258 bank customers in Finland in order to determine the importance of selected patronage factors used by Finnish customers in choosing their banks. Result that the most important factors for the customer appeared to be: reception at the bank, fast and efficient services, lower service charges, friendliness of personnel, and perceived confidentiality.

v-) John Mylonakis (1998):

Studied influencing factors on bank savings customers decisions regarding selection of a bank, in the Hellenic bank market. An empirical study was conducted on 811 bank customers in the greater Athens area in Greece to identify the important bank selection criteria that urban consumers of saving accounts use in the Hellenic bank market. The results indicated that Greek bank customers in advanced bank markets, who are seeking good service in a safe, fast, and technologically modern environment. Selecting factors scoring high were location convenience and quality of service.



The result of the present study are quite similar to the findings of previous work in the area Bank selection criteria like location convenience, quality of service (attention to the customer, personalized service, no queues) seem to influence Greek customer of banks as much as they do other customers internationally. Factors like advertising and residential area do not seem to influence bank customers as much if at all, both in Greece and worldwide. In general, the Greek bank customer seems to behave in a similar way to bank customers of advanced bank markets, who are seeking good service in a safe, fast, and technologically modern environment.

This facts also explains that over 50% of Greek present bank customers have switched banks; a switch being made from state banks to private and foreign banks. Fifty percent from those that have switched, opened their accounts at least 10 years ago, at which time, bank customers in Greece had a very limited choice set. Since deregulation in 1990, customers who have been traditionally loyal to the state banks for many years, have switched to private and foreign banks.

vii-)Metewa and Mohammed(1998); This study is designed to identify the profile and banking habits of Islamic bank customers as well as their wareness, usage, percieved importance and degree of satisfaction with the current products and services provided by two leading Islamic banks operating in Bahrain. Those two banks are the Bahrain Islamic Bank and the Faisal Islamic Bank. These two banks are the only Islamic commercial banks in Bahrain. They are the main providers of Islamic financial services to the residents of Bahrain. The combined total assets of these two banks was BD180 million in 1996 which is approximately six percent of the total assets of all commercial banks in Bahrain. Furthermore, the total deposits of these two banks, for the same period, was BD141 million which represents about five percent of the



total deposits of the 19 commercial banks in Bahrain. These figures indicate that these two leading Islamic banks have a significant share of the total retail market in Bahrain.

A study designed to investigate the banking behaviour of Islamic bank customers in the state of Bahrain is described. The study sample comprised 300 customers. A comprehensive profile analysis and series of chi-square tests were conducted to reveal key characteristics and patterns: the majority of Islamic bank customers are well educated; approximately 80% are between 24-50 years of age; more than 50% of the surveyed customers have maintained their current banking relationship with Islamic banks for more than 6 years; customers' awareness and usage rates are quite high for saving accounts, current accounts, investment accounts and automated teller machines; customers were found to be most satisfied with the products/services they use most, with the investment accounts receiving the highest satisfaction score; Islamic bank employees received the highest satisfaction score among the elements of the service delivery system.

#### **B-) Studies on college students;**

i-) Bank selection criteria employed by students in Bahrain; the sample for this study was selected from among a population of 10,000 students of the University of Bahrain, representing young people aged 19-24. The sample size is 1,000 students representing 10 per cent of the population (45 per cent male and 55 per cent female). The proportions of male and female reflect the proportions found in the general population. Students were selected because they meet the required criteria: being young and being potential bank customers. This age profile was chosen because 19 is the age of completing secondary school in Bahrain and 22-24 is the age of completing university, depending on whether they graduate with a diploma or a degree.

The most important factors for bank selection were:

- 1-convenient ATM locations;
- 2-availability of ATM in several locations;
- 3-bank's reputation;
- 4-24 hours availability of ATM services;
- 5-availability parking space

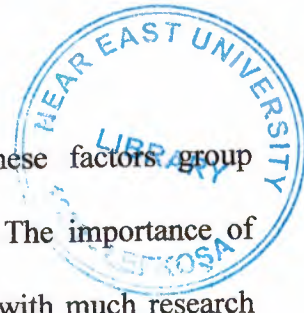
On the other hand, the least important five factors determining young people's selection of their banks were found to be:

- 1-employer uses the same bank;
- 2-recommendations of friends;
- 3-recommendations of relatives;
- 4-banking by mail;
- 5-reception recieved at the bank.

ii-)Singapore's undergraduates; in the present study, the most important criterion was that relating to "feeling secure". This may not be too surprising in view of the kiasuism of Singaporeans. The fear of losing out now appears to have spread to the bank selection process and may have become even more entrenched as a result of certain events which have taken place and which have had an impact on the local financial services scene.

The second most important criterion relates to electronic services. Although such services have not been available for that long, it shows the relative importance which the sample placed on the use of electronic systems to conduct their banking business. The current well-educated generation has been exposed to modern technology in their higher education. It appears that, in respect of carrying out banking transactions, there is a strong desire for an undergraduate's bank to make financial services available through the use of modern technology.





The third most important criterion relates to service provision. These factors group incorporates some of the criteria which are related to service quality. The importance of providing high quality service is a topical subject area in its own right with much research having been conducted in the area of banking pursuant to the pioneer work of Parasuraman. The important service quality in the present study is reflected in the high rating of this criterion.

The results of this study provide some guidance for bank marketers in relation to how they could angle a campaign aimed at attracting undergraduates. The main focus of any marketing campaign should be on making students "feel secure"- more particularly emphasising the bank's stability and the "good" return it pays on student balances held on savings accounts. All local banks can be considered as being stable.

### **III-THEORETICAL FRAME WORK OF FINANCIAL SEVICES**

#### **i-The Impact Of Technology On The Delivery Of Financial Services**

Advancements in technology have had a profound effect on the delivery of financial services over the last few decades, and the pace of change and level of impact is continually increasing. Technology was first used in the branches of banks and building societies as a means of reducing the cost of many routine processes, through centralisation and automation. Now it provides a cost effective and competitive solution to the delivery of products and communication with customers.

Automatic teller machines have had an important role to play in terms of automating routine services, increasing customer convenience and accessibility to financial institutions and providing an innovative method of communicating new products and services. While investment in ATMs has been quite substantial in the past, evidence suggest that they will receive less attention in the future compared with other forms of delivery such as telephone



and on-line-banking. An explanation could be less effective at building relationships with customers compared with other forms of delivery where person-to-person contact may be possible.

#### a-) **Automatic Teller Machines**

Automatic teller machines (ATMs) were first introduced in the UK more than 25 years ago. Early machines were largely cash-dispensing terminals which were originally put in place to reduce queues in branches at peak times, cut down the amount of paperwork and cash handling and free up staff time in branches. Their introduction coincided with the onset of branch rationalisation programmes. Thus, they were viewed as a cheaper alternative to serving customers compared with expensive human tellers in branches.

#### **b-) Eftpos**

There were several forces driving the introduction of electronic funds transfer at point of sale (EFTPOS). Consumers were demanding easier methods of payment, retailers wanted to reduce the amount of cheque-based payments and technology suppliers obviously wanted an outlet for their product.

#### **c-) Telebanking**

People who enjoy conducting business over the telephone and prefer the telephone as a method of buying goods have been dubbed 'telephiles'. According to the Henley Centre for Forecasting, this includes half the population (Financial Times, 23 April 1998).

Girobank was the first to introduce banking services over the telephone almost two decades ago and Nottingham Building Society offered Britain's first subscription telephone banking service, Homelink, in 1983. Since this time, the majority of major banks, building societies and

insurance companies have added the telephone to their delivery channels. Initially telephone services merely allowed the customer to ring the branch to make balance enquiries, order chequebooks and ask for advice or information on products and services. Increasingly, however, telephone operations are being conducted from call centres which route calls away from busy branch staff. Some of the telephone services operate quite independently from the traditional branch network.

#### **d-) Person-to-person**

Person to person telephone operations were the first to be established. The customer has direct contact with the personnel at the financial institution to process transactions and deal with enquiries. In technological terms it is the least sophisticated of telephone delivery channels since it is merely a development of the ad hoc service which any customer enjoys from their financial institution. Yet, it does have several advantages. Perhaps the most useful feature of person-to-person contact is that it allows the call operator to pitch their communication to the level of the individual customer. The less financially adept can receive more time and more detailed explanations. However, for this to work, the representatives of the financial institution must be carefully selected and trained to be able to adapt their verbal skills to the requirements of different customers. In addition, since the range of requests from customers can be potentially limitless, the staff must be knowledgeable enough to be able to answer a wide variety of queries and requests. As a result of this, person-to-person operations are relatively expensive when compared with fully automated versions.

#### **e-) Tone/speech-based**

Tone or speech-based telephone services are based on communication via tone generation and can be operated by one of two main telephone-based methods. The first of these operates via a push-button telephone or a tonepad and pulse/click phone. Essentially the customer dials the



financial institution and is asked to respond by dialing the number on the telephone which corresponds with the service required. When the customer has completed their transaction, they will usually be asked if they require any other service. If the customer wishes to execute another transaction, the appropriate button is pressed, or the receiver is replaced if the customer has finished.

### **f-)Screen-based**

In screen-based systems communication occurs between the customer's computer, television or videotext system and the financial institution's computer system. The telephone merely provides the link between the financial institution's and the customer's technology. If the customer interacts via computer, they execute transactions via the keyboard. The computer must be linked to a modem in order for the connection to be made over the telephone line to the computer system at the financial institution. Alternatively, if communication occurs through a videotext system via the television, the customer may use a specially adapted remote-control panel to execute transactions. Although these systems rely to a certain extent on telephone technology, they are more commonly known as PC or home-banking devices. Due to the different skills and expertise required by the customer to interact with the financial institution in this way, these services tend to appeal to a specific target of the market compared with more mass-consumer use of main-stream telephone banking services. Further information on screen-based services is provided below, in the section on home banking.

**Smart cards** Smart cards are a relatively recent innovation which offer a variety of possible applications including prepayment functions, advanced identification of cardholders, road-pricing schemes and retailer loyalty cards, as well as electronic cash. The card uses a microchip, instead of the magnetic stripe which is currently used in debit and credit cards and



many other plastic cards on the market. There are several advantages which the microchip offers over the magnetic stripe:

- It enables increased amounts of data to be stored on the card-simple smart cards can hold 100 times the data held on normal magnetic-stripe cards.
- The microchip allows the data to be accessed and processed remotely as well as on-line-payment systems, such as debit and credit cards, currently in operation- require
- the cards to be verified from a central location via a network Sometimes this can noticeably add to the waiting time in retail outlets at the check-out.
- The microchip is more secure than the magnetic stripe as the technology required to read data on a chip is beyond the reach of all but the most determined counterfeiters.

Thus, the smart cards has the potential to reduce fraud in payment systems.

### **g-)On-line banking**

On-line banking systems have wider reaching implications because they do not rely on ATMs or EFTPOS and they are not dependent on co-operative schemes with other banks. They do, however, require the intermediation of communications companies to provides the interactive communication networks.

On-line or PC banking, from a personal computer at home or place of work- provides the customer with the facility to perform common banking transactions that would normally require a visit to the branch or perhaps a telephone call to process. Thus, it creates convenience allowing the sometimes onerous task of financial management to be fitted around individuals' busy lifestyles.

### **h-)Home banking**

Basic facilities offered by most home banking service include: the ability to check account balance, view transactions records and account history, pay bills, apply for other services,

communicate with the financial institution , and transfer money instantly between accounts. Some services also enable customers to download information onto their own PC, which means that customers can manage their own finances without needing to stay on-line. Customers only need to go on-line in order to process transactions. Some systems even provide compatibility with Microsoft's Money software, providing customers with a range of money management facilities from their own PC.

### **i-)Internet banking**

The internet offers an alternative and more portable means of operating on-line banking. The internet is a world-wide collection of linked computer networks connecting a diverse group of users. It has the potential of becoming a colossal transborder marketplace covering tens of millions of customers. Many companies are going on line in an effort to increase business, and a number of virtual organisations are being established. Virtualisation is the removal of the constraints of time, place and form and is made possible by the convergence of computing and telecommunications technology and visual media as manifested through the internet. It puts the consumer in greater control by increasing consumer choice through access to greater amounts of information at the touch of a button. Yet, the sheer amount of information accessible can be bewildering, as outlined in Financial Services Marketing in Practice: 'Guide to personal finance on the internet'.

### **j-)Interactive TV**

Interactive TV offers the integration of television cable, satellite and internet services. The concept has been around for more than 20 years, yet its adoption could herald a whole new world in retailing and banking. British Interactive Broadcasting , a collaborative venture involving British Sky Broadcasting, British Telecom Midland Bank and Matsushita Electric, was established to bring interactive television services to viewers of BSkyB's 200-channel



digital satellite service from Spring 1998. Interactive services include shopping, banking, holiday booking, education, computer games, and internet access.

### **k-)Security and fraud**

As advancements in technology increase and we become more dependent on technology as a means of interacting with financial services providers, concern heightens over the security of such systems and the ability to protect them, and their users, from fraudsters. Technologies which have evoked the most concern have been, not surprising, the most recent developments in the delivery of financial services, such as smart cards and the internet, services which have not yet achieved mass acceptance. While, as the saying goes, familiarity breeds contempt, unfamiliarity can breed a great deal of scepticism. This scepticism surrounding the use of new forms of technology-based delivery channels has not been helped by the lack of legal protection available.

### **l-)IT and customer service**

While financial institutions may have turned to the use of technology initially to cut the cost of expensive forms of distribution, the potential for generating and improving customer service was soon realised and has become a key issue. Indeed, as the vast majority of financial institutions now offer a variety of technology-driven means of delivering products and services to their customers, the need to create a differential and sustainable competitive advantage through customer service is paramount.

## **iv- Empirical Research**

### **i- Study sample**

The sample for this study was selected from among a population of 150 students of the Near East University, represent young people aged 19-24. Students were selected because they meet the required criteria: being young and being potential bank customer. This age profile



was chosen because 19 is the start for the university and 22 is the age of finish the university. After completing secondary school, students will either work or proceed to university. If they elect to go through university education, they spend four years on average to graduate. After graduation, most students join the workforce while some pursue postgraduate studies and then work. Assuming that opening a bank account is being done for the first time following graduation, it may take up to 5 years for young NEU students, after completing their high school. The period of 5 years refers to the maximum 4 years university plus one year searching for a suitable job.

As mentioned earlier, this study is concerned with the behavior of university students in selecting a commercial bank. To be representative, the sample was drawn from all five department of the Near East University. These departments are ; International Relations , Banking And Finance, Business Administration, Computer Information Systems and Economics. The selection criteria for each department were based on 150 students. This number of students include female and male. The details of sampling framework is shown in Table 1.

**Table 1:**

Sample from University of Near East students

<b>DEPARTMENT</b>	<b>TOTAL SAMPLE</b>	<b>NUMBER OF FEMALE STUDENTS</b>	<b>NUMBER OF MALE STUDENTS</b>
<b>BUSINESS ADMINISTRATION</b>	30	11	19
<b>INTERNATIONAL RELATION</b>	30	10	20
<b>ECONOMY</b>	30	8	22
<b>BANKING AND FINANCE</b>	30	12	18
<b>COMPUTER INFORMATION SYSTEM</b>	30	17	13
<b>TOTAL</b>	150	58	92

### iii- The data collection process

The required data were collected through a specially designed questionnaire. The questionnaires were passed to and received from the students through their teachers. Therefore, the required number of respondents was easily achieved.

The questionnaire asked ( see exhibits 1 and 2 ) respondents to rate the relative importance of 33 and potential influencing factors, on their selection decision of commercial banks, using a five-point Likert type importance scale ranging from "strongly disagree" to "strongly agree" at all. The factors were adapted from the relevant literature, personal experience, interviews with five departments, and 150 students in the Near East University. This attempt resulted in having a list of 33 selection criteria which served as potential bank selection criteria for this study. In answering the questions, respondents were assured of the confidentiality of their responses and their names were not solicited.

The questionnaire was originally written in Turkish and then translated into English by an official translator and back-translated by a second official translator to ensure clarity and interpretation of meaning.

### iv- Methodology

In this study results were found by statistical method of mean which can find averages of all things. This method give me a averages of relationship between factors and students. It summarize the general results of which factors is important than others and which factors is very important to students to select the bank. I find the all results in the microsoft excel by this formule.

$F = \text{sum of the returns divided to the number of students}$



## v-Findings

### i-Determinants of bank selection

The findings reveal that for NearEast University students, the five most important factors for bank selection were:

- 1- friendliness of bank personel
- 2- bank's reputation
- 3- fast and efficient services
- 4- hours of operation
- 5- ease of opening a current account

On the other hand, the least important five factors determining young peoples' selection of their banks were found to be:

- 1- my employer uses the same bank
- 2- influential marketing compaign
- 3- the area of the parking space
- 4- providing credit card easily
- 5- phone banking

The averages scores and rank of all the factors are shown in Table 2.

If we analyze the findings in terms of gender, not similar results are found for the ranking importance of bank selection criteria factors for both sexes. Table 3 is show the details of the importance of selection factors relative to gender.

**Table 3:** The general female and male averages

Factors	Female average		Male average	
	n: 30	rank	rank	n: 30
Availability of ATM in several places	4,4	1	5	4,2
Convenient location of the main branch	4,4	2	8	4,1
Fast and efficient services	4,4	3	3	4,2
Low service charges	4,3	4	2	4,4
Convenient branch location	4,3	5	6	4,2
Distance of ATM from home	4,2	6	15	3,9
Several branches	4,2	7	4	4,2
Hours of operation	4,2	8	16	3,9
Friendliness of bank personel	4,2	9	1	4,5
Ease of opening a current account	4,2	10	9	4,1
Variety service offered	4,1	11	14	3,9
Distance of ATM from my university	4,1	12	20	3,7
Bank's reputation	4,1	13	28	4,1
Low interest rates on loan	4,0	14	10	4,0
Internet banking	4,0	15	17	3,8
Paying high interest rates on saving accounts	3,9	16	18	3,8
Ease of obtaining loans	3,9	17	13	4,0
Adequate number of tellers	3,9	18	12	4,0
Pleasant bank atmosphere	3,7	19	22	3,5
National origin of the bank	3,7	20	27	3,3
Appearance and attire of staff	3,7	21	23	3,5
The area of the parking space	3,7	22	24	3,4
Financial stability of the bank	3,7	23	21	3,5
Providing credit cards easily	3,6	24	19	3,7
Availability parking space nearby	3,5	25	25	3,4
Confidence in bank manager	3,5	26	11	4,0
External appearance of bank	3,3	27	28	3,0
Phone banking	3,2	28	26	3,4
Influential marketing compaign	3,0	29	30	2,9
Recommendations of relatives	2,9	30	31	2,8
My employer uses the same bank	2,9	31	29	2,9
Recommendations of teacher	2,8	32	33	2,3
Recommendations of friends	2,4	33	32	2,3

**Table 2:** The general averages of all departments in Near East University

<b>Factors</b>	<b>Total average n: 150</b>	<b>Rank</b>
Friendliness of bank personel	4,9	1
Bank's reputation	4,7	2
Fast and efficient services	4,6	3
Hours of operation	4,6	4
Ease of opening a current account	4,5	5
Variety service offered	4,5	6
Low service charges	4,4	7
Ease of obtaining loans	4,4	8
Confidence in bank manager	4,4	9
Convenient branch location	4,3	10
Availability of ATM in several places	4,3	11
Financial stability of the bank	4,3	12
Appearance and attire of staff	4,3	13
Several branches	4,2	14
Internet banking	4,2	15
Low interest rates on loan	4,1	16
Convenient location of the main branch	4,1	17
Adequate number of tellers	4,1	18
Providing credit cards easily	4,1	19
Phone banking	4,1	20
Distance of ATM from home	4,0	21
Paying high interest rates on saving accounts	3,9	22
National origin of the bank	3,8	23
The area of the parking space	3,8	24
Distance of ATM from my university	3,8	25
Availability parking space nearly	3,7	26
Pleasant bank atmosphere	3,7	27
Influential marketing campaign	3,7	28
My employer uses the same bank	3,6	29
External appearance of bank	3,4	30
Recommendations of relatives	3,1	31
Recommendations of teacher	3,1	32
Recommendations of friends	2,6	33



**Table 8:** The averages of female and male in department of Banking and Finance

<b>Factors</b>	<b>Banking and Finance N: 30</b>	<b>Rank</b>
Low service charges	4,8	1
Paying high interest rates on saving accounts	4,7	2
Convenient location of the main branch	4,6	3
Availability of ATM in several places	4,6	4
Several branches	4,6	5
Friendliness of bank personnel	4,6	6
Convenient location of the main branch	4,6	7
Convenient location of the main branch	4,4	8
Distance of ATM from home	4,4	9
Bank's reputation	4,4	10
The area of the parking space	4,3	11
Fast and efficient service	4,3	12
Ease of obtaining loans	4,2	13
Distance of ATM from my university	4,1	14
External appearance of bank	4,1	15
Internet banking	4,1	16
Confidence in bank manager	4,1	17
Variety service offered	4,1	18
Ease of opening a current account	4,0	19
Availability parking space nearby	4,0	20
Hours of operation	3,9	21
Appearance and attire of staff	3,9	22
National origin of the bank	3,8	23
Pleasant bank atmosphere	3,8	24
My employer uses the same bank	3,6	25
Adequate number of tellers	3,5	26
Providing credit card easily	3,5	27
Financial stability of the bank	3,4	28
Phone banking	3,2	29
Influential marketing campaign	2,8	30
Recommendations of teacher	2,8	31
Recommendations of relatives	2,2	32
Recommendations of friends	1,9	33

Table 8 shows us bank selection criteria for The Department of Banking and Finance. The most important factors are low service charges, paying high interest rates on saving accounts, friendliness of bank personnel, several branches and availability of ATM in several places. This means the banking and finance students want to pay a low service money and earn a more money when they go to the bank. Although they want to a several branches because when they make something with banks, they want to find any branches of his banks. The last reason means the students select easy ways to make something with bank for ex: if they want to take a money they do this needs with ATM services. Therefore they do this needs without to the banks and everywhere.

The least factors are influential marketing campaign, recommendations of teacher, recommendations of relatives, recommendations of friends and phone banking. This factors include the students make his jobs with his own ideas. They don't make jobs with others as. They make all things with bank. They do not make some services with phone.

**Table 7:** The female and male averages in department of International Relations

<b>Factors</b>	<b>International Relations n: 30</b>	<b>Rank</b>
Friendliness of bank personel	4,5	1
Low service charges	4,3	2
Providing credit card easily	4,2	3
Availability of ATM in several places	4,2	4
Fast and efficient service	4,2	5
Several branches	4,1	6
Distance of ATM from home	4	7
Convenient branch location	3,9	8
Hours of operation	3,9	9
Convenient location of the main branch	3,9	10
Ease of obtaining loans	3,9	11
Bank's reputation	3,9	12
Confidence in bank manager	3,8	13
Adequate number of tellers	3,8	14
Ease of opening a current account	3,8	15
Distance of ATM from my university	3,6	16
Variety service offered	3,6	17
Convenient location of the main branch	3,5	18
The area of the parking space	3,5	19
Internet banking	3,4	20
My employer uses the same bank	3,4	21
Phone banking	3,3	22
Pleasant bank atmosphere	3,3	23
Availability parking space nearby	3,3	24
Financial stability of the bank	3,3	25
Appearance and attire of staff	3,2	26
Paying high interest rates on saving accounts	3,1	27
National origin of the bank	3,1	28
Recommendations of friends	2,9	29
Influential marketing campaign	2,9	30
External appearance of bank	2,8	31
Recommendations of relatives	2,5	32
Recommendations of teacher	2,5	33



Table 7 shows us , bank selection factors for the Department of International Relations. The most important factors are friendliness of bank personel, low service charges, recommendation of teacher, availability of ATM in several places and several branches. This means this students wants to pay low interest on their money. They want to see a personel who provide good services when they go to the bank. Although they want to have several brachnes available to them. Students would like to have several ATMs available in several locations so that they do not have to go to banks but get their transactions done through ATMs. If the Near East University wants to provide good services to students, it should place more ATMs on campus.

The least factors are influential marketing campaign, recommendations of teacher, recommendations of relatives, recommendations of friends and phone banking. These factors show that students select their banks on their own. They don't listen to others. They use banks but not phone banking.

**Table 6:** The averages of female and male in department of Computer Information System

<b>Factors</b>	<b>Computer Information System</b>	<b>Rank</b>
	<b>n:30</b>	
Low interest rates on loan	4,5	1
Convenient location of the main branch	4,5	2
Internet banking	4,5	3
Variety service offered	4,4	4
Convenient branch location	4,4	5
Paying high interest rates on saving accounts	4,4	6
Fast and efficient services	4,4	7
Ease of opening a current account	4,4	8
Availability of ATM in several places	4,4	9
Several branches	4,4	10
Ease of obtaining loans	4,3	11
Financial stability of the bank	4,3	12
Low service charges	4,2	13
Friendliness of bank personnel	4,2	14
Distance of ATM my university	4,2	15
Distance of ATM from home	4,2	16
Adequate number of tellers	4,2	17
Hours of operation	4,16	18
Providing credit cards easily	4,0	19
Bank's reputation	4,0	20
External appearance of bank	3,9	21
Pleasant bank atmosphere	3,9	22
National origin of the bank	3,8	23
Confidence in bank manager	3,6	24
Appearance and attire of staff	3,5	25
Phone banking	3,3	26
Availability parking space nearby	3,3	27
Recommendations of relatives	3,3	28
Influential marketing compaign	3,2	29
The area of the parking space	3,2	30
Recommendations of teacher	2,4	31
My employer uses the same bank	2,4	32
Recommendations of friends	2,3	33

This table which is table 6 shows us , the bank selection criteria for the department of Computer Information System. The most important factors are low interest rates on loans, convenient location of the main branch, variety service offered, the area of the parking space, paying high interest rates on saving accounts. This means this students wants to pay low interest on their debt. if they want to go to the bank, they want to go easily. Students would like to earn more interest on their money and they want to have lots of services. This means the students select the bank according to parking facilities in the area. If the Near East University bank manager wants to give good services to students, they can look these criteria and satisfy the needs of the students.

The least factors are availability parking space nearby, influential marketing campaign, my employer uses the same bank, recommendation of friends and recommendations of teacher. These factors show that students select their banks on their own. They don't listen to others. Although they don't care about parking. Bank services are important to students but not the marketing campaign.



**Table 5:** The female and male averages in department of Business Administration

<b>Factors</b>	<b>Business Administration n: 30</b>
Fast and efficient services	4,3
Low service charges	4,2
Availability of ATM in several places	4,1
Adequate number of tellers	4,1
Ease of opening a current account	4,1
Convenient location of the main branch	4,0
Friendliness of bank personnel	4,0
Low interest rates on loan	4,0
Bank's reputation	4,0
Hours of operation	3,9
Several branches	3,9
Convenient branch location	3,9
National origin of the bank	3,7
Variety service offered	3,7
Confidence in bank manager	3,7
Availability parking space nearby	3,7
Distance of ATM my university	3,6
Paying high interest rates on saving accounts	3,6
The area of the parking space	3,6
Ease of obtaining loans	3,5
Appearance and attire of staff	3,5
Providing credit cards easily	3,4
Internet banking	3,4
Distance of ATM from home	3,4
Phone banking	3,3
Financial stability of the bank	3,3
Pleasant bank atmosphere	3,1
Recommendations of relatives	2,9
Influential marketing campaign	2,8
Recommendations of friends	2,6
Recommendations of teacher	2,6
My employer uses the same bank	2,5
External appearance of bank	2,3

Table 5 shows us criteria for bank selection factors for the department of Business Administration. The most important factors are several branches, fast and efficient service, availability of ATM in several places, friendliness of bank personnel, convenient location of the main branch. This means the students want to have choices in terms of ATM locations.. They need effective services. They would like to see the main bank branch in a convenient place to be able to do their transactions easily. Because they want to work with a friendly bank personnel, if the Near East University manager wants to give good services to students, they can look this criteria and answer the students needs.

The least factors are influential market campaign, recommendations of friends, recommendations of teacher, my employer uses the same bank and external appearance of bank. This factors show that the students make up their minds about their banks on their own. They don't listen to anyone else. They don't think appearance is important.. They think just the bank services and they don't look at the marketing campaign.

**Table 4:** The averages of female and male in department of Economy

<b>Factors</b>	<b>Economy n: 30</b>	<b>Rank</b>
Financial stability of the bank	4,8	1
Confidence in bank manager	4,7	2
Convenient branch location	4,5	3
My employer uses the same bank	4,5	4
Paying high interest rates on saving accounts	4,4	5
Internet banking	4,4	6
Friendliness of bank personnel	4,3	7
Recommendations of friends	4,3	8
Bank's reputation	4,3	9
Several branches	4,2	10
Low service charges	4,2	11
Distance of ATM my university	4,2	12
Ease of opening a current account	4,2	13
Availability of ATM in several places	4,1	14
Recommendations of teacher	4,0	15
Variety service offered	4,0	16
Distance of ATM from home	4,0	17
National origin of the bank	3,9	18
Adequate number of tellers	3,9	19
Influential marketing compaign	3,8	20
Appearance and attire of staff	3,8	21
Pleasant bank atmosphere	3,6	22
Convenient location of the main branch	3,5	23
Low interest rates on loan	3,5	24
Ease of obtaining loans	3,2	25
The area of the parking space	3,1	26
Phone banking	3,1	27
External appearance of bank	3,1	28
Fast and efficient services	3,1	29
Providing credit cards easily	2,9	30
Availability parking space nearly	2,6	31
Recommendations of relatives	2,5	32
Hours of operation	2,2	33



Table 4 shows us , how the department of Economics students select the factors which include the most important and the least important factors. The most important factors are financial stability of the bank, confidence in bank manager, my employer uses the same bank, convenient branch location and paying high interest rates on saving accounts. This means they want to earn high interest on their money and they want to have lots of services. Furthermore, they want to work with a confidential bank manager so if the Near East University manager wants to give good services to students, they can look at this criteria and satisfy the students needs.

The least factors are hours of operation, availability parking space nearby, external appearance of bank, recommendation of relatives and phone banking. From these factors we can conclude that students make up their minds about their banks on their own. They do not listen others ideas. Although they don't think about parking. They think just the bank services but they don't look at the appearance of bank. They do not use phone banking either.

## **VI-Conclusion**

The importance of this study can be viewed from two dimensions: theoretical contributions and practical implications. Theoretically, the study fills an important gap in the literature, that is, exploring bank selection criteria for potential young students in Near East University. Therefore, the findings of this study can add to the existing body of the literature and can serve as a starting point on which future studies can help bank decision makers to identify the major factors that may determine bank selection decisions among the students. Such information should help the management of commercial banks in devising appropriate marketing strategies for reaching and attracting the students.

Findings from this study reveal that young customers place more emphasis on factors like a friendliness of bank personnel, bank's reputation, fast and efficient service, hours operation and ease of opening a current account.

Findings also indicate that potential young customers should be dealt with as a promising market with two distinct segments, male and female, each having different priorities in their selection process. This entails approaching and attracting them as two distinct market segments.

Finally, this study examined one type of young customers, that is, the university students. Although this segment of the market is important to study, other segments of young customers, who may have different selection processes, should not be ignored. The study deals with the case NEU.



## **V-RECOMMENDATION**

In the banking sector, the customers needs is important. Because if they have a good customers, they have to answer the customers needs. Therefore, if they have a good carrier for banking sector, they have to give a different services. Because customers look at which bank give a different or good service, they select this bank so the services is important for the customers when they select the bank. Therefore, this study shows us this criteria, which factors is important when the customers select the bank.

In this study, banks reputation, hours of operation, ease of opening current account, fast and efficient service and friendliness of bank personels which iis the most important 5 factors. If you look at this factors, you see the all of the factors include the bank services so this means the bank services is very important to customers. On the other hand the banking sector has to be carefull to give service for the customer. Because if you give a good service, you have a good customers or if you don't give good services, you don't have a good customers.

In the Near East University, there are alots of students, who come from foreing countries so many students use banks to transfer money, to pay bill, etc. Therefore, the NEU bank manager hasto give a good bank services for its students, if they want to be successful. This study shows us this criteria which the students look at the factors when they select the bank. These factors include the bank services. Therefore, the Near East University manager must provide good bank services if they want to have a succesfull carrier. Because, this study shows us, students want to see friendly personel when they go to the bank. The other reason, if the bank have a good reputation, this means they have a lots of customers. This study shows us this results which factors is important to select the bank. Although, if you give a efficient service, working hours is good and you have a easy open current account you can have a good carier and good customers.



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