

ASSESSING FACTORS INFLUENCING CUSTOMERS' BANK CHOICE (IN CASE OF WOLKITE TOWN)



WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

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ASSESSING FACTORS INFLUENCING CUSTOMERS' BANK CHOICE (IN CASE OF WOLKITE TOWN)

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APPROVED BY THE COMMITTEE OF EXAMINERS

This is to certify that the research paper prepared by Burtukan Abamecha entitled with “Assessing factors Influencing customer bank choice Incase of Wolkite town”. Submitted in fulfillment of the requirement for the degree of Bachelor of Arts in marketing management, Under Graduate program in college of business and economics in Wolkite University

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Abbreviation

ATM: Automated Tell

CBE: Commercial Bank Of Ethiopia

IBM:International Business Machine

ABSTRACT

To plan suitable marketing strategy to keep existing customers and for attracting new customers, commercial banks need to identify the criteria by which customers determine their bank selection choice. The central objective of this study was to assess factors that affect customer's bank selection choice in case of the people of wolkite town. The study use probability (simple random) sampling technique to select sample respondents from frame of bank customers. Based on sampling formula there is 98 sample are selected from 10550 target population. To identify the determinant factors based on the level of importance, standardized likert scale questionnaire were employed in the context of descriptive type of research design. The finding of the study revealed that comparison between dimensions, therefore security/ service measurement has given higher criteria by customers to choice their bank followed by technology company service and infrastructure and proximity. On the other hands, image and reputation took the bottom ranks criteria by customers to choice their bank. Considering with all attributes that include in each measurement scale respondents indicated in their response of open ended question that, "The facilitation of ATM, rural accessibility of bank and quality banking service were the main criteria for customers to select their bank.

CHAPTER ONE

1. Introduction

1.1. Background of the study

A feature of the banking industry across the four corner of the world that it is increasingly becoming unstable and competitive, characterized by an increasing trend towards globalization, mergers, takeovers and consolidation of the banking industry. Moreover, a number of none banking companies have entered the banking industry by offering financial products and services (Seetanah, 2007)

The increasing in the number of banks gives countless of options to customers in choosing banking services. As a response the banks aided by technological developments banks attempted to build customer satisfaction by providing better product and service and at the time reducing its operating cost. In the developing countries, the banking sector has gained greater importance in the last decade (Seetanah, 2007)

To match of the competition in the banking industry made marketers need to understand customer behavior of both their current and prospective customers. Marketers spent a great deal of time thinking about customer and their buying behavior. Customer behavior refers to the buying behavior of final customer individuals and household who buy goods and services for personal consumption. Consumer behavior involves all those psychological, social and physical mannerisms of potential customer as they become aware of products, evaluates, purchase, consumer and tell other about the product (Kotler, 2006)

In Ethiopia history of the bank dates back to, 1906 marked the beginning of bank in Ethiopia. When the first bank of Abyssinia was inaugurated by Emperor Menelik. It was a private bank whose shares were sold in Addis Ababa, New York, Paris, London and Vienna.

One of the first projects financed by the bankese was the Franco-Ethiopia rail way which reached Addis Abeba in 1917 (Abraham S.L.& Imam S.H.(2005).

In 1931, Emperor Hails Selassie introduced reforms in to the banking system and the bank of Abyssinia becomes the bank of Ethiopia, a fully government owned bank providing central and

commercial banking service. With the Italian invasion in 1935, comes the demise of one of the earliest initiatives in African banking. Now a day the Ethiopian banking industry is flourishing.

Financial results for 2010 fiscal year prove an industry enjoying high growth, high profit and high dividends. Even in the middle of a challenge situation all key areas of banking operations:, collecting deposits providing loan, and foreign exchange dealing, showed growth of more than twenty percent. (MOFED, 2010).

According to Grady and Spencer the growing competitiveness and similarity of services offered banks , it has become increasingly important that banks identify the factors that determine the base upon which customers choose between providers of financial service. (Grady and Spencer, 1990). This study aimed to assess the factors influence the customer's selection of the bank in a case of people Of wolkite Town.(not sufficient it need additional information about customers preferences)

1.2. Statement of the problem

The banking industry has grown over the past years in Ethiopia and the world at large

In Ethiopia more specifically in case of people of wolkite Town as to best knowledge of the people researchers there is no prior empirical research in related to the issue that the researcher is going to investigate i.e. banking selection criteria of customers. Those, this paper tried to fill this gap by employed some descriptive statistics to identify determinants of bank selection factors and preference of people in wolkite Town.

Therefore, this research intended to assess factors influencing customers' preference on their bank selection, particularly in case of peoples in wolkite town. To find in this study that most crucial affecting customer bank selection decision are bank image ,service quality ,efficiency ,parking facility and financial factor (safakli,,(2007).

Katirciolus and Etal,(2012)they identify that seven crucial bank selection criteria are providing existence ATM service ,given personal attention to customer ,availability of internet banking and telephone and appearance of staff to be presentable and the number branch around the

countries.

Even if customer bank choice are faced the above maintained factor influence ,there is no previous research done as to the factor influencing customer bank choice in Wolkite town .As a result this this research designed to address the factor influencing customer bank choice .This study aims at identified the factor influencing customer bank choice in Wolkote town.

1.3. Research question

1. What are the criteria that customers consider as important when selecting a bank?
2. What are the factors that are getting more priority and the other factors which are getting less priority for bank selection decision?
3. What are the some suggestions for the bank management team that will help them to attract more customers over their competitors?
4. What are the intention to customer to continue the respective bank?

1.4. Objectives of the study

1.4.1. General objective of the study

The main objective of the study was to assess factors that influence customer bank selection in a case of peoples who lives wolkite town in order to recommend banks which factor is given more consideration to select bank.

1.4.2. Specific objectives of the study

- ✓ To identify the criteria that customers consider important aspect when selecting a bank.
- ✓ To identify the factors that are getting more priority and the other factors which are getting less priority for bank selection decision.
- ✓ To identify customers' intention to continue with respective bank

1.5. Scope of the study

The survey restricted only to people of wolkite town. And the study focus only on factors of bank choice which including proximity, convenience, bank image, promotion strategy, technology and other infrastructures by excluding

Other related bank selection issues such as service quality, customer satisfactions etc.

1.6. Significant of the study

The study has the following significance:

- The findings of the study can benefit to various banks in that way go to liaise with the customers in order to establish their needs and also look for the best way of meeting these needs better than their competitors.
- The study could help the banks top management will use the study finding in decision making to enable them to improve their services and expand their customer base.
- The study could help the customer to have awareness in regard to what factors to consider when choosing a bank.
- The study could help for new entrants in the banking industry will also benefit from the findings on what the customers look for in a bank.
- It could help for other researcher who will use the study findings for their literature review and a baseline for further study.

1.7. Limitation of the study.

The following limitation faced while conducting the study:

- Some of the Customers were not willing to fill out the questionnaire so the researcher didn't collect all questionnaire response from target response. Therefore the study faced limitation of reduce the Customers, if all of the Customer's replied their response it might change the result of the finding.
- Due to the constraint of time, financial and other resources faced a limitation in order to be undertaken smoothly.

- Target Customers are not filled the data promptly, affected the researcher to collect the relevant data on the given time interval.
- The target Customers of the research are only restricted to people of Wolkite town excluding other sectors of customer. If the research are conducted with all customer segment the result of the finding may vary.
- Include other variable that researcher couldn't include in this study ,which may have influence customers preference for bank selection decision is other limitation of the study.

1.8. Organization of the study

The paper is organized in to four chapters. The first chapter deals with background of the study statement of the problem, research objectives, scope of the study, significance of the study, limitation of the study and organization of the report and conceptual framework. The second chapter is exclusively devoted to review of related literature (theoretical review and empirical evidences) on the factors those affected customers bank choice selection. The third chapter indicates the methodology used in the study: the chapter comprises researching design, target population, sampling technique and sample size, data collection, data analyze instruments and interpretation finding of the study is addressed in chapter four and the last chapter is presents summary of major findings conclusion and recommendation.

CHAPTER TWO

2. Review of related literature

2.1. Concept of Bank

Bank is an institutions which deals in money and credit. It accepts deposits from the public and grant loans and advance to those who are in need of funds for various purposes. Banking is an activity which involves acceptance of deposit for the purpose of lending or investing. In addition to deposits and lending funds, banking also involves providing various other services along with its main banking activity. These are mainly agency services, but include several general services as well (pilbeam, K., 1998).

Banks are the major types of deposit taking institution; they make their living predominantly by taking deposits which represents their liabilities and loaning these funds to borrowers which represent their gross profit margin before expenses and tax. In addition, banks can earn commissions and fees by selling various products such as foreign exchange service, safe custody service, advice, account management charges, credit card facilities, and insurance and so forth (pilbeam, K., 1998).

The function of banks is divided in to categories; a primary functions and secondary functions including agency services. The primary functions of Bank include; accepting deposits and lending money. The second important function of banks is to grant loans and advances.

2.1.1. The overview of Banking Sector in Ethiopia

In Ethiopia history of the bank dates back to February 15, 1906, it marked the beginning of bank when the first bank of Abyssinia was inaugurated by emperor Menelik. It was a private bank whose share were sold in Addis Ababa, New York, Paris, London, and Vienna. One of the projects financed by the bank was the Franco-Ethiopian Rail way which reached Addis Ababa in 1997 (Abraha S. & Imam S.H., 2005). In 1931, Emperor Hails Selassie introduced reforms in to banking system and the bank of Abyssinia becomes the bank of Ethiopia, a fully government-owned bank providing central and commercial bank service. With the Italian invasion in 1935, comes the demise of the earliest initiative in African banking (MOFED, 2010)

At the contemporary in Ethiopia banking is flourishing. Financial results for the 2010 fiscal year prove and industry enjoying high growth, high profit, and high dividend. Event in the middle of a challenging situation, all key areas of banking operation: collecting deposits, providing loans, and foreign exchange dealing, showed growth of more than 20 percent. Even though sharing strong expansion, there are of course prominent variations along with banks in terms of their aggregate size, revenue source, customer focus, loan concentration, and operational efficiency.

2.2. Consumer Behavior

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

Consumer behavior is of importance to the marketers as it helps them understand why and how individuals make decision so that they can better marketing decision to have a great competitive advantage at the market place. (Kottler, P., and Armstrong 2006). Consumers make many buying decision every day. Most large companies research consumers buying decision deeply with an aim to find answers to questions such as what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy and how they deposit what they have bought and don't need. The central question for marketers is: how does consumer respond to various marketing efforts the bank might use? The starting point is the stimulus-response model of buyer behavior.

This model shows that marketing and other stimuli enter the consumers mind and stimulate certain responses. Therefore, marketers must figure out what is in the buyer's black box. The black box model assume that observable behavior is that only valid object of study and that psychological constructs are part of an impenetrable box which should not be opened. Marketing stimuli consist of the product, place and promotion. Other stimuli includes major

forces and events in the buyer's environment such as economic, technological, political and sociocultural. All these input enter the buyer's black box, where they are turned into a set of observable buyer responses such as product choice, brand choice, dealer choice, purchase timing and purchase amount (Kotler, P., 2006). The marketer wants to understand how the stimuli are changed in to responses inside the consumer black box, which has two parts. The first part includes the buyers' characteristics that decision process (Armstrong, 200

Marketing and other Buyers black box Buyers response Buyer characteristics Buyers
Buying decision process

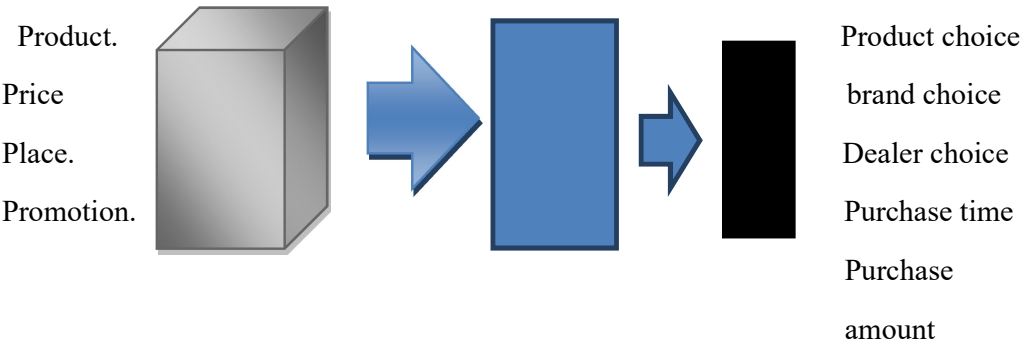


Figure 1: model of buyer behavior (Kotler, p.,andArmstong 2006)

2.2.1. Types of Buying Decision Behavior

According to Kotler, P., and Armstrong (2006), there are four types of buying behavior namely; complex buying behavior, dissonance-reducing buying behavior, variety seeking buying behavior, and habitual buying behavior. Complex buying behavior is characterized by high consumers may be high involved when the product is expensive, risky, purchased infrequently, and highly self-expressive. For example a personal computer buyer may not know what attributes to consider in deciding the computer to buy. Buyers of complex products will need to pass through a learning process, develop beliefs about the product, then attributes and finally make a thoughtful purchase choice. Therefore marketers of high involvement products must understand the information-gathering and evaluation behavior of high involvement consumers.

Marketers also need to help buyers learn about products-class attributes and their relative

importance. Hence they need to differentiate their Brand's features and also motivate store sales people to influence the final brand choice (Kotler, P., and Armstrong 2006).

Dissonance-reducing buying behavior is characterized by high involvement but few perceived difference among brands. It occurs when consumers are highly involved with an expensive, infrequent, or risky purchase, but see little difference among brands. Under this buying behavior consumers may respond primarily to a good price or to purchase convenience. For instance consumers buying carpeting may face a high-involvement decision because carpeting is expensive and self-expressive. Yet buyers may consider most carpet brands in a given price range to be the same. In this case, because perceived brand differences are not large, buyers may shop around to learn what is available, but buy relatively quickly. After the purchase consumers might experience post purchase dissonance (after sale discomfort) when the notice certain disadvantage of brands purchased. In the case of Banking industry consumers may notice certain unfavorable charges and other disadvantages such as poor quality of consumer service. To counter such dissonance, the marker after sale communications should provide evidence and support to help consumers feel good about their Brand choice (Kotler P., and Armstrong, 2006).

Habitual buying behavior is characterized by low consumer involvement and few significant perceived brand difference. For example a brand like salt, consumer have little involvement in this product category. They simply go to the store and reach for the brand. Here consumers buy as a habit as they have been previously involved in the buying of the same brand over the period of time. Consumer don't form strong attribute toward a brand; they select brand because it is familiar. In this case consumer behavior does not pass through the usual belief-attitude-behavior sequence. Consumer do not search extensively for information about the brand, evaluate brand characteristics and make weighty decisions about the brand to buy (Kotler, P., and Armstrong 2006). Instead they passively receive information as they watch television or read magazine after the purchase consumers may not even evaluate the choice as they are not highly involved with the product. Because buyer is not highly committed to any brands, marketers of low involvement products with few brand differences mostly use price and sales promotions to stimulate the product trial. Ad campaigns of such product should include high repetition of

short-duration messages (Ibid).

Variety seeking buying behavior is characterized by low consumer involvement but significant perceived brand differences. In such case, consumers often do a lot of brand switching. Brand occurs for the sake of variety rather than because of dissatisfaction. If consumers are variety-seeking, they will keep on switching from one bank to another with an aim of trying different banks without necessarily looking for any feature. Mostly consumers under this type of buying behavior choose a bank without evaluation and then evaluate that bank as time goes by. But next time, the consumer might choose another bank out of boredom or simply to try another different bank (Kotler, P., and Armstrong 2006).

In such product categories, the marketing strategy may differ for the market leader and minor brands. The market leader will try to encourage habitual buying behavior by dominating shelf space, keeping shelves fully stocked, and running frequent reminder advertising. Challenger firms will encourage variety seeking by offering lower prices, special deals coupons, free samples and advertising that present reasons something new (Ibid).

2.3. Determinants of Bank selection

Though limited research output are found in Ethiopia in this area. There are extensive studies across the world about determinant factors which are considered crucial for a customer while selecting a particular bank. In this selection the student researchers reviewed different theoretical literatures and various empirical studies that conducted by different countries on the determinants customers 'bank selection in their respective countries for example Safakli, o.,(2007) conducts a study in northern Cyprus to examine the bank selection criteria employed by customers, he finds in his study that the most crucial criteria affecting customer's Bank selection decision are bank image, service quality and efficiency, parking facilities, convent location, financial factors and affected opinion. Katirciolus and Etal, (2012) conducted a survey of 248 bank selection instrument in two cites Romania: Bucharest and Constanta. They identify that seven crucial Bank selection criteria of Romanian people are providing extensive ATM services, giving personal attention to customers, availability of internet banking and telephone,

confidentiality of the bank for customer records, reputation and image of the bank, appearance of staff to be presentable and the number of branch office around the country. In this case, "the number of branch office around the country 'are the most crucial factors determining customer's Bank selection. Aregbeyen, O., (2011) conducts a research about the determinants of banks selection criteria by business customers in Nigeria.

A total of 1750 respondents on the importance of 25 different factors while choosing deposit bank are sought and analyzed. The study reveals that the safety of funds and availability of technology based services are the main reasons for customer choice of Banks. Civic M., Brkic N. and Magic E., (2004), explore the various factors that influence the people in choosing the particular bank Bosnia and Herzegovina. A total of 300 persons aged 20-24 years in Sarajevo serves as a sample for the study. They find that reception at the bank play a main role in determining bank selection. In addition, friendliness of Bank personnel, confidence in bank management and low services charge are also crucial Bank selection criteria for the people of Sarajevo. Chigamba, C, and fatioki, O.(2011), conduct a research about the factors that influence the bank selection decision of the people. They find that marketing, attractiveness of the bank of the banks building, people word of mouth influence, banking personnel are factors that had significant influence on the bank selection decision of the people. While the research which are conducted by Mohhlis, S., Salleh H., & Mat N.,(2009).at South Africa suggests that university students considered service, marketing and price, attractiveness, recommendations, proximity were significant determinants of the choice of commercial banks.

Mohammed, A.,(2001) argue that even though the majority of people are unemployed and have to depends on their educational loans, they still represent a crucial target market for banking services. They discuss the 9 factors which are considered significant by people in choosing a bank as well as to examine whether people will be a homogeneous group concerning the way they select the bank. Results of the factor indicate the people consider secure feelings as the most influential factor in affection of selecting a bank. ATM service and financial benefits are the second and the third crucial factors in order when choosing a bank to utilize. The finding also indicates that peoples are not a homogeneous group in the bank selection process. In

addition, Molhotra and Birks, (2005), investigate the determinant factors employed in bank selection decision by college student in Bahriain, he finds that bank's reputation, availability of parking facilities, and friendliness of the bank personnel and location of ATM are five important variable influencing people's bank selection. However, this is worth noting that there are no relevant research regarding the banking selection behavior of people's in Ethiopia particularly in wolkite town.

2.4. Influences on Customers' Decisions

A part from understanding the procedure of the customer decision making process, industries also try to determine what influences in customers "lives affect this process. There are three main categories: internal, situational and social influences (Shirin K. and Abdulaziz A.,2014)& (Dipin M. and Ashish T., 2014).

2.4.1. Internal influence on Customers decision

Service giving organizations know that one customer ideal treatment can be quite different from that of another customer. You may think the ideal treatment is the vigorous internet banking, while your best friend dreams of a typical fast customer service and your father is set on having a friendliness of the staff in the organization. Some of these differences are due to the way in which customers internalize information about the outside world such as perception, exposure, attention and interpretation (Sells S., 1984).

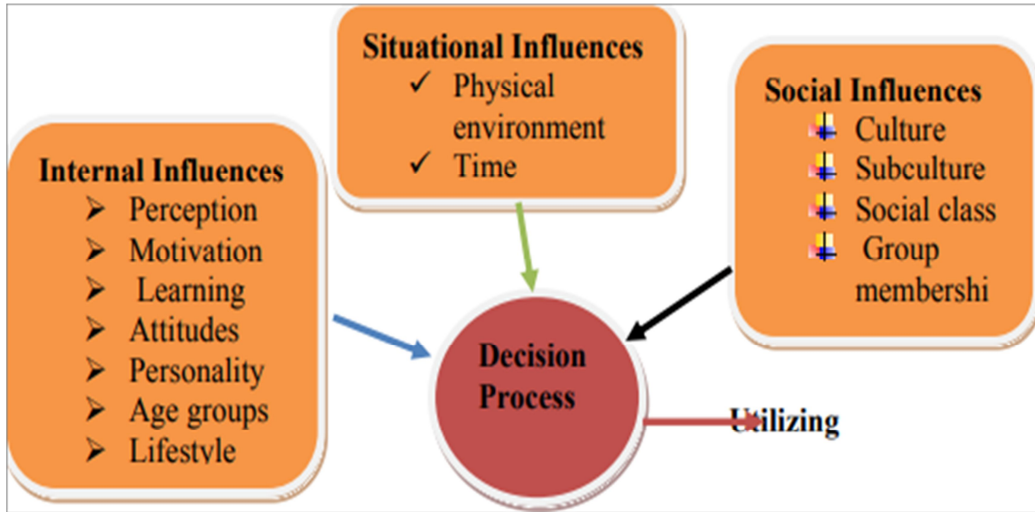


Figure 2: Influence on Customers decision making adopted from Sells S. (n.d) 1984, customers behavior, pp.157

2.4.2. Situational influence on Customers decision

These factors can affect what, where and how customers utilize their choice from different organization. It is no secret that people moods and behaviors are strongly influenced by their physical surroundings such as advertising. There is one motto by the advertising archives: " As customers are exposed to more and more advertising, advertisers must work harder than ever to get their attention" (Dipin M. and Ashish T., 2014).In addition to the physical environment, time is another situational factor. Organizations know that the time of day and how Much time one has to make a utilize affect decision making. Time is one of customers "most limited resources. We talk about "making time "or spending time", and are frequently reminded that, time is money". They should provide fast service for their customers (Ibid).

2.4.3. Social Influence on Customers decision

Although the research are all individuals, the researcher also members of many groups that influence the research utilizing decisions. Families, friends and classmates often influence the research decisions, as do larger groups with which we identify, such as ethnic groups and political parties (Dipin M. and Ashish T., 2014).

2.5. Bank selection criteria

Bank selection criteria refer to the bank service or image where the consumers are aware of their importance in their selection of the bank for themselves (Janian, Kamaruddin & Hoe, 1998). This focus and access on how customers perceive the banks and their competitors in comparison with various variables and attributes such as happiness, joy, cheerfulness and delightfulness that derived from a banking service and avoid bringing emotions of sadness, enraged and deceit to them. The competition in banking industry has become fierce with the emergence of technology such as ATM and mobile banking electronic Banking; customers are expecting more demand for financial services (Hinson, Osarenkhoe and Okoe, 2013). The bank selection criteria are considered by the consumer group that having the positive impact on a bank's market share due to the fierce competition among the banks nowadays (Rashid, 2012). Since bank is a financial institution that deals money and it's very vital for the country economic development, which is why the bank selection criteria is playing an important role for the customer that provides a better necessity and explore the factors to motivate more customers to select their banks (Parvin and Perveen, 2012).

The issue on how customers select their banks has been investigated by many researchers (for example: Boyd et al., 1994), and says that the economic environment nowadays is rapidly changing and became one of the important factors for financial institutions to determine the factors which is applicable for customer bank selection process. Lastly, by understanding the consumers' banks selection criteria help the banks in identifying the appropriate marketing strategies to attract more customers as well as retain the satisfied customers (Aregbeyen, 2011).

2.5.1. Convenience factors

According some researchers convenience is one of the factors that will impact the decision of selecting a bank by customers (Vinson, Osarenkhoe and Okoe, 2013). When a bank location is nearby customer it will be easy for a customer to do their transaction and a bank has convenience location will have an advantage compared to its competitors who do not have convenience location to its clients. However, according to Zineldin (1996) stated that

convenient location of Bank might not much influence much on decision of choosing a bank by customers because of technology customers can do their payment via different methods such as debit card, online banking, credit cards and mobile banking. Some researchers argue that convenience is an important factor that will influence bank selection by customers because every customer might not have the same view of convenience (Hinson, Osarenkhoe and Okoe 2013). In addition, some researchers claim that convenience have significant relationship with the result of consumers choosing a bank (Metawa&Almossawi, 1998).when the location of a bank is nearby with customers home or working place, the will more prefer have transaction with a bank. However, some researchers found that there are insignificant relationship between convenience and decision of selecting a bank by customers (Ta & Had, 2000).

Some researchers state that a bank with more branch office or ATM in the country the more likely will be selected by the citizen (Katircioglu, Tuner, kilinc, 2011). When the number of branch office is more it is more convenience for a customer do their transaction or deal with a bank.

2.5.2. Company Infrastructure and Related Service factors

Le Blanc and Nguyen (1992) found that service quality and infrastructure of Bank is the single and most significant factors that will influence decision of selecting a bank by customers. Rosenblatt (1992) also claim that effective service and choice of Bank have significant relationship. When the speed of transaction is less effective than others bank will influence customers switching to others bank. Others researcher also have similar idea such as speed of transaction, and the degree friendly of staff will also have affect the result of consumer choosing a bank (Sudin and Norafifah, 1992). When the transaction speed is fast or efficient will reduce the degree of intention switching to others bank. In addition, some researchers shows that decision of selecting a bank by customers also can be explain by range and services facilities provided by bank (Poh, 1996). When the service offer by bank is wide will attract attention from customers in decision of selecting a bank. However Gerrard and Cunningham (1999) claim that even something a bank offer wider range of product service not necessary will influence the result of a customer selecting a bank because of some customers would like to become multiple

bank users rather than single bank users. According to Denton and Chan (1991) definition of multiple bank users is a user having more than 2 bankers handle their personal account. From customers' view it became multiple bank users might have extra advantage such as wider range of ATM, and have a better deal of financial loan. Moreover, some researchers claim that ample of Bank infrastructure and service quality the bank is the most important criteria that will influence the result of selecting a bank by customer (Newman, 2001).

2.5.3. Price of Products and services related factors

Beckett, Hewer and Howcroft (2000) found out that the emergence of new technology created a situation where customers are aware of market condition and cause more sensitive towards price and service in their financial services choice. Price of financial institution products and services serve from a customer's perspective that it must be sacrificed to obtain the bank products or services (Zeihaml, 1998). Banks charge fees for the service and apply interest charges on loan, as well as paying interest on certain account which creates a wider meaning for pricing in the banking industry (Gerrard and Cunningham, 2004). Keaveney (1995) also found out that more than half of the customer prefer better price perceptions and switching their bank selection choice because of that, showing that unfavorable price perceptions create an effect on Customer intention to switch. Would usually demand to have the best product and services at the lowest price from the bank.

They would compare price, cost or benefits from the bank that offer the similar products and services and select the bank that they perceive and provides the highest benefit to them with the lowest cost given for their preference (Aregbeyen, 2011). This is why price of products and services is found to be an important factor for customer in their bank selection, as a customer expect and willing to pay the price for the better product and services quality for it (Mabin and Baldersrone, 2003).

2.5.4. Security Factors

Security refers to the feeling of safe from danger and harm. There are some common things that customers will consider when selecting a bank such as bank reputation, transaction security

and financial performance whether is stable or not. According to Zineldin (1996) one the factors can explain the result of decision choosing a Banking custom is reputation of Bank. Consumer will consider a bank reputation before deciding because customers worried whether the security of a bank whether the bank stable or not. The bank which is more secured will have advantage compared to a bank that is not secured. In order to have customer have a strong sense of feeling towards the bank, the bank is ensured to see that one of the key is built up trust relationship with customers. Some researchers emphasize that trust is very important in relationship (Shama, 2003). When a bank security is secured, it will gain the confidence and trust from the customer. Other than that, customer would promote a bank through the satisfaction and positive relationship with the bank and spread the attention towards others. When there are good image and feedback from public, it will improve the decision and confident for the customer to select a bank.

2.5.4. Technology Factors

Technology refers to the modern life information technology that characterized by ever changing evolution to assist and develop a better financial activity in banking industry. According to Dangolani (2011), technology has a major influence in the way how banking and financial services are delivered, creating wide range of alternative mechanism such as online banking and ATM and reducing the dependence on the branch network as core delivery mechanism. Khawaja and Manarvi (2009) found out that financial institution such as bank technology reduce the trouble on manual input on registers and ledgers with customers that were served through cheques and pay orders, with the introduction of Automatic Teller Machine (ATMs) for interacting with customers and provides better services.

Lichtenstein and William son (2006) also found out that banks will be better on managing customer experience and satisfaction by moving to internet banking if customers understand that such experience involve a process of adjustment and not only with the adoption of new technology

2.6. Conceptual Frame Work

Based on the different marketing theories proposed by different marketing scholars and empirical evidence produced by the researchers about the customers preference and factors determining customer's Bank selection the following research framework is formulated for this study (Dipin ,M.and.ASHISH,2014).

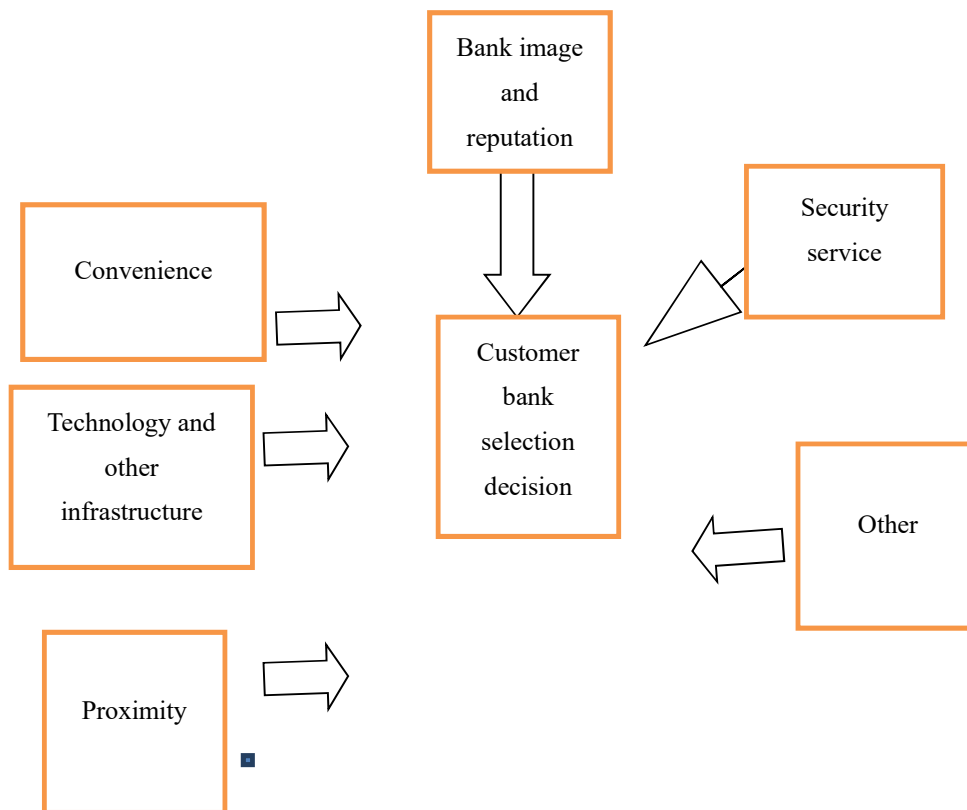


Figure 3: conceptual framework

CHAPTER THREE

3. Research Design and Methodology

3.1. Description of the study area

The study was conducted in the people of wolkite town. Which is 126 km far from Addis Ababa. The study especially concerned in a case of wolkite people.

3.2. Research Design

The study used Descriptive research design with a view to provide descriptions of factors influencing the choice of the bank in wolkite town. Descriptive statistics supported the researcher to analyze quantitative expressions and stating the respondent opinion to analyze quantitative response so that these methods enable the study will gain the general overview fact under consideration (Creswell ET. All. 2003).

The major purpose of descriptive research is description of the state of affairs as it exist at present. In social science and business research quite often use descriptive research studies. The main characteristics of this method is that the researcher has no control over the variable;

he can only report what has happened or what is happening. In descriptive the researcher seeks to measure such items as, for example, frequency of shopping, preference of people, or the like

Therefore in this study, the people researchers employed mixed methods using the descriptive research design.

3.3. Target Population

The target population for the study is the people who lives in wolkite town. And the study only includes the worker age group of people (19-65). Because of the most people use to the bank is found between this age .the total number of people is 10550 source; customer survey 2020

3.4. Data Source and Data Collection Instrument

The target population for the study included people of wolkite town. The used both primary and secondary data source. Both of the data source help the researcher to gain reliable, credible and accurate information while conducting the research (Creswell At. All. 2003). Primary data is one of the data type that the researcher applied to this study that is likert scale questionnaires run from strong agree to strong disagree with the value from 1 to 5 respectively. Moreover, open and close end questions are used to collect the first hand information from the target population. Regarding with secondary data the researcher used banks annual magazine, proceedings, research paper and websites which expressed the determinants that influence customer on the selection of Bank.

3.5. Sampling Techniques and Size

The researcher used none probability (convenience) to select the target population and also use probability sampling technique, (simple random) sampling technique to select sample and collect the necessary information from them to conduct the study. The researcher used these sampling technique because Customer's are selected as they happen to in the right place at the right time (Creswell ET. All. 2003). There are 10550 persons taken as a target population. Therefore, the study use all of the target population and determine their sample size based on sample size determination formula. To determine the sample size of the population, the

researcher used (Yamane's formula).

$n = \frac{N}{1 + N(e)^2}$	Where n = sample size e = standard error(0.1)
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Based on the above sampling formula

$$n = 10550 / 1 + 10550(0.1)^2 = 10550 / 107 = 98$$

3.6. Data Analysis

The data is analyzed and interpreted by using both qualitative and quantitative techniques. Likert scale questionnaires analyzed quantitatively by using simple descriptive statistics, such as percentage, frequency distributions, pie chart and arithmetic mean are analyzed. A Likert scale used in this study run from strongly disagree (SDA) to strongly agree (SA) composed of a series of five likert type items that represent similar questions combined into a single composite score/variable using mean value of the measures for analysis purpose.

Qualitative data is analyzed. Finally, the results were summarized in table to make appropriate analysis and draw meaningful interpretation or conclusions.

CHAPTER FOUR

Data Presentation, Analysis and Interpretation

4. Introduction

This chapter deals about the result of the study. The analysis are obtained using descriptive statistics like simple percentage, frequency and mean of the sample/respondents. The descriptive statistics is shown that provides a general overview of demographic profile and various factors of respondents. The collected data were checked and analyzed.

Sample and Response Rate

The original sample for the study was 98 persons, of which questionnaires were successfully filled by the Customer's and returned back for researchers, giving an overall response rate of 94.9% (93 responses/98 questionnaires). Only 94.9% of the total questionnaire were considered as complete response and used for further analysis. 5 questionnaires (5.1%) questionnaires were not filled successfully and the researchers considered them as irrelevant (no longer use them for analysis) and discarded them.

Demographics and Descriptive Statistics

Demographic Profile

Demographic profile	Frequency	Percent	Valid	Cumulative
Gender				
Male	55	59.14	59.14	59.14
Female	38	40.86	40.86	100
Total	93	100	100	
Personal background				
Employed	25	26.88	26.88	26.88
Self employed	21	22.58	22.58	49.46
Student	20	21.51	21.51	70.97
Unemployed	14	15.1	15.1	86.07
Other	13	13.98	13.98	100
Total	93	100	100	

Table 1 Demographic profile of the respondents

Types of Services

Though there are other banking services are used in different banks, the following type of services were selected by to have access of Banks and their services.

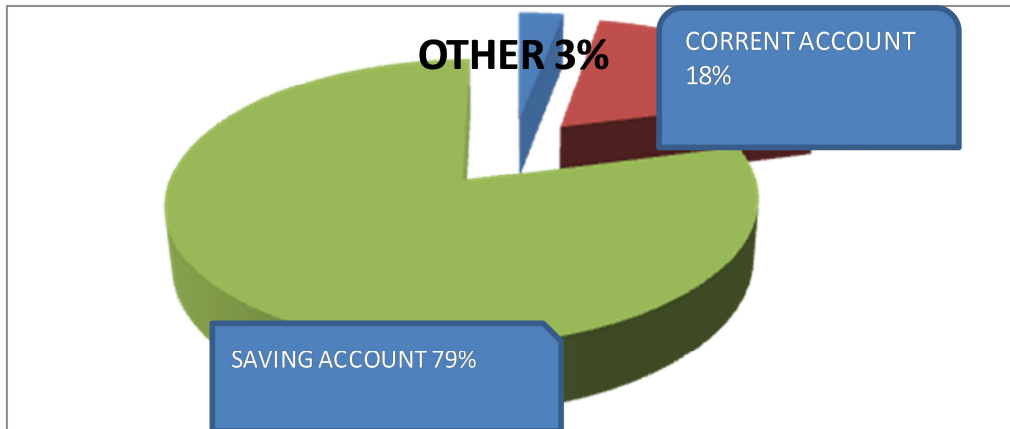


Figure 4: Types of service offered by banks

Either in the public or private banks, most of respondents are users of Banking service. The basic bank service needed by the consumers are saving account, current accounts, and others (e.g. domestic and international money transfers).

Some customers, as represented by the survey population, also rely on a mix of financial services provided by banks. As shown in figure 4, most banking services offered for peoples is saving account (79%) and the last one is other service (like mobile banking, internet banking, hallo cash, and others) is 3% followed by the current account (18%).

Factors Influencing Customers Preference to Select Bank

In this selection, the study is to identify factors that influence the decision of the people in wolkite town for bank selection. In order to answer the research questions the study covers the major determinant factors (Explanation of Bank selection criteria) which includes proximity,

company service and infrastructure, convenience, security and privacy, technology, responsiveness, reputation and image which may influence customers' decision to select a particular banks will be separately analyzed and discussed.

Proximity

Valid	Frequency	Percent	Valid percent	Cumulative
Not agree	3	3.23	3.23	3.23
Less agree	5	5.38	5.38	8.61
Neutral	15	16.13	16.13	24.74
Agree	59	63.44	63.44	88.16
Strong Agree	11	11.83	11.83	100
Total	93	100	100	

Table 2: proximity

Table 2 indicates the summery frequency distribution that the proximity of Bank based on the perception of customer's toward their respective judgment about banks selection decision. Therefore, the majority of customers response reflect that (63.44% agree and 11.83% strong agree) on the reliable items that measure bank proximity that influences customers decision to select a particular bank. This shows there is somewhat bank proximity is important factor influencing customer decision to select a bank.

Others around 16.13% remain neutral and small percentage of customers response (3.23% and 5.38%) indicates that factors are not agree and less agree to influence customers decision. This indicates that proximity of banks is not as such agree factor to influence the customer decision.

Company service and infrastructure

Valid	frequency	Percent	Valid	Cumulative
Not Agree	5	5.38	5.38	5.38
Less Agree	7	7.52	7.52	12.9
Neutral	13	13.98	13.98	26.88
Agree	57	61.29	61.29	88.17
Strong agree	11	11.83	11.83	100
T0tal	93	100	100	

Table 3: company service and infrastructure

Like that of proximity, table 3 shows the summary frequency distribution of customers response toward about company service and infrastructure in selecting bank to have banking services with the selection of Bank.

As it is exhibited in the above table 61.29% agree plus 11.83% strong on the measurement that evaluates the company service and infrastructure. This means that company service and infrastructure if important factors in determining customer's decision to select bank.

However around 5.38% of customers response show not agree and 7.52% less agree 13.98% remain neutral in the measurement items on the issue of company service and infrastructure to influence customers' bank selection decision.

A research conducted by chigamba, C, and fatioki, O. (2011), about the factor that affected the bank selection decision of the people in that city, attractiveness of the bank of the banks building, people word of mouth influence, banking personnel are factors that had significant influence on the bank selection decision of peoples.

Convenience

Valid	Frequency	Percent	Valid	Cumulative
Not agree	3	3.23	3.23	3.23
Less agree	5	5.38	5.38	8.61
Neutral	20	21.51	21.51	30.12
Agree	53	56.99	56.99	87.11
Strong agree	13	11.83	11.83	100
Total	93	100	100	

Table 4: convenience

As we can see in table 4, more 56.99% agree and 11.83% strong agree on major items that measure banks convenience to influence customer decision. This figure indicates that bank have somewhat important location advantage/convenience to customer by opening new branch; introducing new and additional services can easily win customers to serve them with their bank.

On the other hand, around 3.23% of customer response indicates convenience is not agree and 5.38% less agree factors to influence their bank selection decision while 21.51% of customers remain neutral to consider whether convenience is important or unimportant factors to influence their bank selection decision.

Similarly, A study conducted by Rehman and Ahmed (2008) in the city of Lahore (Pakistan) found that the most important variables influencing customers choice in selecting a bank were customer service, convenience, online banking facilities and overall bank environment.

Security and Privacy

Valid	Frequency	Percent	Valid	Cumulative
Less agree	5	5.38	5.38	5.38
Neutral	16	17.20	17.2	22.58
Agree	44	47.31	47.31	69.89
Strong agree	28	30.11	30.11	100
Total	93	100	100	

Table 5: security and privacy

Under this sub topic customers were asked to rate factors which affect their bank selection decision using security and privacy measures. This measures were used to assess the relative importance of each factor with respect to security and privacy of Banks to select a bank.

As indicated in the above table 5, majority of customer's response around 77.42 % (47.31+30.11) confirmed that the bank security and privacy is important factors to influence their bank selection decision. But around 5.38% of customer's response shows security and privacy-factors are less agree to influence their bank selection decision while the remaining 17.2% stay neutral about the privacy and security issues. In general, based on majority of customer's response it is possible to generalize that the security and privacy is important factors to choice a particular bank.

Technology

Valid	Frequency	Percent	Valid	Cumulative
Less agree	11	11.83	11.83	11.83
Neutral	20	21.51	21.51	33.34
Agree	41	44.08	44.08	77.42
Strong agree	21	22.58	22.58	100
Total	93	100	100	

Table 6: Technology

Table 6, indicates that the summary frequency distribution that the technology as influencing

factor of Banks choice based on the perception of customers toward their respective judgment about banks selection decision. Therefore, the majority of customers response reflect that (44.08% agree and 22.58% strong agree) on the reliable items that measure bank technology that influences customers decision to select a bank. This shows there is somewhat bank technology is important factors influencing customer decision to select a bank.

Others around 21.51 % remain neutral and small percentage of customer response 11.83% indicates that technology factors are less agree to influence customer decision. These indicates that technology of is not as such important factors to influence the customers decision. But as conclusion we can say that technology is critical factors to influence the customers' decision to select a bank.

Our interpretation supported by Dangolani (2011) study found out that, technology has a major influence in the way how banking and financial services are delivered, creating wide range of alternative mechanism such as ATM and online banking and reducing the dependence on the branch network as core delivery mechanism.

Responsiveness

Valid	frequency	Percent	Valid	Cumulative
Not agree	4	4.30	4.30	4.30
Less agree	11	11.83	11.83	16.13
Neutral	12	12.90	12.90	29.03
Agree	52	55.91	55.91	84.94
Strong agree	14	15.05	15.05	100
Total	93	100	100	

Table 7: Responsiveness

As we can see in table 7, regarding responsiveness of Bank 4.30%,11.83 %, 55.91%, and 15.05% of customers response showed that responsiveness of the bank is not agree, less agree, agree and strong agree factors to influence bank selection decision respectively. While 12.90% customers remain neutral whether bank's responsiveness is agree or disagree factors in customers decision making process to select bank.

Reputation

Valid	frequency	Percent	Valid	Cumulative
Not agree	3	3.23	3.23	3.23
Less agree	7	7.53	7.53	10.76
Neutral	15	16.13	16.13	26.89
Agree	55	59.14	59.14	86.03
Strong agree	13	13.98	13.98	100
Total	93	100	100	

Table 8: Reputation

As we can see in table 8, 59.14%, 13.98% of customers shows that reputation is important and very important factors to choice a bank respectively.

This figure indicates that bank have somewhat important reputation can influence customers to select their bank.

On the other hand, around 3.23% and 7.53% of customers response reflect reputation is not agree and less agree factors respectively to influence their bank selection decision while 16.13% of customers remain neutral to consider whether reputation is important or unimportant factors to influence their bank selection decision's **Image**

Valid	Frequency	Percent	Valid	Cumulative
Less agree	9	9.68	9.68	9.68
Neutral	22	23.66	23.66	33.34
Agree	49	52.69	52.69	86.03
Strong agree	13	13.99	13.99	100
TOTAL	93	100	100	

Table 9: Image

Table 9 indicates the summary frequency distribution that the bank image as influencing factors of Banks choice based on the perception of customers toward their respective judgment about banks selection decision. Therefore, the majority of customers response reflect that (52.69% agree and 13.99% strong agree) on the reliable items that measure bank image that influences customers decision to select a particular bank. This shows there is somewhat bank image is important factors influencing customers decision to select bank.

Others around 23.66% remain neutral and small percentage of customer's response 9.68% indicate that bank image related factors are less important to influence customer's decision. These indicates that image of Bank is not as such important factors to influence the customers decision to select bank.

As cited by Goiteom W/Marian (2011) a study made by Baron et all (1994) identified most important factors to choice a bank were "friendliness of Bank personnel", " fast and efficient service ", " reputation and image of Bank " and speed of transaction. This is an important evidence for our interpretation.

Ranking Factors Influencing Bank Selection - an overall Item

Items	Mean	Rank
Proximity	3.827	4
Company service and infrastructure	3.90	3
Convenience	3.6933	6
Security and privacy	4.1875	1
Technology	3.950	2
Responsiveness	3.7562	5
Reputation	3.4283	7

Image	3.418	8
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Table 10: factors rank

To know which factor is the most important determinant of customers bank selection ranking the measurement items is much more important. Therefore as depicted in above table the customers prioritize the factors based on the importance of factors to influence their decision to select a particular bank. Thus as depicted in table 5, the major top factors that influence the supply the customers bank selection ranked by customers based on their degree of importance. Rank 1 indicates very important factors and rank 8 represents less important factors.

As shown in the table the factors were identified on the basis of their mean score. Basically, customer who represent customers identified security/privacy, technology, company service and infrastructure, proximity and responsiveness identified as the top four important factors to influence customers decision for selecting bank. On the other hand customers ranked convenience, reputation and image as the least important factors to select bank.

Analyzing Open Ended Questions

Customers are influenced by many banking facilities (such as, internet banking facilities, mobile banking services, ATM services in all branches, and other credit card banking services), interbank networking and widening their branches in different areas to select bank. In addition, provision of services in weekend, inter-branch network and special attention for blind customers are also among the listed needed services by customers.

The internet connection facility is very slow; therefore the banks should help to improve connection availability. More over the customers emphasized the service quality of Banks should be improved in order to retain existing customers and attract new ones. A similar studies made by Thwaites and vere (1995) on customers in British concluded that an important target audience that is being over looked by marketing practitioners in the banking sector. The researcher go on to emphasize that the limited information available on Customers selection criteria for banks selection makes it difficult to be precise about the key drivers determining the

choice of a particular financial service providers. Their findings also revealed that ATM service is the most important factor in selecting which bank to patronize.

CHAPTER FIVE

Summary of Major Findings, Conclusion and Recommendation

Summary of Major Findings

Keeping the current dynamic business environment and stiff competition of Bank sectors in the world and Ethiopia, the primary focus of any banks is Customers. Though many bank sectors need to have more loyal customers, customers have influenced by many factors to make their banking choice.

To meet the objective of this study, the people researchers applied convenience sampling to select target population, a sampling formula to determine target response were used. Since, the objective of this research was to explore the determinants of Bank selection factors which may have influences on Customers decision on bank choice. According to respondent response, important and less important factors were identified and other additional services and facilities were also identified which have influences customer decision. In addition to the factors that we considered in this study customers need to have other services and facilities for blind ATM service and other all Inclusive services.

The sample size comprises peoples who live in wolkite town. Descriptive analysis revealed that most respondents fall in the age above 19 years old. Concerning their personal background, about 26.68%, 22.58%, 21.58%, 15.1% and 13.98% of the sample respondents have work in employed, self-employed, students, unemployed and others. Regarding the banks service offered for customers was saving account which is about 79% of respondents provided saving account services.

Concerning the major factors influencing the customers' decision in bank selection, in this study the customer researchers were interested on factors which include security/privacy, technology, company service and infrastructure, proximity, responsiveness, convenience, reputation and image as influencing to make banking choice decision. Based on the level of important factors Results show that security/privacy, technology, company service and infrastructure, proximity

and responsiveness identified as the top five important factors to influence customer decision for selecting banks with the mean value of 3.418, 3.4283, 3.6933, 3.7562, and 3.820 respectively.

On the other hand respondents ranked convenience, reputation and image as the least important factors to select bank with the mean value of 3.900, 3.9500, and 4.1875 respectively

Conclusion

This study investigated the level of important factors which determine customers' preferences and bank selection decision in wolkite, Ethiopia. Today's banks are facing a wide variety of competition in order to be chosen by customers. And they compete on different factors and services packages to maintain existing customers and attract the potential customers. For banks to achieve sustainable competitive advantage and success in current day dynamic business environment, where every day in stiff competition pressure is exist.

Identifying important factors of consumers' preference in selecting banks is more important than ever. Thus, competing and winning customer needs requires to server them is the ability of banks to identify and understand the most important selection criteria that matter the most for customers and the knowledge management of Bank managers in order to formulate and implement better market strategies to attract and retain customers, so that the banks can make sustainable competitive advantage to have more customers in the long run.

In real world, commercial banks that could fulfill the most important selection criteria and marketing strategies will gain competitive advantage over other banks and gain a large market share in banking sectors.

Recommendation

Based on the summary findings of the study, the customer researchers suggest the following important recommendations.

Respondents placed more importance on the top five factors i.e. security and privacy, technology, company service and infrastructure and proximity. Therefore, the banking sector should consider these factors critically in designing their marketing strategies in order to retain and attract customers.

Respondents recommend adding additional banking facilities and services like internet banking, telephone banking service, ATM service in all branch, and other credit card banking services. These help consumers to have bundle of serviced and it is good for bankers to attract customers who need such kind of services.

From the findings of the research security and privacy, technology, company service and infrastructure, proximity and responsiveness identified as the top five important factors to influence customer decision for selecting banks. Therefore, the banks need to continue investing on these factors in building trust on Customers and assure them as relevant factors to select banks.

Although, respondents ranked convenience, reputation and image as the least important factors to select bank, it doesn't mean they have no any effect on Customers bank selection. Hence, the bank manager need to critically examine why these factors receive less attention by

The customers and he/she should revise the customer handling and attracting strategies in order to have more customers. This marketing strategies help bank managers in increasing customer satisfaction and loyalty.

Bank managers should be aware the customer preference to select bank and important factors which determine the consumers bank selection decision.

Though bank selection criteria may vary from bank to bank and customers, still the manager need to be interested on such issues, so that the bank can built sustainable competitive advantage in having more market shar

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APPENDIX A

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGEMENT

Questionnaire Guide for Respondents

Dear respondents

I am graduate student in wolkite University College of business and economics in department of marketing management. Currently we are doing a senior essay on entitled as; "Assessment of factors influencing customers' bank choice: A case study on peoples of wolkite, Ethiopia. You have been chosen to participate in this research by providing your view. Information provided will be treated confidentially and so you do not need to write any of your identity on the questionnaire. The information will be used only for academic purpose. Follow the instruction while filling in this questionnaire. I kindly request you to provide appropriate response for the questionnaire.

Instruction

- No need of write your name in this questionnaire
- Please put x for alternative questions and
- Explain the open ended questions in the space provide

PART ONE: Background Information

A. Personal background information

1. Sex: Male Female
2. Works in: Employed Unemployed Self employed
Students Others
3. Types of services: Current account Saving account Others

PART TWO: Main Research Questions:

NOTE: please use the following scale in this section

Unimportant (1) less important (2) Neutral (3) important (4) very important (5)

Please show your level of agreement to indicate the extent to which the following statements have been applying in your Bank Selection decision by ticking your response corresponding to the number in the scale given above in box against statement

B. Factors Influencing Bank Selection

No	Factors	1	2	3	4	5
A	Proximity					
1	Convenience branch location					
2	Parking space					
3	Availability of premium collection center					
4	No of branch across the globe					
B	Company service and infrastructure					
5	Infrastructure of the insurance company					
6	Use of modern equipment					
7	Fast and efficient center service					
8	Availability of ATM service					
9	Speed and efficient of transaction					
10	Wide range of product and service					
11	Banking working hours					
C	CONVENINCE					
12	Interest rate					
13	Lower service charge					
14	New scheme information					
15	Ease of opening the account					

16	Connectivity with other banks and institution					
17	Connectivity with other banks institution					
18	Confidential service					
E	TECHNOLOGY					
19	Computerization and online transaction					
20	Mobile banking facility					
F	RESPONSIVENESS					
21	Professionalism and credibility of staff					
22	Proper guidance and immediate complain handling					
23	Staff courtesy					
24	Clear communication					
F	Reputation					
25	Reputation of bank					
26	Confidentiality of information					
27	Cooperative public service					
H	IMAGE					
28	Regular bank account statement and information about the account					
29	Influential marketing company					
30	Free gifts for customer					
31	Peer group impression					
32	Use of celebrity to proximity the service					

PART THREE:1. Do you need any other facilities from the bank that, you are getting services currently?

Please specify?