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'BANK SELECTION CRITERIA IN NORTHERN CYPRUS'

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ABSTRACT

There are some factors that the commercial banks need to identify that affect the bank selection decisions of both existing customer and the potential customers. The commercial banks must plan a strategy for keeping present customers and attracting new ones. The empirical study was conducted on 200 people that are having relationship with any bank. The study focuses on examining bank selection criteria for public in various cities of Northern Cyprus. The findings shows that the factors determining customers' bank selection are: "people/media influences", "secure feeling", "financial benefits", "services provision", "parking and employee/customer interaction", "convenience of ATMs", "hours of operations", "duration of wait".

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SECTION 1

INTRODUCTION

In banking today, banks have to know the answer of the question “how the customers choose the banks to work with”. Today's banking world there is a huge competition around the world and in North Cyprus so it is.

1.1 AIM OF THE STUDY

The main aim of this study is to show the factors that affect peoples' bank selection decisions in Northern Cyprus. In this study I explain the bank selection criteria that are affected by people expectations which are different from each other.

1.2 BROAD PROBLEM AREA

There are many banks in North Cyprus. The most important problem that banks face is, they can not understand their customers needs and wants and can not satisfy those needs as their customer expects. There are few criteria that makes people to choose a bank for business. If banks know those criteria and try to satisfy them somehow, the productivity and the percentage of customers that are choosing their bank will rapidly increase. Because people want to work with banks that are satisfying their wants and expectations.

1.3 METHODOLOGY

The current study, conducted in 2008 in the North Cyprus, to quantify the selection criteria used by people living in the country when choosing banks. The sample was selected to be representative of the working proportion of North Cyprus consumers. Questionnaires were distributed and collected by me. Of these, there were 200 usable questionnaires.

In this study I use the factor analysis. Factor analysis is a data reduction technique used to reduce a large number of variables to a smaller set of underlying factors that summarize the essential information contained in the variable

1.4 STRUCTURE OF STUDY

In this project, I would like to explain factors which effect peoples' selection criteria when selecting which bank to work with. I showed the aim of the project and I mentioned the broad problem area in banking sector. Section two included the literature reviews where I gave some information about old studies and a table that shows the factors of the studies and their eigen values that included in them. In third section, I started to explain the data analyses, methodology and then the SPSS output. In the last section I included the conclusion, implications and recommendations.

SECTION 2

LITERATURE REVIEW

2. Articles on bank selection criteria by public

2.1.1 Sudin Haron, Norafifah Ahmad and Sandra L. Planisek (1994)

The purpose of this study is to determine the pertinent factors which Muslims and non-Muslims perceive as germane to their selection of banks. The most significant fact revealed by this study is that there is no significant difference in the selection criteria. 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

A sample of 301 Muslim and non-Muslim commercial bank customers in Alor Setar, Sungai Petani, and Kangar towns was surveyed. The population for each town is about 100,000 and half of the population in each town comprises Muslims. The selection of the samples was based on convenience and these customers did not have any banking relationship with the Islamic bank. These towns were chosen because they represented a competitive banking environment compared with other towns in the states. Customers had a wide range of banks and other non-bank financial institutions from which to choose. The data for this study were collected through self-administered questionnaires distributed by student workers. The questionnaire contained three sections: the first section was designed to gather information about the sample's personal, demographic and economic characteristics. In the second section of the questionnaire, the respondents were asked to indicate, on a five-point Likert-type scale, ranging from "very important" to "not important at all", how they viewed a series of factors in selecting a commercial bank. The final section of the questionnaire was designed to generate data concerning the usefulness of products or services offered by the commercial banks for

their customers. The perceived level of usefulness of these products or services was also measured on a five-point Likert scale. The scale ranged from “used all the time” to “never being used”. The questions which measure the perception of respondents towards the Islamic bank were placed in this section.

Except for a few differences in terms of order of importance, both the Muslims and non-Muslims valued the same traits when selecting their banks. The most important factor considered by Muslims when selecting their financial institutions is “fast and efficient service” and this factor was ranked second by non-Muslims. “Friendliness of bank personnel”, considered as the most important factor by non-Muslims, is ranked third by Muslim customers. Non-Muslims considered “reputation and image of bank” and “reception received at the bank” as third and sixth important factors respectively, but Muslims ranked these factors as seventh and fourteenth, respectively. The list of score and rank of all factors is A *t*-test was used to test the statistical differences between the means for selection factors between Muslim and non-Muslim customers and significant difference occurred for some of the factors. At the 0.01 level, factors of which both samples had variation were “interior comfort”, “offer service on financial counselling”, “internal appearance of bank”, “impression of manager”, “hours of operations”, “a wide range of service offered”, “fast and efficient service”, “able to fulfil individual and personal needs”, “speed of transactions” and “overdraft privileges”. At the 0.05 significant level, there were variations for factors “reception received at the bank”, “lower service charges”, and “inter-branch facilities”. There are many similarities and differences between the findings of this research and the findings of earlier research. Seven factors emerged from the analysis for the Muslim customers. Factor 1 can be labelled as bank product and services. This can be used as an indicator of Muslim customers’ concern about the facilities offered by their bank, which include type of products and services, and the availability of inter-branch facilities. Factor 2 concerns the image of the bank. The image indicators include appearance of the bank, both internal and external, and the mode of information carriers. Recommendation by friends and mass advertising were grouped in this cluster. Factor 3 deals with staff quality involving the friendliness of the bank personnel, their efficiency and effectiveness in handling any transaction. Factor 4 concerns the financial charges imposed by the bank. Factor 5 comprises both bank image and staff quality whereas factor 6 relates to the salient features of the bank and factor 7 deals with locality. For non-Muslims, the first factor can be labelled as image. Factor 2 is a combination of facility and

staff quality. Factor 3 deals with services offered by the bank. Charges imposed by the bank can be assigned to factor 4. Factors 5 and 6 are for bank image while factor 7 is about convenience. Factor 8 is concerned with the size of bank. Almost 100 per cent of the Muslim population was aware of the existence of the Islamic bank; the sources of knowledge are mainly newspapers and magazines, television and radio, and family members. Many of the Muslim respondents visit the bank's branch and seek information about the bank services and operations on their own initiative. For non-Muslims, about 75 per cent of the respondents know of the existence of the Islamic bank from information derived mainly from newspapers and magazines. Results of factor analysis of selection factors for non-Muslims are as follows. There is one additional factor comparing with Muslims; Factor 1 External appearance of bank Factor 2 Confidentiality of bank Factor 3 Offer services on financial counselling Factor 4 Lower service charges Factor 5 Knowledgeable about your business Factor 6 Reception received at the bank Factor 7 Convenience of location Factor 8 Size of bank. Other sources of information are not so effective for the non-Muslims. 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. The inefficiency indicators such as long queues in the banking hall, temporary shut-downs in ATM service, unoperational counters during banking hours, unattended enquiries, and delays in making decisions should be addressed immediately. In practice, both conventional and Islamic banks have not given appropriate emphasis to these issues. Beautification of bank premises and the providing of interior comfort seem to have been accorded top priority by the banks although these efforts, according to this study, are not appreciated much by the customers. To be competitive in attracting customers, commercial banks are willing to invest in a large amount of money for advertising, despite the uncertainty of its returns. Another important issue which requires attention is the way bank personnel handle their customers, which definitely involves quality of service. Quality of service here means more than a smile or a passing greeting to customers. The dress code, customer relations, and the technique of answering the telephone are some of the areas to be emphasized.

We can see the factors of this study at the Table I on page 39.

2.1.2. William L. Boyd, Myron Leonard and Charles White (1994)

In the past, the function of financial intermediation in the USA had fairly well-defined boundary lines for various institutions and services. The moving of funds from savings surplus units to savings deficit units was mostly routine and regulated by the federal government, various state governments or both. Banks solicited funds from local customers and primarily made loans in the commercial area or of a short-term nature. In most financial institutions, the original emphasis was on managing the asset side of the balancesheet. Little emphasis was given to the depositors. In the last two decades, the emphasis has shifted first to the liability side of the balance-sheet, then to the concept of liquidity management, and, most recently, to managing the creditworthiness of borrowers. With the current trend towards bank closures, mergers, acquisitions, and low interest on deposits, it appears more and more as if the emphasis must once again change. The typical customer can no longer differentiate between one intermediary and another. Now we find that all institutions are all things to all people. The competition for customers, both savers and borrowers, could become fierce. The institutions must now, more than ever, be cognizant of the customers' needs and desires. Recently, single product providers who can operate on a national, or even international, basis achieve massive economies of scale, control cost, achieve a pricing advantage, and deliver high levels of customer service, are eroding the traditional banks' hold on some of their more lucrative lines of business. This development is especially evident with credit card, mutual fund, and mortgage companies which have taken advantage of new technologies, direct marketing, and a higher level of sophistication of service users to overcome banks' historical advantages. Recently, we have seen General Motors, Ford, General Electric and others offer new and innovative services through credit card usage. This will further erode the traditional base of bank users. With rapid change and more sophisticated customers, it has become very important that financial institutions determine the factors which are pertinent to the customers' selection process. With the advent of interstate and international banking, the trend towards larger bank holding companies, and innovations in the marketplace, the customers have greater and greater difficulty determining one institution from another. Therefore the current problem for the financial services industry is to determine the basis on

which customers, both depositors and borrowers, make their selection process for financial services. With the need to differentiate in mind, the research on which this study is based was undertaken to: determine the relative strengths of factors used in this selection process, and identify the orientation of potential customers relative to those factors and corresponding behavioural and demographic characteristics.

Using a telephone survey, ten selection criteria were provided relative to various demographic characteristics of 188 randomly selected households in a medium-sized southeastern city of the USA. Characteristics included, marital status, size of household, age of children, occupation of head of household, household income, age and gender of household head. In an article appearing in the *Journal of Marketing*, a study was undertaken in which the service-oriented and the convenience-oriented elements of banks' marketing programmes were examined and ranked by a sample of customers and non-customers. A list of over 50 bank selection elements was developed and submitted to the sample members. A ranking procedure was performed and the top ten of those criteria are those used in this present study. The customer demographic and socioeconomic characteristics chosen for this study were slight revisions of those criteria found to be statistically significant in an earlier study. "Household" was substituted for "family" and "household size", "age of children", "occupation", and "age of household head" were derived from "the family life cycle" data. Gender was included because women seemed to be having greater impact on bank selection decisions as they achieved greater social liberation. In this study, the respondents were asked to rank, from the selected list of ten criteria, the five they perceived as most important for selecting a financial institution, with one being the most important and five being the least important of those chosen. To evaluate the overall significance of the ranked choices, a weighting system, described below, was used and then converted to a decimal scale. The importance of the criteria relative to marital status, shows most groups placing emphasis on reputation, interest charged on loans, interest on savings accounts and quick service. The divorced respondents placed more importance on availability of urgent accounts, quick service, drive-in service, and hours of operation than did their single, married, or widowed counterparts. They also indicated much less concern for reputation. It appears that this group, consisting of many single parents, is pressurized by time constraints and, as a result is more interested in making the visit to its financial institution as short as possible. The age of dependent children reporting younger-aged children placing a greater emphasis on interest charged on loans and quick service, with less emphasis on location in city. Those with children in the 13-19 age

group wanted low interest loans, but to a lesser extent than those with younger children. They did, however, attach a greater importance to location in the city. Those with children over 35 also placed an emphasis on savings account interest along with friendliness of employees, and hours of operation. While those with young children were interested in borrowing and prompt service for their fastpaced families, older households with adult children were searching more for convenience and greater returns on their savings. white-collar households indicating greater importance for reputation, modern facilities, and location in city. In contrast to their white-collar counterparts, blue-collar households placed a greater emphasis on availability of current accounts and drive-in service. It appears that while white-collar workers are more conscious of a financial institution's image, blue-collar workers are more convenience-minded. The importance of criterion in relation to household income is that the heaviest emphasis on reputation was attributed to the \$10,000- \$20,000 group. Lower-income families who may lack the expertise to select a quality financial institution often choose to rely on favourable publicity or word of mouth. While it was difficult to establish trends in income, it appeared that certain low-income categories were more interested in modern facilities, availability of current accounts, and location in city. This may be explained by the large number of previously mentioned single, young, and retired households included in these categories who have come to rely on the convenience and image aspects. Higher-income households placed more importance on interest on savings accounts, hours of operation, and friendliness of employees. These results appear to indicate that high-income customers are interested in those operational aspects of financial institutions which will assure them of having their social convenience, as well as security, needs taken care of. The criterion importance in relation to age of household head is once again, all groups placing heavy emphasis on reputation. In addition, similar importance levels were attached to quick service, availability of current accounts, and interest on savings accounts. These criteria include services which most customers have come to expect from their financial institution. Young household heads placed a very high emphasis on hours of operation and location in city. These younger customers may be drawn to nearby financial institutions with hours which will fit into their busy work, school, or social schedules. regarding sex of respondents, shows males and females attaching similar importance levels to many of the criteria. *Importance Relative to Gender*, the only major differences occurred for males, who indicated more concern for quick service and location in city, as opposed to females, who placed a greater emphasis on availability of current accounts and interest on savings accounts. The males appear to be more interested in having their needs met quickly and conveniently, while

females are apparently more interested in longer-term aspects relating to organizing their finances and becoming more financially secure.

The results of the study reveal that some criteria are viewed as having more importance than other criteria. This is especially true of reputation, interest charged on loans, and interest on savings accounts. Much less importance was attached to friendliness of employees, modern facilities, and drive-in service. However, the strength of the study lies in its breakdown of the criteria by market segments. A financial institution may cater to a single market segment, such as upper-income households. More likely, a financial institution will serve multiple market segments, such as the preceding households plus young single people, newly married couples, etc. Financial institutions can use the information provided in the study to achieve a better understanding of their customers' selection process and to develop programmes or carve out niches for specific market segments. For example, married customers view interest on savings accounts as a primary reason to select a financial institution, while single customers place greater emphasis on friendliness of employees. Therefore, the selection of single or married people as the primary focus will automatically determine the service offering and promotional direction. This same process can be used for additional demographic characteristics of the target population. The major limitation of this study is that it is narrow in scope. It should be understood that financial institution selection criteria importance might change from one geographic area to the next based on the demographic characteristics of the populations being studied. For example, residents of retirement communities would have different financial needs and outlooks than would residents of blue-collar working-class communities. The study must therefore be repeated in different areas to gauge better the unique demographic and behavioural compositions of local populations.

2.1.3. Karin Holstius and Erdener Kaynak

(1995)

The purposes of this study were to determine the importance of selected patronage factors in choosing national versus local banks in Finland, and to determine the perceived usefulness of several banking services to the customers. In spite of the problems Finnish banks are facing due to the downturn of the Finnish economy and their heavy indebtedness, little has been done by way of specialized marketing. Competing banks are offering the same range of services instead of positioning themselves and introducing services to suit the needs of their various target groups. Instead of being market-oriented in their pricing and in evaluating the needs of customer segments, it appears that Finnish commercial banks, as well as the co-operative and savings banks, are disguising their service charges and offering account-related service packages, which make it difficult for customers to compare the charges and the value they get for their money. This study was initiated with this in mind in order to determine the importance of selected patronage factors used by Finnish consumers in choosing their bank connection, and to determine the perceived usefulness of the services offered by Finnish deposit banks. It is hoped that the information presented will provide Finnish bank executives with insights into 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.

Commercial banking in Finland has gone through quite a change during the past six or seven years. In 1986, the Finnish government decided to end the regulation of interest rates on loans. After this, competition between banks for private persons' accounts increased. Banks concentrated on selling more loans to private persons and tried to achieve larger market shares. They were simultaneously very active on the stock market and in real estate business. During the last few years of economic depression in Finland, bank credit losses have risen rapidly, and all major banks have shown negative results in their final accounts. They have all had to get financial aid from the state in order to maintain their solvency ratio at the level

expected internationally, but most of the financial aid has gone to the savings banks. 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 the Turku region have their offices. The three national and two regional banks were selected. Those chosen represented all the 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 (PSP) – the Turku District Co-operative Bank (TOP) and the Finnish Savings Bank of the Turku Region (SSP). The KOP and SYP banks are in the process of merging but the final details of the merger are being negotiated during 1995. Customers maintaining an account in one of these five banks constituted the population of the study. The branches in which the data were collected were all situated in the centre of Turku. The branches selected were the largest in the area for the banks in question. The data for the study were collected through a selfadministered questionnaire in the five selected banks in Turku. Turku is the commercial centre of southwest Finland which well represents Finland as a whole. An English version of the questionnaire, which had previously been used in other countries such as Canada, Hong Kong, Australia and Turkey, was translated into Finnish. The Finnish questionnaire was tested among a small number of bank customers to make sure that prospective respondents understood the content in the way intended by the researchers. Questionnaires were sent to the bank branches on 1 February 1993, and the data were collected during the first three weeks of February. Customers who took part in the survey were not selected by any criteria. All those who visited a particular bank branch during the study period were included. Thus, it was possible that some respondents might not have had an account in a particular branch where he/she completed the questionnaire. A total of 60 questionnaires were sent to each bank, and the branch managers were asked to return about 50 completed ones. The extra ten were sent in case someone completed it wrongly or otherwise needed a new one. Bank customers completed the questionnaires themselves without any help from bank personnel, although the respondents were asked to do this by bank clerks. After a three-week waiting period, a total of 258 questionnaires were retrieved from the five selected banks. The questionnaire was structured, and it consisted of four major sections. The first part elicited information about the respondents' banking habits. The second section explored the importance respondents placed on different factors when choosing a deposit bank, and the third part explored the perceived usefulness of the banking services offered. The list of 36 factors used in this study was originally generated by participants in an international executive training programme in bank

marketing held by one of the authors, as well as from current bank marketing literature, with necessary adaptations made for the Finnish banking system. Opinions were measured on four-point scales ranging from "very important" or "very useful" to "not important" or "not useful", and respondents were also provided with a "no opinion" option. The last part of the questionnaire included four demographic questions: sex, age, occupation and income. Because banks did not have accurate information about all these factors, it was difficult to evaluate whether the sample matched the general population. Judging by the information banks had at their disposal about their customer structure, however, the sample matched quite well.

The high ranking of recommendations of friends and relatives, the bank's reputation and its image, the friendliness of bank personnel, and mass media advertising as patronage motives suggest that the banking industry in Finland needs to place more emphasis on personnel training. This type of training should start first in the area of interpersonal communication skills development. Increased attention to personnel training and sales management will reflect changing market conditions. The planning and execution of the sales management task is critical to gaining competitive advantage in banking markets, and a framework for conducting such planning and implementation is proposed for Finnish commercial banks. To this end, the information needed to boost crosssales and win new customers must be identified, and key information provided by customers must be recorded and referenced. Finnish banks should focus more on increasing the efficiency of completing banking transactions. The expression of convenience through the use of automatic payment services and automatic teller machines leads to another strategy implication. This would mean more investment on the part of Finnish banks in further and improved bank technology. In addition, there are still some Finnish consumers to be educated about the virtues of using bank machines and technology. Bankers are generally searching for ways to attract customers back into their branches. Here, Finnish banks might learn from the experiences of other countries. Banc One Corp. has been experimenting with financial centres, which feature many financial services under one roof. Another innovation is the Money Access Center (MAC) Network, a progressive regional network stretching from region to region which allows customers to perform a range of sophisticated bank services, such as moving funds to multiple accounts, making payments and purchasing financial products. The customers are the ultimate judges of the success of the introduction of new technology. A tightly planned and closely and dynamically managed service delivery process is a key ingredient in satisfying customers. The

differences in the perceived usefulness of banking services between national and local banks indicate that Finnish banks should distinguish themselves from their competitors by positioning their bank as one which offers personalized service. This may be done by following service differentiation and market segmentation strategies., some may differentiate them along service attributes; one may stress finances, including loans, mortgages, savings plans and counselling; yet another may emphasize savings options. There is one factor common to both types of bank, convenience, including ATMs, automatic payment services and credit cards. These are considered by both sets of customers as very salient. This means that convenience is a must for successful bank operations in Finland. The other factors are used as differentiation tools. To become successful and to maintain their competitiveness, banks in Finland must differentiate their service offerings and put more emphasis on the services to which Finnish bank customers give most importance. Local banks in Finland are facing unprecedented competition from national banks and financial service firms. To compete, particularly in the difficult prevailing economic conditions, every commercial bank needs to be the best bank in its business area. They should make certain that their services are superior and the systems they have at their disposal are more convenient for their customer segment than the ones offered by the competitors. To improve their performance, local banks may play an active role in business development and community activities. To this end, they may use a more personal service than their biggest more powerful competitors. Another defensive tactic is to open new branches in new markets within the country and/or region . It is interesting to note that both local and national banks are trying to decrease the number of branches they have, contrary to what has been done elsewhere. This market concentration strategy, if used properly, may increase the usage rate of the bank branches in a particular area. Another tactic may be to target some overlooked and/or underserved markets such as women and students. It is maintained that entering into alliances with technology companies is one way to build competitive strength in the banking industry. To this end, Finnish banks, as their European and North American counterparts did, could create strategic alliances with technology providers to develop new products and systems that meet mutual objectives. Some banks may also pursue interbank alliances. This study was static in type and examined the behaviour and perception of bank customers at one point in time. Longitudinal types of study which examine bank customer behaviour over a period of time will produce more illuminating results. Psychographic studies to reveal hidden inner dynamics and value systems among Finnish bank customers for the two different types of banks would be very timely and insightful in these turbulent times of commercial banking in Finland. It would also be very

useful to find out what factors create bank customer dissatisfaction. To this end, the regular measurement of customer satisfaction through techniques such as retention modelling will be very useful. How do Finnish commercial banks find out how well they are delivering customer service? Perhaps, through the use of different benchmarks such as customer comment cards, surveys, mystery shopping, focus groups and complaint handling, banks could track how well they are providing quality customer service.

2.1.4. Carolyn kenningson , Jeanne hill , Anna Rakowska (1996)

This study is part of a series of research initiatives, carried out in 1994, on the banking industry in Lublin, a medium-sized city in south-eastern Poland. There were four interrelated parts to the work: an exploratory consumer survey that investigated issues relating to bank choice and general banking habits; interviews with senior banking officials to determine the strategies they were using to compete and a survey of front-line banking staff to gather their views on bank strategies and customer preferences and the current quantitative consumer study of bank selection criteria. This study concentrates on the results of the latter. One of the purposes of the study series is to determine the impact of marketing strategies on a "new" market. Since the restructuring of the Polish banking system effectively began, in 1989, new banking entities have had to establish themselves and win business by competing more effectively than their counterparts. They have introduced new products, taken aggressive pricing stances and engaged in advertising. For six years, then, "marketing" strategies have been employed, but their effectiveness has not been measured overall.

The current study, conducted in the autumn of 1994 in a medium-sized city in south eastern Poland, attempts, among other things, to quantify the selection criteria used by Polish consumers in choosing banks. The sample was selected to be representative of the working proportion of Polish consumers. Questionnaires were completed at home or at work and responses were collected by Polish researchers who waited while the questionnaires were completed, thus generating a high response rate (214 of 250). Of these, there were 204 usable questionnaires. Translation of the responses was carried out by a member of the research team. Although the other studies implied a degree of universality of criteria which consumers use in selecting banks, it was decided that no assumptions should be made about what these criteria might be. One hypothesis, relating to the high rate of inflation in Poland, was that price considerations might be very important, as they are elsewhere. However, other aspects of the Polish context are unusual and their influence could not be predicted. For example, the ownership of the bank (private versus public) might create opposing reactions in consumers: on the one hand, people are enthusiastic about the free market and so might choose a private bank; on the other, as our exploratory study revealed, Poles are still concerned with security

and incidences of criminal activity among bankers and therefore might opt for a public bank. The Polish consumer is native to a national business culture about which we know very little in terms of consumer behaviour, and in which there are major barriers to the translation of western marketing and business concepts, resulting from the pace of change in society and in the language. In addition, Poland's past has created attitudes perhaps difficult for many westerners to understand: in 1989 Poland was the first Central Eastern European country to vote out the communists; in 1993 they voted them back in. The identification of selection criteria was therefore left unaided. Respondents were asked which service they used at which bank and why they had chosen that bank. This information would be useful and topical because a large proportion of these accounts would have been opened in the past four years. During this time people have had good reasons for "purchasing" financial products (falling incomes and rising inflation), and choice between banks offering them, and therefore would have been able to refine their "wish list" for a financial services provider. Respondents were also asked what, in their opinion, banks should be doing to serve customers better. This question was meant to elicit criteria that consumers might have in the future for choosing between banks, if the new product, service or conditions were available. It should also provide an interesting comparison with the current/past selection criteria variables. The questionnaire also included questions about the image which consumers had of specific banks, their interest in particular bank products and the role of family members in banking purchasing decisions. The results of these questions will be analysed elsewhere.

The selection criteria from the questionnaires were grouped and reduced to categories. Where subgroups were large enough ($n = > 5$) chi-square tests were used to examine significance. The sample of 204, which approximates the Polish working population, was roughly split between genders. Three-quarters of the sample were married or living as married, and the average age was 39. It is interesting to note that almost one-fifth of the respondents do not use the services of banks at all. Over half of these said they did not have enough money to need to use banks; another 29 per cent felt they had no need for a bank's services. Of those who do use banks, 56 per cent use one bank only. Of bank users 45 per cent use one service only, and another 33 per cent use two or three services. It appears that Poles are not yet heavy users of banking products and services, and cross-tabulations indicate that light users are relatively loyal to their chosen bank. By contrast, of those who hold more than two accounts, 68 per cent use more than one bank. The majority of the accounts/services used were fixed-term deposits (both zloty and foreign currency). Large numbers of the respondents also had ROR (direct payroll deposit with interest and withdrawal privileges), loans and

stock/share accounts, while some (under 10 per cent) used standing orders, credits or instalments (hire purchase agreements administered through the banks). Those not interested in taking up these new products often gave the reason "I have no need for these products". At this stage it is difficult to tell which of the influences found in our various studies are keeping consumers away from credit-based products: uncertainty regarding future employment, low income of potential consumers, short duration of credit terms, or possibly the fact that Poland has always been a cash-based society and credit is seen as "bad". When asked why they had chosen the banks they currently deal with, respondents gave answers similar to those found by other researchers, plus reasons specific to the Polish context. Overall, the results show us that, while the reasons Polish consumers choose banks include the same variables as found in other countries, the relative importance of the variables and the interpretation of the variables differs from those found in other studies, and also between genders, age groups and by product chosen. These differences point the way to segmentation strategies for the banks. In order to highlight areas where banks might be most likely to attract new business and/or retain current customers, respondents were asked what banks should be doing to serve customers better. While similar variables are found, there are some changes in importance and also in the specifics that customers are looking for. Reputation is not explicitly mentioned but does emerge indirectly in the notion of safety/trust. Perhaps respondents take reputation as a given or a minimum threshold that consumers expect of banks. Price/rate concerns are still important, but not as much as service. Public or private ownership of banks does not appear to be at all important. The area of service becomes clearly the most important factor for Poles. Variables mentioned focus on time, efficiency, and "nice" or pleasant treatment by staff. There is also clear importance given to being shown respect by staff (be interested in customers, treat customers well, give "classless" treatment, etc.). Professionalism and politeness of staff are important, as are systems which will make service faster and more efficient. When these factors are combined, they represent 50 per cent of the respondents' suggestions. Interestingly, convenience drops to the bottom of the wish list, but all mentions were of longer opening hours and none of location or more branches. In an analysis of the three major components of service (general service variables, staff and respect) the only important difference between males and females is in the area of "respect", which males consider relatively more important than females. The findings regarding "respect" are also similar to those of de Moubray (1991), which show that customers want to be treated as individuals, and of Parasuraman *et al.* (1985) who ranked the key determinants of service quality as reliability, responsiveness, assurance, empathy and tangibles (facilities, equipment,

personnel and communication materials). They also confirm Easingwood and Arnott's (1991) findings that the customer interface area is the most critically related to company performance. Clearly, the area of service is where the banks should be focusing their strategies, given an acceptable rating on their reputation.

The study has emphatically confirmed the key variables that consumers look for in banks: reputation, appropriate pricing and service. It has also shown that there are opportunities for segmentation within the Polish market for personal financial services based first, and most importantly, on benefits sought and then on gender and income levels. It has also provided the benefits-sought bases and suggested some promotional mix vehicles for approaching these customers. Overall, reputation management will be key for banks if they are to overcome Polish consumers' concerns. Ideally, this would be undertaken collaboratively, by the industry as a whole, but there are opportunities for banks who have avoided scandal to differentiate themselves on reputation variables. On the distribution side, while Poles would appreciate more convenience in banking (longer opening hours, more multi-service branches, etc.), these variables are less important than the "big three". Physical evidence (ambience) would also be welcomed, but does not appear to be of much importance. Probably the most important area for improvement, and one which is easier to make changes to than reputation, is that of service. Obviously, managers must instil a customer orientation in employees and provide training in "relationship banking" with a high priority given to polite, "classless", friendly, respectful and efficient treatment of customers. They should be aware that the respondents' desire for service may reflect a staff "hangover" of the attitudes associated with the communist system, so the staff's attitudes will need to be changed at a deep level before they can be expected to effectively pass the customer orientation on to their clients. In terms of segmentation, the differences are clear and appropriate strategies can be adopted for each identified group. It may be some time before the "mass customisation" of financial products is viable in Poland, but one can see an opportunity for banks to target high-income clients with the individually-tailored professional financial service advice and product packages described by Whittle .

Poles have basically the same straightforward reasons for choosing banks as consumers studied in other countries, and very clear ideas as to how the banks could treat them better. Because of the Polish economy's history and current state of transition, reputation and pricing concerns may be more important to consumers in Poland than in other countries. They are still

relatively conservative in adopting new financial products but are showing that they accept the reallocation of financial responsibility from the State to themselves as individuals, and are looking for the best ways of managing their inflation-bombarded funds. It appears, from their comments and from their relatively slow take-up of more innovative products, that the banks have not used particularly effective marketing strategies. However, the clear indication of benefits sought from banks and the identification of specific purchase-decision criteria should provide the banks with meaningful variables for better segmenting and targeting of the financial services market in Poland.

2.1.5. Mosad Zineldin

(1996)

In banking today, the different actors offer a wide variety of products/services. Every bank has to consider how to build and protect its competitive position. They are forced to find a new basis for competition. A bank must examine its opportunities and take a position in the marketplace. Positioning is an attempt to distinguish the bank from its competitors along real dimensions in order to be the most preferred bank for a certain market segment.

Consequently, strategic positioning has become increasingly relevant and important for the banking industry. The study highlights the importance of effective market positioning and has examined the concept of bank positioning and different approaches that a bank can use to occupy a competitive position in the competitive marketplace. Attention has been focused on the strategies and approaches that a bank can use in positioning itself in the competitive marketplace (e.g. institutional, product/service, delivery system, and segment positioning). The study also reviews different variables and bases for bank positioning in the retail and corporate markets.

Banking has operated in a relatively stable environment for decades. However, today the industry is facing dramatically aggressive competition in a new deregulated environment. Those banks that do not consider the new atmosphere and build and protect their competitive position will probably become victims of that aggressive competition. The main purpose of this section is to investigate and define the competitive position for each Swedish commercial bank in the competitive marketplace and to identify the major attributes which bankers and customers use in determining the overall perception of a given bank and its services offered. The empirical information and data for the research originated from three sources. The first source is the annual report and accounts of each of the 14 commercial banks operating in Sweden. The basic data used in determining the market position of each bank consist of a Balance Sheet, a Source and Uses of Funds Statement, and an Appropriation of Income Statement for each bank for each analysed year (i.e. 1991-1993). The second source is personal interviews with the four largest banks. The third data set was collected by means of a customer questionnaires. Because questions about bank-customer relations can be considered as sensitive and personal we determined that conducting a mail survey with bank consumers

was a more feasible and reliable method of gathering primary data than other communication modes. Mail surveys are typically perceived as being more impersonal, providing more anonymity and respondents can take their time to answer at their convenience. Because of the large number and the wide geographic area of the population, it was necessary to take a sample of the population. A systematic sample of 400 names was selected at random from the available city telephone directory of two large cities and two small cities. One hundred names were selected from each city; one name from the top of every tenth page of the two large cities, one name from the top of the fifth page of Uppsala city, and one from the top of every page of Borlaenge city; (alternating among the three columns) Stockholm and Gothenburg were selected as they represent a highly competitive banking environment. Uppsala and Borlaenge were selected to broaden the range of consumer included in the sample. Only adult persons primarily involved in decisions concerning financial services were asked to respond to research questions. A total of 268 questionnaires were finally received. Fifty-two respondents had no relations with commercial banks or had no significant commercial bank relations and were not able to give reliable opinions. A total of 216 questionnaires were considered as completed, acceptable and usable, which was 54 per cent of the total sample. Emphasis was placed on confidentiality by guaranteeing anonymity of respondents' and banks' names. The main battery of the questionnaires was related to customers' preferences, attitudes, and perceptions of their banks and their services.

Many banks are selecting a position that concentrates on few key market targets/segments and products/services. Bank respondents were asked about their competitive positions and how they wish to be in the marketplace. To be a leading bank in the market for large Nordic companies and institutions is one main goal of S-E Banken. It is a bank seeking a leadership position in the market for large Nordic companies and institutions. It has built a strong position in debt-related products/ services in the money and capital markets for Nordic borrowers. NB tends to be primarily a consumer bank serving a broad customer base. That bank has a strong position in the salary and pension payments market. The bank's main strategy is to utilize economies of scale by providing its private customers with efficient, simplified, and standardized banking services at competitive price. HB is a bank that attempts to occupy a market position as a universal bank in the Nordic countries. FB is a niche bank that built its strategy to support and help the farming community, attacking new entrants where necessary. It occupies a strong position as a leading bank in the agricultural sector. FB provides an example of a bank that differentiates itself and attempts to meet unsatisfied needs

and wants and to meet specific needs better than other banks. So far the discussion of positioning has been generated from the point of view of the bank's concept of how it considers itself and what it wants to be in the marketplace. However, because positioning is significant to customers in that it provides a basis for comparing alternative choices in the marketplace, we need to investigate how a bank has been selected and perceived from the point of view of its customers in relation to its competitors in that marketplace. The customer was asked to indicate the first impression that comes to his/her mind about their main bank and other competing banks. 18 possible position descriptions have been used. The investigation reveals that 80 per cent of respondents had a relationship with one of the three big Swedish banks, and there is no crystal-clear leading bank in all financial areas, but there are a number of leaders: a leader in terms of deposits base, a leader in terms of loans outstanding base, a niche leader bank and a large number of followers. Regarding the determinants of bank selection, our analysis produced five valid criteria which represent dimensions by which customers evaluate and perceive the attributes of their banks, i.e. service quality, credit availability and price competition, delivery system, promotion and reputation and differentiation. in the choice of their bank. These factors were: 1 Trust and confidence (81 per cent). 2 Price competitiveness on loans and other services (66 per cent). 3 Flexibility in tailoring services (adaptations) (43 per cent). 4 Contacts with bank decision-maker (42 per cent). 5 Speed of the decision and of processing transactions (36 per cent). To determine the importance of services offered by a bank in the customers' process of selection and the level of performance of these services by the bank, they asked the respondents to rate the actual perceived attributes of their banks. The analysis produced five valid criteria which represent dimensions by which respondents evaluate their business relationship with banks. The aim was to measure how important bank customers perceived a number of attributes to be, in relation to their selection of a bank, as well as to measure the gap between customers' expectations and their actual satisfaction. The results of such analysis shape the customers' assessment of the quality of a particular service or dimension. When there is a discrepancy between customers' expectations or the importance of a particular service and management's understanding of customer expectations/importance, perceived service quality or customers' satisfaction will suffer. Management's failure to identify customer desires accurately is one kind of quality gap. The scores for service quality and delivery system were 4.00 and 4.42 respectively. This would reflect the importance of reliability and responsiveness of the banking services for the customers. Reliability can be defined as the ability to perform the

desired service accurately and consistently. Responsiveness is the willingness to provide prompt service and help customers. Also, banks do not need to invest more funds in traditional marketing activities, such as advertising and promotion. Such investments have less impact on customers' selection of a bank. The reputation gap was a considerable factor. This could be due to the Swedish financial crisis between 1990-1993. Confidence in the Swedish banks declined during the financial crisis. But, banks have to conduct the necessary actions and strategies to minimize the gaps between the expectations and customers' experience. The persistence of gap may lead to conflict arousal and the bank can suffer from disappointed customers. An unsatisfied bank customer is probably a potential customer for a competing bank. Also, word-of-mouth from a disappointed and unsatisfied customer may cause the bank's image to deteriorate.

In banking today, the different actors offer a wide variety of products/services. Every bank has to consider how to build and protect its competitive position. They are forced to find a new basis for competition. A bank must examine its opportunities and take a position in the marketplace. Positioning is an attempt to distinguish the bank from its competitors along real dimensions in order to be the most preferred bank for a certain market segment. Consequently, strategic positioning has become increasingly relevant and important for the banking industry. The study highlights the importance of effective market positioning and has examined the concept of bank positioning and different approaches that a bank can use to occupy a competitive position in the competitive marketplace. Attention has been focused on the strategies and approaches that a bank can use in positioning itself in the competitive marketplace (e.g. institutional, product/service, delivery system, and segment positioning). The study also reviews different variables and bases for bank positioning in the retail and corporate markets. This paper suggests that using only one or two approaches is often insufficient to occupy a competitive position in the competitive marketplace. Thus, there is no substitute for using a combination or integration of several approaches, bases, and indicators at the same time. A well integrated application of technology and staff encourage customers to use a whole range of banking products/services rather than just a few. It also helps to build loyalties by creating deeper and fuller customer relationship. Because positioning is significant to customers in that it provides a basis for comparing alternative choices in the marketplace, the present study surveyed how a bank has been selected and perceived from the point of view of its customers in relation to its competitors in that marketplace. Our analysis produced five dimensions by which customers evaluate and perceive the attributes of their

banks, i.e. service quality, credit availability and price competition, delivery system, promotion, reputation and differentiation. From the bank customers' point of view, factors relating to functional quality such as friendliness and helpfulness of personnel, accuracy in account transaction management, efficiency in correcting mistakes, and speed of service and decision making clearly emerged as the most important determinants of bank selection. However, the results imply that functional quality is more important than traditional marketing activities. Convenience of location, price and advertising had a minor effect in a bank selection. As also expected, price competitiveness was shown as even less important than for example speed of service and decision making. However, designing a high quality and effective delivery system mix could have a major short and long-term impact on banks' competitive positions. The results also indicates that the performance of contact personnel, word-of-mouth, and the technological based services may compensate for an overall lower score of factors such as full service provider. Finally, the results of this analysis can be used as a message from the customers to the banks. The message is short and clear. Be reliable, reassuring and responsive. A survey of customers' perceptions of the competing banks and their attributes is essential in providing the bank manager with a visual representation of the customers' view on the bank's attributes and position in the marketplace.

2.1.6. Philip Gerrard , J. Barton Cunningham

(1997)

The research is a study of Islamic banking in Singapore, a country which has a minority of Muslims in its population. More particularly, the purpose of this study seeks to establish the level of awareness that Singaporeans have in relation to the culture of Islamic banking, the attitude of Singaporeans towards Islamic banking and a ranking of the bank selection criteria of Singaporeans – and for each part of the study, to see if Muslim responses are different from non-Muslim responses. In the context of what is said immediately above, the following three hypotheses were formulated: Muslims, in contrast to non-Muslims, will be more aware of the culture of Islamic banking and, as a consequence, be more aware of the meaning of fundamental terms used in Islam and Islamic banking and finance. Muslims, in contrast to non-Muslims, presently have a different attitude towards Islamic banking. There will be no significant differences between Muslims and non-Muslims in the ranking of the various bank selection criteria.

Survey forms were developed and people who were entering or leaving Singapore's underground system (the MRT) were approached and asked if they would be prepared to complete the questionnaire. Stations in three locations were chosen, namely Bukit Batok in the west, Bedok in the east and Aljunied in the north. These districts were chosen as they not only had a station on the MRT railway line, but also had populations of Muslims which were known to be not less than the national percentage. The three districts would also be expected to produce homogeneous groups. For, all the districts are typical of the majority of Singapore in the sense that the people resident therein wholly or predominantly live in public housing. In relation to public housing, according to the 1990 census publication relating to "Households and Housing", 86.2 per cent of Singaporean housing stock consisted of properties built under the government's public housing programme. Moreover, the same publication shows that 85.9 per cent of Singaporeans lived in such residential units. By targeting the three named districts for sampling purposes, a homogeneous group of Singaporeans would be created. A total of 405 forms were distributed in equal numbers, commencing at 8.00 am, 1 pm The methodology used for this study is questionier. The questionnaire had four sections to

The first section listed six terms (namely, *Sharia'h*, "Riba" (i.e. payment over and above what has been lent – which causes the payment of interest or usury to be a wrong). involves a bank purchasing an asset and leasing it to a client. The second product is called "Modaraba" and involves a contract being entered into between an Islamic bank and a client whereby the Islamic bank provides all the capital a client needs for an enterprise. The client receives a share in the profit as compensation for his know-how and management. The third product is called "Musharaka" and it is very similar to "Modaraba". However, with "Musharaka", the client provides a proportion of the capital in addition to management and know-how. The fourth product is called "Murabaha" and involves an Islamic bank purchasing goods, or raw materials, or equipment, or machinery or any other items of economic significance from a third party at the request of a client. which are used in Islam or are used in Islamic banking and finance.) The respondents were asked to indicate if they knew what the term meant and, if so, to briefly describe the meaning of each term.

The second section contained a series of statements/questions. In contrast, Islamic banking was not established in Singapore and, only 15.4 per cent of Singapore's "over ten-year-olds" were found to be Muslims in the 1990 census. After this review, statements 1 and 6 and question 9 from their study were deleted, as they were considered not to be relevant for the intended sample. Rephrasing of some of the other questions/statements was needed to make them more appropriate for local people. Also, as all the statements/questions were going to be put to non-Muslims, a further alternative response to each statement/question was needed. As it was believed that a high proportion of non-Muslims would not know the answers to certain statements/questions put to them, the option "I do not know" had to be incorporated. Finally, at the pre-test stage, some local Muslims were upset by a statement which referred to "winnings from a lottery", saying it was against their religious principles to gamble. Hence, the term "winnings from a lottery" was deleted and a simplified alternative used. Another difference between the present study was, in this study, respondents were merely asked which of the offered alternatives best reflected their attitude. This request was considered more appropriate, especially for those statements whereby a respondent had to indicate whether he/she "strongly disagreed", "disagreed", "agreed" or "strongly agreed" with statements which were put to him or her. The third section contained a list of "standard" bank selection criteria. (1991) were reviewed. The fourth section contained standard demographic questions, such as gender, age and religion. There were two sub-groups in the sample: Muslims and non-Muslims. As Muslims were the smaller group, it was decided to seek a minimum number of 30 responses from them. It was then necessary to scale up the number of

targeted non-Muslims so that they were inline with the ratio of non-Muslims to Muslims in the "over ten year old" population as quoted. By scaling the 15.4 per cent figure, the number of non-Muslims required to get a proportionate ratio was 165 non-Muslims:30 Muslims. Altogether, 222 responses were received. After eliminating those which could not be used (for example, they were incomplete), this resulted in 190 forms being available for analysis. The sample characteristics were compared with those appearing in the 1990 census and were generally in line. With 29 Muslim respondents and 161 non-Muslim respondents (giving a Muslim to total respondent percentage of 15.3 per cent), this is very close to the national percentage of 15.4 per cent.

This study has established that, while a small proportion of Muslims have an awareness of the culture of Islamic banking, non-Muslims have an almost complete lack of awareness. When reviewing responses in relation to attitudes towards Islamic banks, there were many differences in attitudes as between Muslims and non-Muslims. For example, Muslims were far more of the opinion that religious and profitability reasons motivate people to deposit monies with an Islamic bank; many more were of the opinion that an increase in the number of branches would lead to a greater use of Islamic financial services; more would retain deposits within the Islamic banking movement, even if the Islamic bank at which they deposited their money made no profits in any one year; more strongly agreed that the granting of interest free loans by Islamic banks helped the community in a just and efficient manner; were much more likely to deposit an unexpected sum with an Islamic bank and were much more of the opinion that borrowers benefit by being granted loans that are not charged a pre-determined rate of interest. In the context of bank selection criteria, there were some similarities in the ranking of certain criteria as between Muslims and non-Muslims. However, some statistically significant differences were noted. For example, Muslims placed relatively lower importance on the need to be paid a high rate of interest on their savings. Also, Muslims were influenced by third parties in a greater way than non-Muslims, such third parties being relatives, friends and the media. The factor analyses carried out on the responses of both Muslims and non-Muslims to the various bank selection statements also showed some similarities and some differences. Factor analysis relating to the bank selection criteria of Muslims are Factor 1 – Ambience/advertising, Factor 2 – Borrowing/ convenience, Factor 2 – Borrowing/convenience, Factor 4 – Conviviality, Factor 5 – Third party influences, Factor 6

– Service delivery , Factor 7 – Convenience/returns and Factor analysis relating to the bank selection criteria of non –Muslims are Factor 1 – Ambience/third party influences , Factor 2 – Borrowing/returns , Factor 3 – Service/convenience , Factor 4 – Internal ambience , Factor 5 – Attraction , Factor 6 – Status , Factor 7 – Convenience. There are a number of major implications for local banks which arise from the results of this study. First, it is seen that there is a general lack of awareness of the culture of Islamic banking and, hence, informative advertising campaigns would need to be designed and delivered – and the appropriate cost borne. No doubt, the various Muslim bodies would make a positive contribution towards explaining the culture of Islamic banking to their religious followers. However, banks cannot and should not expect these non-profit making bodies to be the sole or major source of pertinent information. Second, Islamic banks should aim to be as profitable as or more profitable than conventional banks. For, the results of the present study show that if an Islamic bank does not generate sufficient profits to enable a distribution to take place in any one year, 66.5 percent of the non-Muslim respondents indicated they would withdraw their deposits, while 20.7 per cent of Muslim respondents indicated they would do likewise. So, an outflow of funds would result if reasonable profits were not made – unless shareholders could be persuaded to pass over part of their entitlement to those maintaining investment accounts. The results of the present study are almost certainly reflective of what would be found in any other study conducted in a country which has a small percentage of Muslims in its population and which does not have any established Islamic banking entities. It would be expected that the results of such research would show that Muslims, in comparison with non-Muslims, whatever their creed or race, would be more aware of the principles of Islam; but, both Muslims and non-Muslims would have little knowledge of the culture of Islamic banking. ,

We can see the factors of this study at the Table I on page 42.

2.1.7. Saad A. Metawa , Mohammed Almosawi (1998)

This study is designed to identify the profile and banking habits of Islamic bank customers as well as their awareness, usage, perceived 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 BD160 million (\$423 million) in 1996 which is approximately six per cent 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 (\$373 million) which represents about five per cent of the total deposits of the 19 commercial banks in Bahrain (Bahrain Monetary Agency, 1997). These figures indicate that these two leading Islamic banks have a significant share of the total retail market in Bahrain.

The study utilizes a questionnaire methodology designed to survey 300 customers that fairly represent the customers of the two banks. A number of statistical tests along with a profile analysis are performed to evaluate the empirical findings emerging from this comprehensive survey. This study is divided into five sections. Section one is an introduction to the study. Section two presents a detailed review of the relevant literature. Section three embraces the study methodology which includes a detailed description of the questionnaire, the sample, the procedure of data collection and an overview of the statistical tests used in the study. Section four presents the study findings. It begins with a profile analysis designed to identify the banking behavior of the Islamic bank customers as well as a detailed discussion of the results of the statistical tests performed. Section five presents the main conclusions of the study. This section also includes a list of recommendations for improving the quality of products/services provided by Islamic banks. The data required for conducting this study were collected using self-administered questionnaires, specially designed to achieve the study goals as outlined in section one. A total of 14 questions covering 14 key attributes of the customers' banking behavior were prepared after reviewing the relevant literature on the subject, as well as consulting key officials in the two selected banks. Thirteen of the 14 questions were closed-ended questions to encourage easy response

from the customers and to allow the researchers to use statistical tests in evaluating the empirical findings of the study. A pilot study of 15 questionnaires (about five per cent of the total sample size) was conducted to check the validity and logic of the questions included in the questionnaire. After reviewing the feedback from the pilot study, several key amendments were made before the distribution of the questionnaire. The questionnaires were hand distributed to the account holders in the two selected banks. As the two banks have branches, the questionnaires were distributed in all the branches to seek wider representation of bank customers. This process of data collection continued for three months, from December 1996 through February 1997. Respondents were selected from among customers visiting the sampling locations during the chosen time intervals, in order to eliminate the sampling frame errors and to ensure the representation of the population under study in the sample units. The questionnaires were distributed during various working hours of the same day (mornings and evenings), as well as various days of the week and the month, to avoid any potential bias owing to high concentration of bank customers during certain hours of the day, or certain days of the week or month. Furthermore, a number of questionnaires were distributed by the women sections of the two banks, to ensure full representation of the entire population of Islamic bank customers. Finally, non-response bias was investigated and no significant bias was detected. Although 400 questionnaires were distributed, the actual sample size (i.e. usable returned and completed questionnaires) was 300 customers (160 from the Faisal Islamic Bank and 140 from the Bahrain Islamic Bank). Those usable questionnaires were either returned to the bank official designated to collect them, or to the researchers' mail address. The study sample comprised 300 customers. A comprehensive profile analysis and a series of chi-square tests were conducted to reveal key characteristics and patterns: the majority of Islamic bank customers are well educated; approximately 80 per cent are between 25-50 years of age; more than 50 per cent of the surveyed customers have maintained their current banking relationship with Islamic banks for more than six years; customers' awareness and usage rates are quite high for savings 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; the two most important bank selection criteria were adherence to the Islamic principles, followed by the rate of return. The methodology employed in this study include: the procedure for data collection, the

study sample, the procedure and techniques used in the data analysis, and the study limitations. questionnaire method used for this research. Islamic banks currently face various types of competitive pressures from both the traditional commercial banks and other Islamic banks and Islamic investment companies. The scope of this competition has grown in recent years to include every market, product or service. In this highly competitive environment, Islamic banks need to formulate and implement successful marketing plans in which a key ingredient is a clear understanding of the behavior, attitudes and perceptions of their customers. This mission can best be achieved through identifying a complete profile of Islamic bank customers which includes: their banking habits, their selection criteria, their awareness and usage of the various Islamic bank products/services, their degree of satisfaction with those products/ services and their delivery systems. This study was designed to investigate the banking behavior of Islamic bank customers in the State of Bahrain. A comprehensive profile analysis of Islamic bank customers was conducted. Furthermore, customer awareness of key Islamic bank products/services, their usage of those services and their satisfaction with the delivery systems utilized in extending them were also investigated. Finally, the key attributes used by Islamic bank customers in making their selection decisions were also examined.

The general conclusions which can be derived from this study are: First, the results of the study show that the majority of Islamic bank customers are well educated, with approximately 40 percent holding high school certificates, and about 50 per cent holding a bachelor degree or above. Furthermore, the results also show that about 80 per cent of Islamic bank customers fall between 25-50 years. Second, the study results indicate that more than 75 per cent of Islamic bank customers have had previous banking experience, and about 54 per cent of the current customers have maintained banking relationship with their Islamic bank for more than six years. Third, the findings of the study show that customer awareness and usage rates are quite high for four key banking products/services: current account (88.1 per cent), savings account (94 per cent), ATM (90 per cent), and investment accounts (85 per cent). Among the least used product/ services were: money order drafts, traveler cheques, letter of credit and specially ordered bank statement. Fourth, the study results indicate that while the current accounts, investment accounts, and ATM are mainly used by high income and well-educated customers, savings accounts were found to be very popular among all ranks of Islamic bank customers. Fifth, the results of the study also indicate that Islamic bank customers in Bahrain

were found to be most satisfied with products and services they use most, with "investment accounts" receiving the highest satisfaction score. Given the fact that the investment accounts represent more than 70 per cent of total Islamic banks liabilities, it appears that a large percentage of investment account holders are relatively satisfied with the overall performance of their Islamic banks. Savings accounts received the second highest satisfaction score. However, the lowest satisfaction score was associated with the Islamic financing schemes. This suggests that Islamic banks should re-examine their financing schemes with special attention given to the procedures followed and the true costs that customers using those schemes are actually paying. Sixth, the results reported in this study indicate that bank employees received the highest satisfaction score, followed by bank equipment. Seventh, the results also indicate that the bank-selection decisions by bank customers are predominantly religiousbased decisions. "Adherence to Islamic principles" was found to be the most important selection criterion, followed by rate of return. In third place came the recommendations made by family and friends. Convenience of location was found to be the least important selection criterion .

2.1.8. Nana Owusu-Frimpong

(1999)

The current study is focused on this process of understanding consumers in a developing country context. Specifically, the research is concerned to determine the demographic and socio-economic composition of Ghanaian banks' clientele, to determine how customers perceive the services of banks offered, the choice criteria for bank selection and finally to determine respondents' preferred period for investment and how they learn about the various banks available.

In order to obtain essential information and organise the undertaking, the researcher conducted an informal telephone interview with six senior bank managers in Ghana and the Ghana International Bank in London. The researcher spent three months in Ghana where he received the full co-operation and had informal discussions with the management and staff of seven banks. This method offered advantages of allowing a wide scope of information to be gathered and to help construct the final form of questionnaire. These banks were chosen out of the 16 banks licensed to operate in Ghana because they control 90 per cent of the bank branches in the country. A questionnaire that serves as a data instrument was developed and tested to make sure questions were fully understood by respondents. In all, 400 respondents were contacted but only 225 co-operated. The respondents were assured of confidentiality and completed the questionnaire in a self-administered manner. The respondents were distributed across the five major cities located in the south, east and central/north of Ghana. The questionnaires were completed in 50 branches of the seven banks. The selection of the number of branches per bank was based on a stratified sample and fixed to 18 for the largest bank with 135 branches, seven branches for the second largest bank and five branches each for the remaining five banks. At each branch, eight respondents were approached. The researcher counted every tenth bank customer who had completed a transaction, approached politely and explained the purpose of the study. In 10 per cent of the cases, the researcher further explained the contents of the questionnaire in a Ghanaian language. In view of the difficulty in obtaining respondents' addresses from the banks and the problems of an unreliable postal system in a developing economy, this method was found effective and the response rate was very good.

The first part of the analysis focuses on demographic and socio-economic traits of customers, the second part covers their banking habits and the bank's image and the third part deals with how respondents learn about the various banks available. To evaluate further the attitudes of customers towards the banks, respondents were asked to rank the most important attributes which determine the reputation and image of the banks they use. Importantly, corporate image describes the picture of an organisation presents to the public. In all, respondents are very positive about convenient location and friendly employees as bank attributes. However, the banks are also perceived as being profit minded and have a reputation for delivering slow services. Furthermore, there is a strong view that employees are discourteous and are not particularly community minded. Such factors are likely to have a negative effect on the banks' interactions with their target markets. However, it is interesting to note that the dimension of personal service and being community minded were earlier identified as being relatively unimportant in the bank selection decision. Since the banks offer investment account service, it was of further interest to identify which period of investment the Ghanaian bank customer prefers. The underlying factor for this behaviour could be owing to lack of confidence in the banks due to unpopular government policies. Second, low subscriptions to long-term investment may be attributed to the banks' inactive performance in mobilising funds from the community. Third, the fixed deposit account has not been understood and will appear unattractive as the value of money saved tends to depreciate rather than appreciate, owing to high rate of inflation. Consumers in developing countries can more or less easily acquire information from various sources today. On the one hand, there are easily accessible sources such as newspapers, brochures, personal communication and, on the other hand, TV, radio and posters, etc. A further consideration of this study was to ascertain how younger (18-39 years) and older (40+ years) respondents (a) first heard about the banks they use and (b) which medium best informs them of the available bank services. The results of this study show that Ghanaian bank customers look out for efficient service, understanding and high rate of interest when opening accounts. Though the banks are perceived to be conveniently located, they have a reputation for offering slow services and discourteous employees, which have a negative effect on the bank's interactions with its target markets. Interestingly, the importance attached to functional quality in many developed economies and in particular the interactions with staff (friendly, pleasant, polite,

helpful, etc.) appears to be rather less in evidence among Ghanaian customers in this survey. Owing to lack of confidence in the banks and economic uncertainties, a large proportion of consumers prefer an investment period of up to two to three years. In Ghana, personal influence from friends and relatives, opinion leaders and the trustworthiness of the source are very important. Radio and television are the most effective media that inform customers about bank services. This study presents a more understandable picture of consumer behaviour in different circumstances and as such, provides a workable hypothesis for future studies of financial services in a developing country context. In particular, it highlights the factors which are important to customers in a developing country and it is notable that there appear to be differences between needs of developing country customers and needs of developed country customers. This area is clearly important for future research; other areas which would warrant further investigation include a female consumption pattern of bank services and competitive strategies employed by the banks. The findings from this study have some significant implications for the practice of marketing among Ghanaian banks. While consumers' attitude cannot be controlled by management, they may be stimulated and understood and management may work within the framework of existing attitudes and motives. The evidence of the research suggests that customers are concerned about very specific aspects of bank services relating to return and risk and are less concerned about functional aspects. However, ignoring these functional aspects may be misguided as needs and wants are continuously evolving. The delivery of bank services is also changing rapidly. There is no denial that a computer-based technologically-oriented bank services, system will, in the long term offer many opportunities to the banks. The banks will need to aid understanding by engaging in a dialogue with customers and launch an educational campaign explaining the use of and advantages of such a system. As the banks personnel are inevitably instrumental in the creation of quality in the service product, a programme designed to encompass activities related to staff attitude and behaviour should emphasise the increasing need for a high level of service and the importance of the customer and training staff with the knowledge required to deal with customers, for example to be courteous and have empathy. A prerequisite for success will be the total commitment of the organisation from top management downward with effective leadership driving a customer-oriented culture throughout the organization.

**2.1.9. Charles Blankson , Julian Ming-Sung Cheng , Nancy Spears
(2007)**

The aim of this paper is to investigate bank choice/selection criteria in a range of cultural and country economic scenarios. More specifically, the purpose of this study is to understand international consumers' selection criteria of banks using the USA, Taiwan, and Ghana as illustrations. The paper adopts the classical multi-step scale development process which demanded that thorough attention be paid to every step of the process. The study employed exploratory and confirmatory factor analyses to assess the reliability of the results.

The study reveals three key dimensions/factors/strategies that are consistent across all three economies. In order to elicit consumers' vocabulary regarding descriptions of their decisions and subsequent selection of banks, focus group sessions were conducted in classrooms in the USA before pre-testing the results in USA and then in Ghana.

In our review of liberalized developing countries, Ghana was, conveniently selected, because of the country's recent successful macro economic liberalization that has culminated in overseas investments, growth of local small businesses, stability of the local currency and, in broad terms, similarity in official language, i.e. English language, with the USA – the original setting of the scale development. This enhanced conceptual consistency. In total a convenience sample of 20 (i.e. two groups of ten) undergraduate and 20 (i.e. two groups of ten) graduate business students agreed to participate in the discussion and followed good practices. The participants were asked to freely talk, discuss and then list the words, descriptions, statements and their reasons for selecting their own banks or when recommending them. This phase was important as it provided an element of theory generation and helped to establish the level of consumer vocabulary. Analysis of the focus group sessions was via inductive. Second phase of item generation and decisions. The 22 statements obtained from the focus group sessions comprised the measures incorporated into a survey carried out in classrooms using a non-probability convenience sample of 600 (USA), 500 (Taiwan) and 300 (Ghana) college students. The measurement instrument was concurrently administered in these countries between December 2004 and May 2005. Consistent with Bearden et al. (2006), these countries were selected to represent a diversity of national cultures and stages in economic developments. For example,

while the USA is “masculine”, both Taiwan and Ghana are “feminine”. In the case of “uncertainty avoidance” culture, the USA is regarded as “low” while Taiwan and Ghana are viewed as “high” and “moderate”, respectively. On the other hand, when it comes to “relational orientation: individual-collateral-hierarchical” culture, the USA is “individualistic”, Taiwan is “hierarchical” and Ghana is “collateral”. Accordingly, it is envisaged that there are several differences between these three countries’ business cultures warranting a cross-cultural and cross-national exploratory study. For the study first, a bilingual professional translator in Taipei was hired, who translated the questionnaire into Chinese (Mandarin). Second, a different bilingual person translated the Chinese version back into English. In all the three countries and for each statement, the participants were requested to indicate the degree to which the statement was relevant in determining their reasons for selecting/choosing their own banks. The 22 statements were measured on a seven-point Likert scale where 1 indicated not important at all and 7 very important and conformed. Total Design Method. Instructions for completion of the survey stated that: “Please consider each descriptor(s)/statement(s) in the center of the page in terms of how you believe that each statement fits or is important with your perceptions of retail banks when evaluating or considering the selection of your bank”. A total of 600 questionnaires distributed to students in the USA resulted in of 338 usable responses yielding a 56 percent response rate. As for Taiwan, out of the 500 questionnaires, 269 usable questionnaires were obtained giving a 54 percent response rate. In Ghana, 116 usable responses were obtained out of 300 for 39 percent response rate. Although the data collection was undertaken concurrently in all three countries, due to the recognized differences in culture and economic developments in each country, it was decided to analyze the data for each country and then compare them to identify the similarities and differences in consumers’ bank selection criteria.

The paper concludes that open and liberalized business climate appear to explain consumers’ decisions. This research is based on the college student cohort and thus the results do not represent the public. This poses generalizability questions without further replications and validations. This study did not examine whether there were consumers’ switching behaviors involving banks. Insights derived from this study will provide bank managers and advertising executives with the building blocks for understanding consumers’ choice criteria of banks in industrialized, newly industrialized and liberalized developing economies. A comprehensive validated scale measuring international consumers’

selection of banks is proposed. In view of the scarce stream of empirical studies dealing with consumers' selection of banks in liberalized developing nations, this research comes at an opportune time, as several governments in these economies are encouraging bank savings, channeling college students' loans through bank accounts and proactively attracting global banks to establish branches in their countries. This study complements the extant literature dealing with consumers' selection of banks. Finally, a cross-national and cross-cultural dataset of consumers' choice criteria of banks have been put forward that would enhance further appreciation of the subject of banks selection in varying economies. This research serves as an insight for managers who are involved in the banking sector and interested in any of the three distinct economic settings. Bank managers and advertising executives may assess the constructs and adapt them as the basis for relationship marketing, advertising, sales efforts and other marketing communication tactics by pursuing the following two sets of tactics:

Attitude change: bank managers and advertising executives may direct efforts aimed at altering or re-positioning consumer beliefs or perceptions of the bank and its product offerings using the strategies put forward in this research. Brand change: here, bank managers and advertising executives may realistically or symbolically modify the bank's positioning strategies and tactics to reflect the constructs identified in this study. In terms of theoretical contributions, to an extent, this paper concludes that in established open markets and liberalized developing markets, there appears to be no differences in consumers' decisions regarding the selection of banks. This is important for global banks from industrialized countries who are interested in entering newly-industrialized economies and vice versa as well as banks from the former and the latter wanting to understand the choice criteria of consumers in liberalized developing nations who may be puzzled with consumers' selection criteria of banks in these economies. It is acknowledged that this research is clearly based on the college student consumer cohort and thus the results do not represent the general public. This poses generalizability questions without further replications and validations. This study did not examine whether there were consumers' switching behaviors involving banks. While this was beyond the scope of this paper, future research could explore the existence of this segment and the factors leading customers (e.g. students) to shift to competitors and those who actually switch to other competing banks. It is inferred that, although our attempt is consistent with the literature, we acknowledge the lack of true experimental control over the identified factors. Nevertheless, the focus of this study has been the development of determinant factors underpinning consumers' selection of banks in three varied global economic and national cultural settings.

2.2 Table I : Factors from studies of Sudin, Norafitah and Planisek (1994) and Gerrard, Cunningham (1997).

AUTHOR(S)	WHERE	RESPONDENTS	FACTOR	EIGEN VALUE
Sudin, Norafitah, Planisek (1994)	Malaysia	301 Muslims and non-Muslims	<p><u>For Muslims;</u></p> <p>Factor 1</p> <ul style="list-style-type: none"> -A wide range of services offered -Offer service on financial counselling. -Overdraft privileges. -Inter-branch facilities. <p>Factor 2</p> <ul style="list-style-type: none"> -Recommendation by friends and relatives -External appearance of bank -Internal appearance of bank -Mass media advertising <p>Factor 3</p> <ul style="list-style-type: none"> Friendliness of bank personnel Fast and efficient services <p>Factor 4</p> <ul style="list-style-type: none"> Lower interest charges on loans Higher interest payment on deposits <p>Factor 5</p> <ul style="list-style-type: none"> Interior comfort Knowledgeable about your business 	

			<p>Factor 6</p> <p>Hours of operation</p> <p>Size of bank</p> <p>Factor 7</p> <p>Convenience of location</p> <p><u>For non-Muslims:</u></p> <p>Factor 1</p> <p>External appearance of bank</p> <p>Internal appearance of bank</p> <p>Mass media advertising</p> <p>Factor 2</p> <p>Confidentiality of bank</p> <p>A wide range of services offered</p> <p>Inter-branch facilities</p> <p>Speed of transaction</p> <p>Factor 3</p> <p>Offer services on financial counselling</p> <p>Overdraft privileges</p> <p>Hours of operation</p> <p>Factor 4</p> <p>Lower service charges</p>	
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			<p>Lower interest charges on loans</p> <p>Higher interest payment on savings accounts</p> <p>Factor 5</p> <p>Knowledgeable about your business</p> <p>Able to fulfil individual/personal needs.</p> <p>Factor 6</p> <p>Reception received at the bank</p> <p>Reputation and image of bank</p> <p>Factor 7</p> <p>Convenience of location</p> <p>Parking facilities and accessibility</p> <p>Factor 8</p> <p>Size of bank</p>	
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AUTHOR	WHERE	RESPONDENTS	FACTOR	EIGEN VALUE
Serrard, Philip Cunningham, J. Barton (1997)	Singapore	405 Muslims and non Muslims Singaporeans	<u>For Muslim Singaporeans;</u> Factor 1 – Ambience/advertising Counter partitions in bank External appearances of bank Interior comfort Mass media advertising	4.79
			Factor 2 – Borrowing/convenience Credit on favourable terms Financial counselling Location near my place of work Lower interest charges on loans Overdraft privileges	2.24
			Factor 3 – Status Bank's reputation and image Confidence in bank management Confidentiality of bank Wide range of services	1.94
			Factor 4 – Conviviality Available parking nearby Friendliness of bank personnel Lower service charges on cheques	1.47
			Factor 5 – Third party influences Recommendation of friends Recommendation of relatives	1.28
			Factor 6 – Service delivery Fast and efficient service	1.24

		Reception received at bank	
		Factor 7 – Convenience/returns	1.21
		Higher interest payment on savings	
		Location near my home	
		<u>For non-Muslim Singaporeans;</u>	
		Factor 1 – Ambience/third party influences	6.41
		Available parking nearby	
		Counter partitions in bank	
		External appearance of bank	
		Lower service charge on cheques	
		Recommendation of friends	
		Recommendation of relatives	
		Factor 2 – Borrowing/returns	3.99
		Credit on favourable terms	
		Financial counselling	
		Higher interest payment on savings	
		Lower interest charges on loans	
		Overdraft privileges	
		Factor 3 – Service/convenience	2.26
		Fast and efficient service	
		Location near my place of work	
		Wide range of services	
		Factor 4 – Internal ambience	2.15
		Friendliness of bank personnel	
		Interior comfort	

			Factor 5 – Attraction Mass media advertising Reception received at bank	1.79
			Factor 6 – Status Bank's reputation and image Confidence in bank management Confidentiality of bank	1.63
			Factor 7 – Convenience Location near my home	1.04

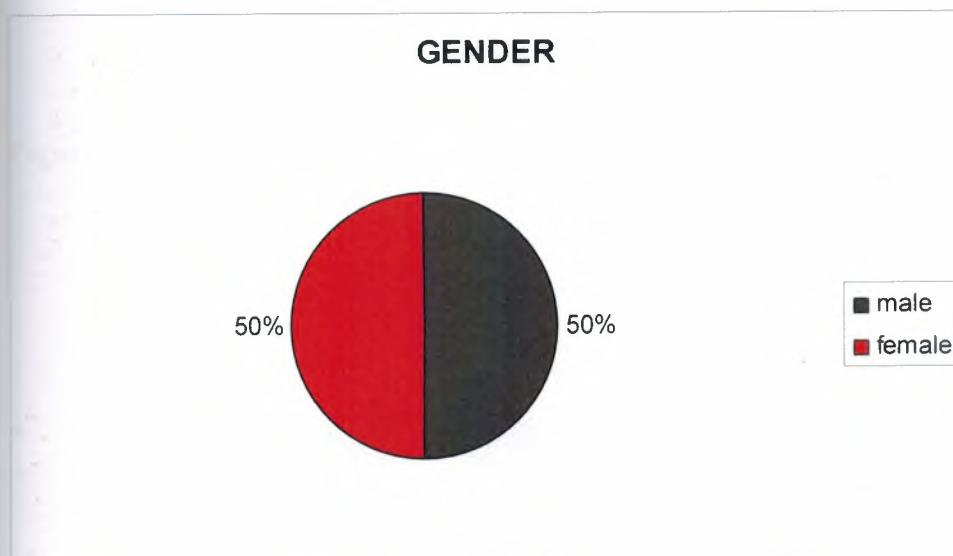
SECTION 3

3.1 Data Analysis

3.1.1 Sample

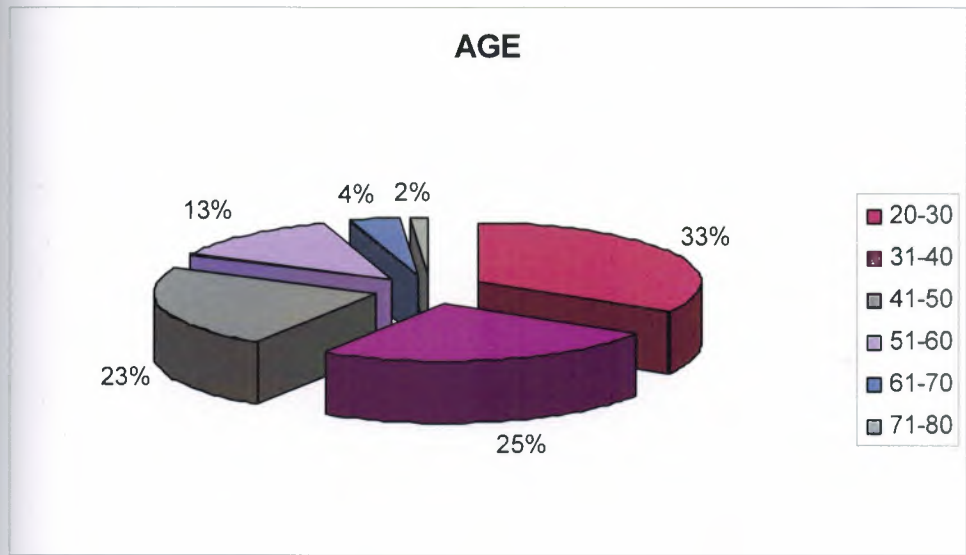
The survey developed by using a randomly selected sample of 200 people. There are 43 questions in each questionnaire. 50 per cent of people are female and the other 50 per cent are male. In my sample, there are lots of different people that have different ages so I categorize them into six groups that shown in the figure 2. I divided the type of banks as governmental, private and both governmental and private in figure 3. In my survey 1 question people from different nations as I categorize in figure 4. And in my survey I asked to the sample how many banks they are using, if they are having a bank account at any bank , education levels and occupation.

Figure 1.



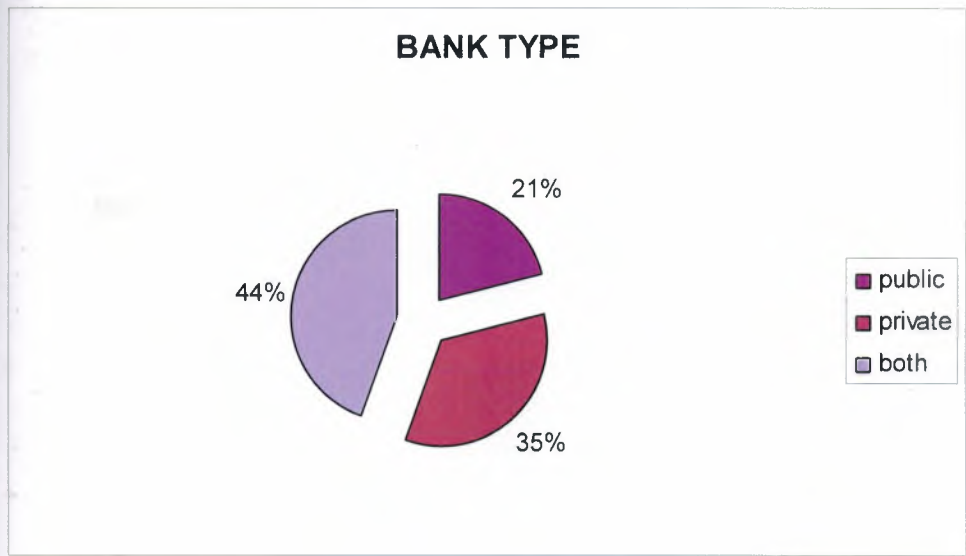
50% of the sample are female and the other 50% are male.

Figure 2.



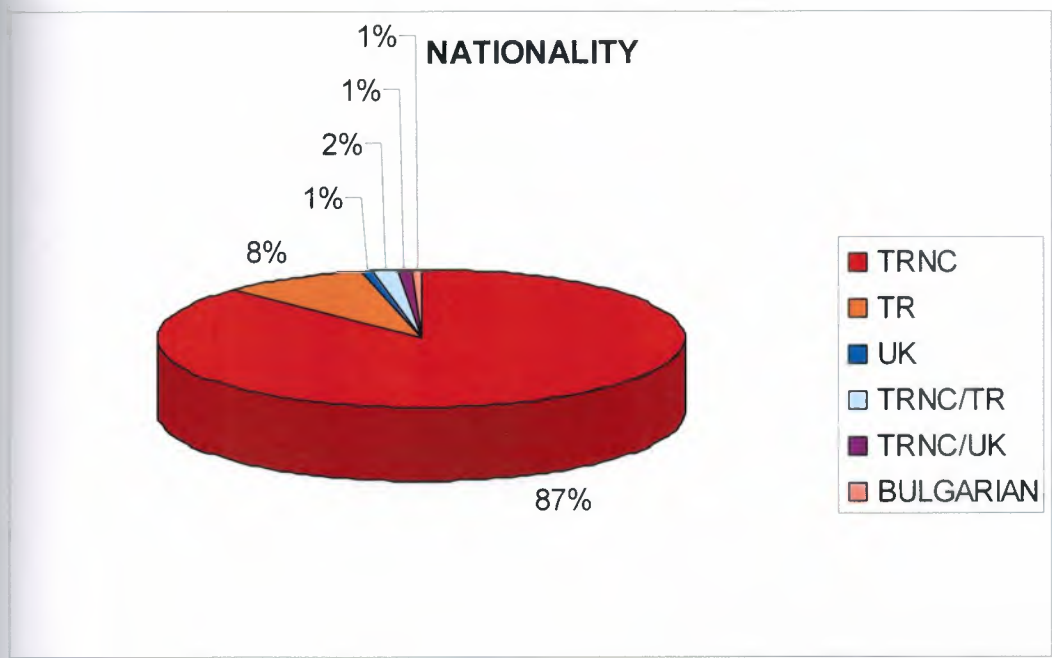
33% of the respondents are between 20-30 , 25% of the respondents are between 31-40, 23% are between 41-50. And the rest continues as 13% ages between 51-60, 4% ages between 61-70, and 2% ages between 71-80

Figure 3.



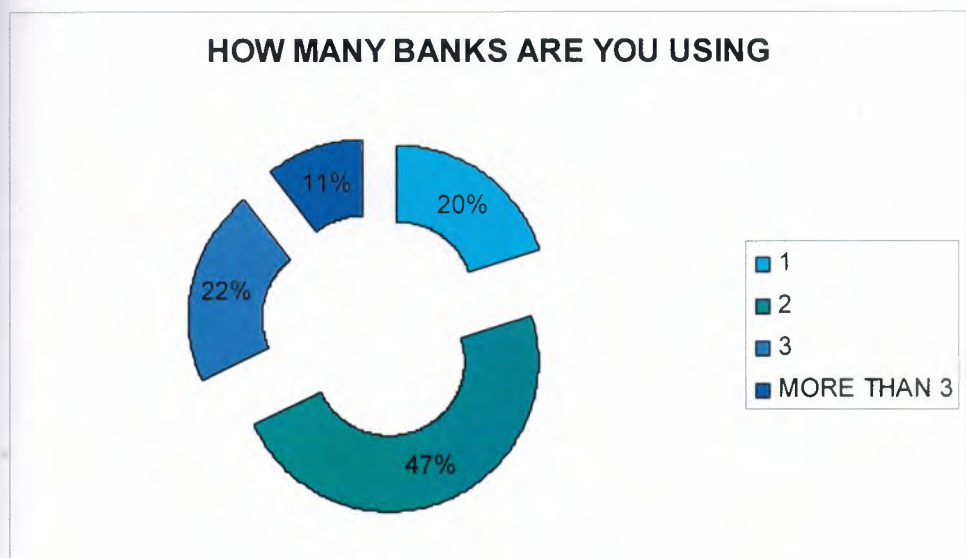
21% of the respondents are using public banks, 35% are using private banks and 44% of the respondents are using both private and public banks.

Figure 4.



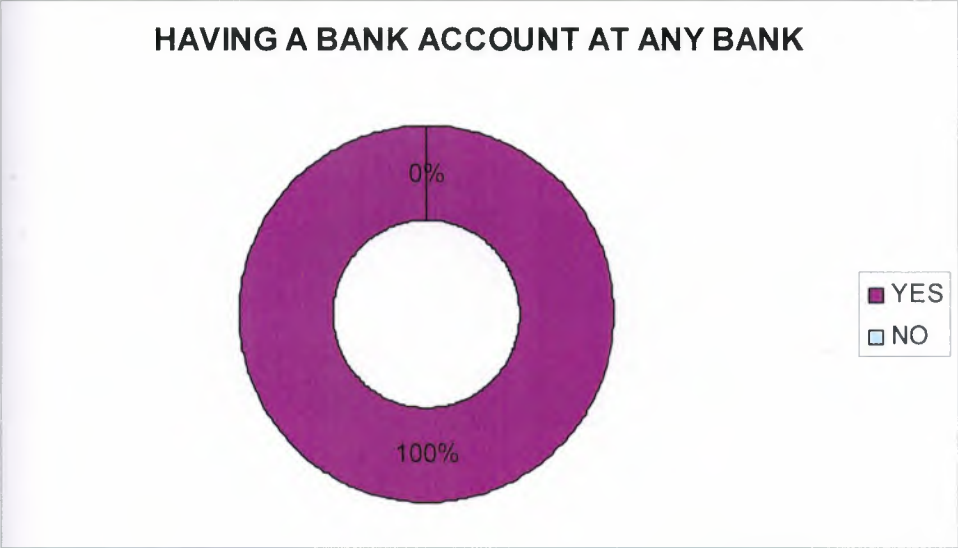
The nationality of the respondents are as follows: 87% Turkish Cypriot, 8% Turkish, 2% have dual nationalities (Turkish Cypriot and Turkish), 1% are British citizens, 1% have both Turkish Cypriot and UK nationalities, and 1% are Bulgarian

Figure 5.



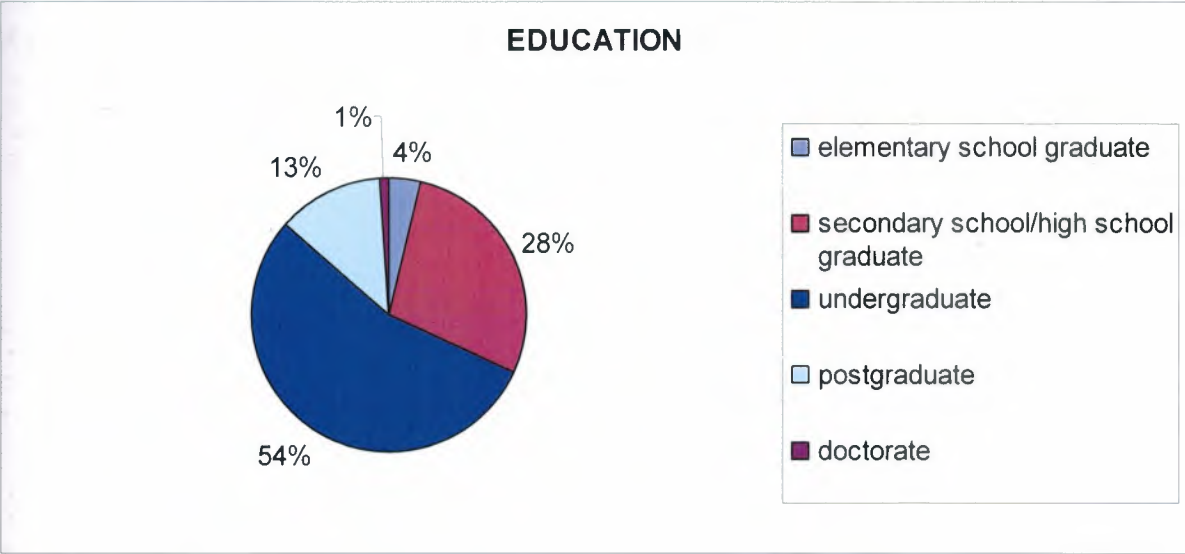
The answers of the sample to the question of “how many banks are you using” are; 47% use two banks, 22% use 3 banks, 20% use 1 bank and 11% use more than 3 banks.

Figure 6.



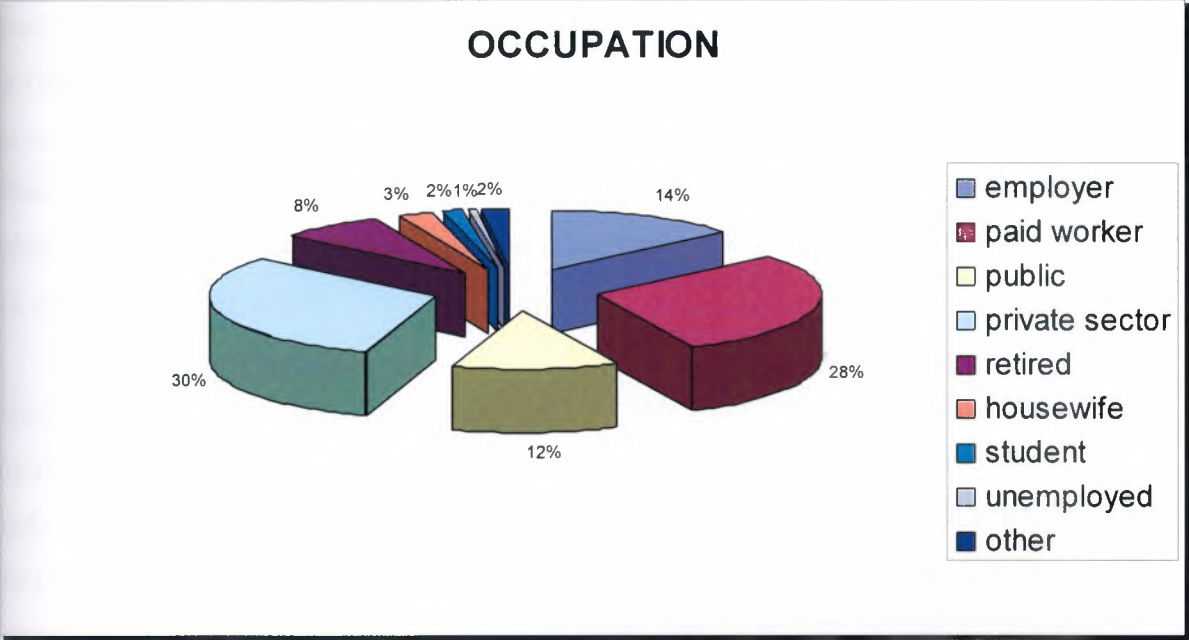
In this survey 100% of the sample have at least one account in a bank .

Figure 7.



Educationon level of the sample is; 54% graduated from a university, 28% graduated from a secondary school or a high school, 13% have postgraduate degrees, 4% graduated from an elementary school, and 1% have doctorate degrees.

Figure 8.



Here is the occupation of the sample. As the chart implies, 30% of the sample work in the private sector, 28% includes paid worker, 14% are employer, 12% work for the government, 8% retired, 3% are housewife, 2% are student of doctorate or a master programme, another 2% are dealing with other , and 1% of the sample is unemployed.

3.2. Methodology

Firstly I made my factor analysis by preparing a questionnaire. I prepared my questionnaire by taking into consideration the old ones that I read before getting started to my project. In my questionnaire, include two sections. First section is about identification of the peoples personalities. There are questions about gender, age, nationality, education level, occupation, bank type, having a bank account and how many banks are they using. In section two, there are thirty-five bank selection variables.

Factor analysis begins with a large number of variables and then tries to reduce the interrelationships amongst the variables to a few number of clusters or factors. Factor analysis finds relationships or natural connections where variables are maximally correlated with one another and minimally correlated with other variables, and then groups the variables accordingly. After this process has been done many times a pattern appears of relationships or factors that capture the essence of all of the data emerges. As a summary, factor analysis refers to a collection of statistical methods for reducing correlational data into a smaller number of dimensions or factors.

SPSS was released in its first version in 1968, and is among the most widely used programs for statistical analysis in social science. It is used by market researchers, health researchers, survey companies, government, education researchers, and others. In addition to statistical analysis, data management and data documentation are features for the base software. This program included in the base software which is; Descriptive Statistics, Bivariate statistics, Prediction for numerical outcomes and prediction for identifying groups.

3.2.1. Scale

In this project I use Likert type scale. In my questionnaire I developed a five point itemized scale on a Likert Type. Those scales help people that attended to my questionnaire to identify the importance of each factor when selecting banks. These five points are; Not important at all, Not important, Neutral, Important, Very important.

3.2.2. Questionnaires

I choose the appropriate questions for my project by examined the questionnaires used in different articles that I read before I getting started to do my project. The questionnaire help me

to analyze what the customers care about a bank when they need to select one. They make me to find out which factor affect them the most when choosing a bank to work with.

3.3 SPSS Output

3.3.1. KMO and Bartlett's Test

Table II

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,825
Bartlett's Test of Sphericity	Approx. Chi-Square	3351,165
	df	595
	Sig.	,000

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed. If the necessary value is less than that value, then a dropping will be needed from the analysis. KMO is equal to 0.825 and It is greater than 0.5, so I can say that I have a satisfactory factor analysis.

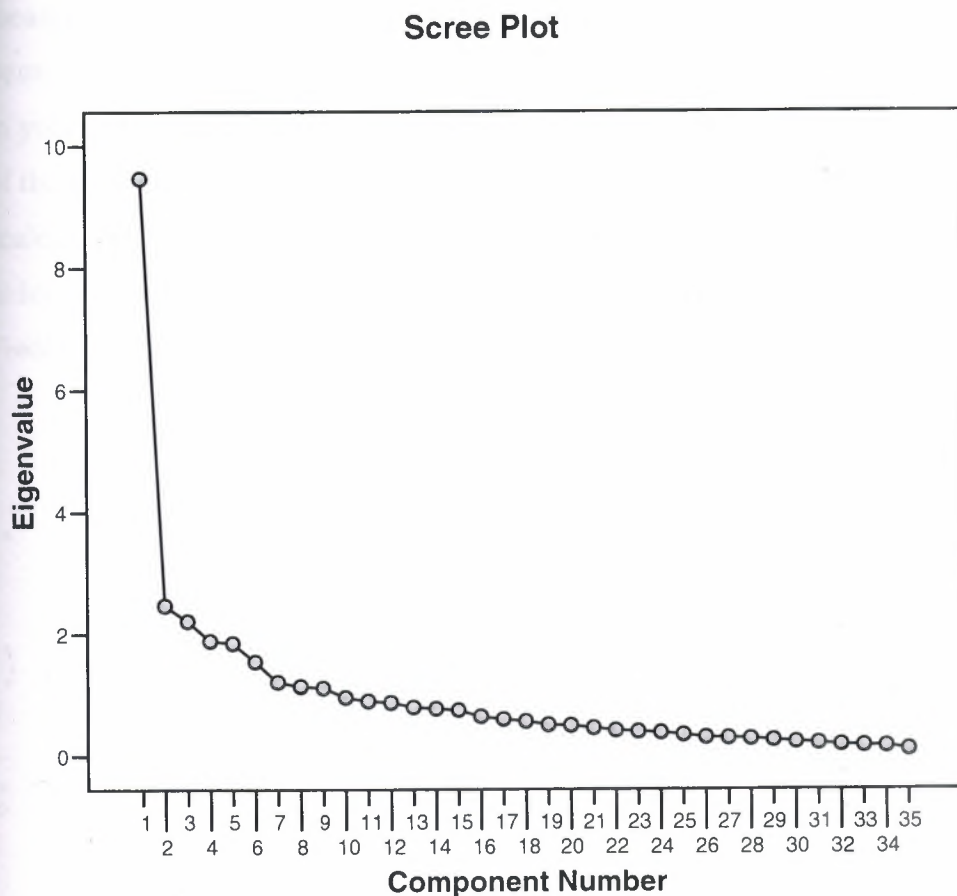
Bartlett's test tests the null hypothesis that the correlation matrix is an identity matrix. Identity matrix is the indication of the strength of the relationship among variables. From the table above, I can say that the Bartlett's test of sphericity is significant because it is less than 0.05. In fact, it is 0.000, that the significance level is small enough to reject the null hypothesis. This means that the correlation matrix is not an identity matrix.

3.3.2 Correlation Matrix

A correlation matrix is simple a rectangular array of numbers which gives the correlation coefficients between a single variable and every other variables in the investigation. The correlation coefficient between a variable and itself is always 1, hence the principal diagonal of the correlation matrix contains 1s. The top half of this table contains the pearson correlation coefficients between all pairs of questions whereas the bottom half contains the one-tailed significance of these coefficients. The correlations coefficients above and below the principal diagonal are the same. Any variable that correltes with no other should be eliminated.

3.3.3. Scree Plot

Figure 9.



The scree plot is a graph of the eigen values against all the factors. The graph is useful for determining how many factors to retain. The point of interest is where the curve starts to flatten. It can be seen that the curve begins to flatten between factors 9 and 10. We took the factors that have an eigen value of bigger than 1, so only 9 factors have been retained. This means that, this project has 9 components.

3.3.4. Reliability Analysis

3.3.4.1. Definition :

Reliability analysis allows you to study the properties of measurement. Scale and item that make them up. The reliability analysis procedure calculates a number of commonly used measures of scale and also provides information about the relationships between individual items in the scale. Using reliability analysis, you can determine the extent to which the items in your questionnaire are related to each other, you can get an overall index of the repeatability of the scale as a whole, and you can identify problem items that should be excluded from the scale. If alpha value is less than 0.65 then we have to remove lowest item-total correlation in order to increase the Cronbach Alpha, then run the analysis again. (see Appendix 4 Reliability Findings of each factor.)

3.3.4.2 Table III: Factor analysis

	EIGEN VALUES	FACTOR LOADING	VARIANCE%	ALPHA
1. People/media influences	3.944		11.268	.848
My employer uses the same bank		.833		
National origin of the bank		.748		
Familiarity with bank personnel		.723		
Mass media advertising		.704		
Recommendations of friends and relatives		.618		
2. Secure feeling and ease of obtaining loans	3.888		11.108	.813
Personnel competency in the bank		.702		
Financial stability of the bank		.649		
Professionalism of the bank		.633		
Need for confidentiality		.626		
Size of the bank		.620		
Reputation and image of the bank		.558		
Ease of obtaining loans		.552		
3. Convenience	2.802		8.006	.692
Adequate number of tellers		.667		
Pleasant bank atmosphere		.657		
Convenient branch location		.550		
4. Financial benefits	2.457		7.020	.770
Paying higher interest rate		.849		
Low interest rates on loans		.814		
5. Services provision	2.425		6.927	.669
Ease of obtaining credit cards		.755		
Internet banking		.666		
Phone banking		.530		

	EIGEN VALUE	FACTOR LOADING	VARIANCE %	ALPHA
6. Parking and employee/customer interaction	2.297		6.563	.711
Confidence in bank manager		.722		
Friendliness of bank personnel		.634		
Parking facilities		.596		
7. Convenience of ATMs	2.172		6.205	.898
Convinient ATM location		.896		
Availability of ATM in several location		.830.		
8. Hours of operations	1.646		4.703	
Hours of operations		.809		
9. Duration of wait	1.273		3.636	
duration of wait		.777		

Overall Alpha = 0.916

3.4 Explanation of Factor Analysis

3.4.1. Factor 1 (People/media influence)

The most important factor considered by the respondents of this survey when selecting bank is 'people/media influences'. As we see in table III this factor is composed of, 'my employer uses the same bank', 'national origin of the bank', 'familiarity with the bank personnel', 'mass media advertising', 'recommendations of friends and relatives' variables.

When we look at the findings of the factor loading, 'my employer uses the same bank's' factor loading is 0.833 which has the highest value. Most of the employers pay the wages and salaries of their workers at an account in their bank that they use. So that is why workers want to work with the same bank that their employer is dealing with for convenience and efficiency.

The second important variable is 'national origin of the bank'. National origin of the bank is important for people when choosing banks because in North Cyprus there had been lots of bank crises with local banks. Many lost their money and still can not take their money fully. Because of this, people scared of the local banks and mostly choose the foreign ones that are not related to North Cyprus.

'Familiarity with the bank personnel' is another important item under factor 1 which suits the character of the Cypriot people. In this country familiarity is a very important issue and cypriots always choose to do business with managers that they know well. People do not mind travelling just to see familiar faces in a bank. If they are familiar with the bank, there are some advantages that they can use. For example if there are lots of people waiting to be served in a bank, you can leave the amount of money you want to deposit and come later and sign the needed papers after the teller processes your transaction. According to my survey the most attractive thing to choose a familiar bank is this opportunity.

'Mass media advertising' is another item that is important for people. In this country advertising is very important, when someone sees advertising about a service about half an hour, half of the country will be get to hear about that service.

'Recommendation of friends and relatives' is an item that is important for people too. In North Cyprus others really care about what people around them comment about anything. If they hear any bad comment about a company, they will never want to do business. So that is why this item is important for them when selecting a bank.

The alpha of this factor is 0.848. So it is greater than 0.65 which means that this factor is reliable and the items under this factor are related to each other.

Factor 2 (Secure feeling)

The second important factor considered by respondents of this survey is 'secure feeling'. As table III shows, factor 2 composed of 'personnel competency in the bank', 'financial stability of the bank', 'professionalism of the bank', 'need for confidentiality', 'size of the bank', 'reputation and image of the bank', 'ease of obtaining loans'.

'Personnel competency in the bank' has the highest factor loading in this factor. Its factor loading value is 0.702. For Cypriots it is important to have employees that have ability to dealing with money well, ability to deal with computers well and have fast and efficient workers in the bank. Because they want to feel the confidence of leaving their money in the hands of people, who know what they are doing.

'Financial stability of the bank' is another important item for the people. Actually this is not only for people who live in North Cyprus but also all people from all nations. None of them want to put and leave their money at bank that are financially volatile.

'Professionalism of the bank' is an important item too. In North Cyprus people want to deal with professional that really know how to keep and provide some return for their money. They believe that more professional the bank is, the safer their money is.

'Need for confidentiality' is a very important issue for all. People like to share everything about their life but not how much money they have in their accounts. According to my survey, for people privacy is very important. They need confidentiality from their bank.

'Size of the bank' is another important item. The size refers to capital. The capital of the bank is very important for the people when selecting a bank, because they want to know that their money is safe and they are not going to loose their money.

'Reputation and image of the bank' is important item in the selecting process. If the bank has a good public image, this makes other people want to become a member of that institution. Good reputation and image always increases demand for the bank.

'Ease of obtaining loans' is mostly important item when selecting bank for people that need big amounts of money continuously. They select banks that are not make problems occur in borrowing process and give easy payment choices..

When we look at the alpha of the factor, it is equal to 0.813 which is bigger than minimum point of the reliability (0.65). So we can say that this factor is reliable like factor 1.

Factor 3 (Financial benefits)

Third factor that is important for people when selecting bank is 'convenience'. According to table III, factor 3 composed of 'adequate number of tellers', 'pleasant bank atmosphere' and 'convenient branch location' items.

The important selection item under factor 3 is 'adequate number of tellers'. Its factor loading is equal to 0.667. This item is very important because who work have limited time to visit a bank. So in such a case, people really care if there is enough number of tellers so that they will not wait for hours.

'Pleasant bank atmosphere' is another important item. People in my survey want to deal with banks which make them to feel peace as they look. The atmosphere of the bank must be very soft and must be make them to feel comfortable.

'Convenient branch location' is very important item because people who work have only an hour lunch break. Because of this they try to choose banks that they can conveniently go. In North Cyprus banks started to put more branches.

The alpha of this factor is equal to 0.692 which is enough to pass the reliability test.

Factor 4 (Services provision)

Fourth important factor is 'financial benefits'. In table III the items under factor 4 are; 'paying high interest rates' and 'low nterest rates on loans'.

According to the factor loading 'paying higher interst rates' is affecting peoples choice more than 'low interest rates on loans'. The factor loading of 'paying higher interest rates' is 0.849. This is very important for people bacause every depositor wants to receive some interest.

'Low interest rates on loans' is another important item under factor 4. If interest rates on loans are low, it will be easier for people to borrow. According to my survey people prefer banks that people low interest on loans.

The alpha of this factor is 0.770 which is enough for reliability.

Factor 5 (Parking and employee/customer interaction)

The fifth important factor is 'service provisions'. When we look at the table II, there are 'ease of obtaining credit cards', 'Internet banking', and 'phone banking'.

'Ease of obtaining credit cards' has the highest factor loading. For 'Ease of obtaining credit cards' there are two groups of customers. For the first group it is important for a bank to give credit cards easy. But for the other, they do not like banks that give credit cards easily. According to my survey people mostly agree with the first group.

'Internet banking' in North Cyprus is not very popular according to my survey. Most of the people choose to go banks to get their transactions done which includes the old and middle age population. This is because they do not trust internet to make their transactions. They want to see bank employees processing their transactions.

'Phone banking' is an item that is not popular like internet banking. People mostly use this option of their bank to ask something about their accounts but prefer to deal with the bank personnel face to face.

The alpha of this factor is equal to 0.669 which means it is reliable but very close to minimum value of the reliability.

Factor 6 (convenience of ATMs)

The sixth important factor is 'parking and employee/customer interaction'. There are 'confidence in bank manager', 'friendliness of bank personnel', and 'parking facilities' under factor 6 according to the table III.

The factor loading of 'confidence in bank manager' is 0.722. According to my survey this item is not very important issue for Cypriots. People mostly care about the financial position of the bank and rather than the manager.

'Friendliness of bank personnel' is another important item. People want to do business with banks that they feel comfortable with.

'Parking facilities' is very important for people that have car. In North Cyprus it is not very easy to find a place to park your car. So people really care if a bank has a parking place or not. Because if a person has a transaction that will take maximum 5 minutes, if there is no parking place, to find one will take of minimum 15 minutes if the person is lucky. So I can say that this is very important item for people which the banks must deal with to increase the demand for their banks.

The alpha of this factor is 0.711 which means it is reliable.

Factor 7 (Convenience of ATMs)

Factor 7 is 'convenience of ATMs'. Items under this factor are 'convenient ATM location' and 'availability of ATM in several location'.

The highest factor loading for this factor is at the 'convenient ATM location' (0.896). Because people mostly choose to take their money from their account from ATM machines without going to the bank and waiting for hours.

'Availability of ATM in several location' is important because people want to find an ATM machine whenever they want and mostly they want to find ATMs near to their jobs Which is very important for working people that do not have enough time to go away from their job location when they need to find money fast.

The alpha of this factor is 0.898 which means it is reliable.

Factor 8 (Hours of operations)

Factor 8 is 'hours of operations'. The factor loading for this item is equal to 0.809.

'Hours of operations' are important for people. In my survey people complain about this issue so much because banks opening and closing hours are mostly the same with the companies. This is because for working people it is a little bit hard to find a free time to go to banks. People in my survey agreed under an idea that the working hours have to be organized according to their pleasure hours.

Factor 9 (Duration of wait)

Factor 9 is 'duration of wait'. The factor loading for this item is 0.777.

'Duration of wait' is an important item because people have very limited time for themselves. Most of the people in my survey are employed so they have to make their transaction done as soon as possible and then go back to their work.

There is only one item under this factor and that is why we can not make a reliability analysis to look whether they are related to each other or not.

3.5 IMPLICATIONS AND RECOMMENDATIONS

According to factors analysis I have few implication and recommendation for banks which make them to be selected.

There are some factor that are very important for people when selecting banks which banks can not control. I am talking about the national origin of the bank. According to my survey people choose banks that are not bank of North Cyprus. This is simply because people were hurt by local banks and lost their money at those banks accounts and still waiting to get their money back. Starting with this one here is some implications and recommendations for banks;

- First banks must be customer oriented. Because if they listen to customers, this will make the existing customers to stay and banks will attract more customers by good recommendation of existing ones such as friends and relatives. This will definitely work out because in North Cyprus word of mouth is very important.
- Banks should choose their employees very carefully. They should have personnel that have competency. Because in this country people demand personnel competency in the bank that make them to leave their either deposited or invested money with a confidence. In order to do this they have to choose their employees well and have to train them well to increase their competency as much as possible.
- According to my survey people look for financial stability in their banks. So if banks want to be in demand, they should stabilize their financial positions. First they have to finance their resources carefully and influence people. If they keep their financial position stable this will directly affect their reputation and image on people eyes.
- In such a small country everyone knows each other. In Cyprus there is no secret between people. But when money is the issue, things change. No one wants to share how much money they have in their accounts or how much wages or salaries they receive every month. So in this case there is a big need for confidentiality. Banking is a serious sector and confidentiality is a very big thing in this sector. So

banks should satisfy this need of customers. Whatever the information is, it must stay in the bank.

- Reputation and image of the bank is very important. Banks should reach a level in reputation and image and should protect it that way. In order to do this they should give promotions to please their customers. They can reduce the fixed costs for transactions they customers use most.
- Ease of obtaining loans is very important factor when choosing banks in North Cyprus. For this issue banks should give point of sale loans. This is an agreement between the bank and the seller. If the customer of the seller need credit to buy the good or service, he direct the customer to the agreed bank or give credit directly to the customer by fillfulling the needed documents at the sellers office. This is possible for insurance as well.
- People need to use their time, place, and possession as efficient as possible. In terms of time, people want to access to financial services when it is convenient for them. In terms of place, people choose locations which are accessible and convenient to them. With regard to possession, people want to access to the service for consumption or future use. And they need an effective communication. So in order to satisfy all those needs, banks should place their branch to convenient locations that can easily access. On the otherhand they should serve such services that helps their customers for their future plans not only for today.
- Banks should spend heavily on technology, not just to reduce the costs associated with traditional distribution channels, but also to maintain a competitive edge in an increasingly competitive market. They should offer telebanking and ATM. They should offer self-service technology such as ATMs and telebanking; prepayment cards, including Smart cards; and, on-line banking in the form of home banking and internet banking.
- ATMs have had an important role to play in terms of automatic routine services, increasing customer convenience and accessibility to financial institution and

providing an innovative method of communicating new product and services. So I suggest that banks give enough attention to this issue to be more successful than they are now. To not lose the face to face communication with the customers by ATMs', banks should put the ATMs inside the branch in order to get customers back in and expose them to the variety of products and services available. If the banks put attention on that issue, they will directly promote the bank as well. This is simply because the most basic role of promotion is communication.

- If customers are to become long term customers they need to be able to trust that the financial institution will honour its promises and provide them with products and services which meet their needs over time. Trust works both ways. For example, in the application for a loan, the customers need to trust that the financial institution will deliver the loan on time, while financial institution needs to trust that the customer will make the loan repayments as agreed.
- To provide pleasant bank atmosphere I offer banks to change the environment of branches from traditional to modern. Traditional branches have low customer area to staff-area ratio and have extensive use of bandit screens, lack of privacy, banking concepts comes first, customers are not encouraged to stay and they have long queues and waiting time while these are just the opposite of modern branches. Banks should strive to become a modern branch.
- Convenient branch location is very important in North Cyprus. For every business there is available parking place only for cars of the personnel. So people choose banks that have enough parking place or banks that are so near to a private parking place. This is simple because in North Cyprus most of the population choose to travel with their own cars and do not choose to use the public transportation system. In such a case convenient branch location is very important. So I suggest that banks built their branches with enough parking place or near to a parking place that their customers can park their cars.

3.6 CONCLUSION

In my study I found nine factors that affect the selection criteria in Northern Cyprus. The most important three factors are 'people / media influences', 'secure feeling' and 'financial benefits'. In other countries the most important factors when selecting banks are "convenience of ATMs", "hours of operations" and "duration of wait" but in Northern Cyprus these are the least important factors.

In Northern Cyprus the most important factors that affect public are as follows:

1. 'National origin of the bank'. National origin of the bank is important for people when choosing banks because in North Cyprus there had been lots of bank crises with local banks. Many lost their money and still can not take their money fully. Because of this, people scared of the local banks and mostly choose the foreign ones that are not related to North Cyprus.
2. 'Recommendation of friends and relatives' are an item that is important for people too. In North Cyprus others really care about what people around them comment about anything. If they hear any bad comment about a company, they will never want to do business. So that's why this item is important for them when selecting a bank. This is simply because word of mouth is very important in Northern Cyprus.
3. Northern Cyprus is a very small country and people can easily transport wherever they want. That is why internet banking and phone banking is not very important for public. Because they choose to go to banks in order to go to internet cafes to do their transactions.
4. On the other hand time is not very important issue for the public who are work in government offices because they have lots of free time to go to banks to do their transactions. This is also because why phone and internet banking is not very important factors in Northern Cyprus

APPENDIX 1:

Total Variance Explained									
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative
1	9,467	27,048	27,048	9,467	27,048	27,048	3,944	11,268	11,268
2	2,466	7,046	34,094	2,466	7,046	34,094	3,888	11,108	22,376
3	2,210	6,314	40,408	2,210	6,314	40,408	2,802	8,006	30,383
4	1,888	5,394	45,802	1,888	5,394	45,802	2,457	7,020	37,402
5	1,848	5,280	51,082	1,848	5,280	51,082	2,425	6,927	44,329
6	1,546	4,418	55,500	1,546	4,418	55,500	2,297	6,563	50,892
7	1,214	3,470	58,970	1,214	3,470	58,970	2,172	6,205	57,097
8	1,145	3,272	62,242	1,145	3,272	62,242	1,646	4,703	61,800
9	1,118	3,194	65,436	1,118	3,194	65,436	1,273	3,636	65,436
10	,963	2,751	68,188						
11	,903	2,581	70,769						
12	,877	2,506	73,274						
13	,801	2,290	75,564						
14	,778	2,222	77,786						
15	,753	2,151	79,937						
16	,647	1,849	81,786						
17	,600	1,713	83,499						
18	,567	1,620	85,119						
19	,510	1,458	86,577						
20	,500	1,428	88,005						
21	,458	1,309	89,314						
22	,419	1,197	90,510						
23	,398	1,137	91,647						
24	,382	1,091	92,739						
25	,348	,994	93,733						
26	,304	,870	94,603						
27	,294	,840	95,443						
28	,282	,805	96,248						
29	,260	,742	96,990						
30	,229	,653	97,643						
31	,212	,605	98,247						
32	,182	,521	98,768						
33	,167	,476	99,244						
34	,158	,453	99,697						
35	,106	,303	100,000						

Extraction Method: Principal Component Analysis.

APPENDIX 2:

Communalities

	Initial	Extraction
convenient ATM location	1,000	,857
availability of ATMin several locations	1,000	,833
hours of operations	1,000	,738
several branches	1,000	,664
convenient branch location	1,000	,593
low service charge	1,000	,525
paying higher interest rate	1,000	,799
low interest rates on loans	1,000	,761
pleasant bank atmosphere	1,000	,671
adequate number of tellers	1,000	,645
duration of wait	1,000	,691
fast and efficient service	1,000	,485
recommendations of friends and relatives	1,000	,608
familiarity with bank personnel	1,000	,707
phone banking	1,000	,428
external appearance of bank	1,000	,720
parking facilities	1,000	,612
overdraft privileges	1,000	,494
internet banking	1,000	,726
ease of obtaining credit cards	1,000	,694
mailing monthly bank statements to home	1,000	,621
need for confidentiality	1,000	,687
ease of opening a current account	1,000	,620
ease of obtaining loans	1,000	,622
variety of services offered	1,000	,582
friendliness of bank personnel	1,000	,693
confidence in bank manager	1,000	,734
national origin of the bank	1,000	,634
personel competency in the bank	1,000	,622
reputation and image of the bank	1,000	,588
size of the bank	1,000	,568
mass media advertising	1,000	,697

financial stability of the bank	1,000	,538
my employer uses the same bank	1,000	,751
professionalism of the bank	1,000	,696

Extraction Method: Principal Component Analysis.

APPENDIX 3:

Rotated Component Matrix(a)

	Component								
	1	2	3	4	5	6	7	8	9
et ATM							,896		
ity of							,830		
everal									
								,809	
is									
branches									
ent									
ocation			,550						
ice									
nger									
rate				,849					
rest rates				,814					
bank									
ere			,657						
ge number			,667						
of wait									,777
efficient									
ondations									
as and	,618								
ity with									
ersonnel	,723								
anking					,530				
ance of									
ilities						,596			
at									
es									
anking					,666				
obtaining					,755				
ards									
monthly									
ements									
ality		,626							
opening									
et account									
obtaining		,552							
ffered									
ess of						,634			
ersonnel									

[illegible]

APPENDIX 4:

Alpha for Factor 1

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,848	,848	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
recommondations of friends and relatives	14,55	18,451	,606	,402	,830
familiarity with bank personnel	14,70	17,189	,687	,493	,809
national origin of the bank	13,93	18,268	,621	,441	,826
mass media advertising	14,23	17,421	,670	,451	,813
my employer uses the same bank	14,33	17,282	,700	,525	,805

Alpha for Factor 2

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,813	,813	7

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
need for confidentiality	27,46	7,616	,407	,254	,810
ease of obtaining loans	27,70	6,824	,556	,377	,787
personel competency in the bank	27,52	6,834	,653	,448	,773
reputation and image of the bank	27,67	6,485	,586	,378	,782
size of the bank	27,63	6,676	,592	,438	,781
financial stability of the bank	27,63	6,918	,510	,309	,795
professionalism of the bank	27,60	6,563	,559	,351	,787

Alpha for Factor 3

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,661	,692	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
convenient branch location	8,99	1,713	,404	,186	,666
pleasant bank atmosphere	9,29	,820	,525	,309	,584
adequate number of tellers	8,97	1,330	,604	,365	,424

Alpha for Factor 4

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,769	,770	2

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
paying higher interest rate	4,63	,517	,627	,393	.(a)
low interest rates on loans	4,57	,588	,627	,393	.(a)

a The value is negative due to a negative average covariance among items. This violates reliability model assumptions. You may want to check item codings.

Alpha for Factor 5

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,662	,669	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
ease of obtaining credit cards	8,52	1,979	,452	,243	,605
phone banking	8,60	2,281	,411	,197	,647
internet banking	8,43	2,116	,575	,331	,445

Alpha for Factor 6

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,712	,711	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
parking facilities	8,76	2,535	,440	,198	,725
friendliness of bank personnel	8,79	2,137	,603	,377	,531
confidence in bank manager	8,87	2,084	,555	,343	,590

Alpha for Factor 7

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,897	,898	2

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
convinient ATM location	4,43	,619	,815	,664	.(a)
availability of ATMin several locations	4,52	,713	,815	,664	.(a)

a The value is negative due to a negative average covariance among items. This violates reliability model assumptions. You may want to check item codings.

Alpha for All

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,912	,916	35

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
convinient ATM location	147,28	218,827	,384	.	,911
availability of ATMin several locations	147,36	217,444	,477	.	,909
hours of operations	147,23	224,068	,209	.	,913
several branches	147,31	217,953	,516	.	,909
convenient branch location	147,16	221,883	,478	.	,910
low service charge	147,25	217,954	,570	.	,909
paying higer interest rate	147,21	221,276	,341	.	,911
low interest rates on loans	147,17	219,395	,433	.	,910
pleasant bank atmosphere	147,47	213,664	,559	.	,908
adequate number of tellers	147,14	221,202	,440	.	,910

duration of wait	147,28	225,607	,197	.	,912
fast and efficient service	147,07	223,571	,348	.	,911
recommndations of friends and relatives	148,41	206,020	,590	.	,908
familiarity with bank personnel	148,56	204,187	,601	.	,908
phone banking	147,61	218,795	,379	.	,911
external appearance of bank	148,24	206,484	,557	.	,908
parking facilities	147,35	217,581	,436	.	,910
overdraft privileges	147,49	220,322	,366	.	,911
internet banking	147,44	220,601	,335	.	,911
ease of obtaining credit cards	147,53	215,260	,466	.	,909
mailing monthly bank statements to home	147,60	211,725	,510	.	,909
need for confidentiality	147,06	225,598	,213	.	,912
ease of opening a current account	147,38	216,459	,542	.	,909
ease of obtaining loans	147,29	218,177	,572	.	,909
variety of services offered	147,23	218,671	,513	.	,909
friendliness of bank personnel	147,38	214,327	,551	.	,908
confidence in bank manager	147,44	215,156	,501	.	,909
national origin of the bank	147,79	209,087	,499	.	,910
personel competency in the bank	147,11	220,200	,525	.	,909
reputation and image of the bank	147,26	216,676	,587	.	,908
size of the bank	147,23	219,762	,474	.	,910
mass media advertising	148,09	203,588	,624	.	,907
financial stability of the bank	147,22	221,274	,393	.	,910
my employer uses the same bank	148,19	207,526	,524	.	,909
professionalism of the bank	147,20	217,916	,524	.	,909

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