Factors affecting customers 'bank selection decision:
In case of commercial Banks in Jimma Town of Oromia Regional State, Ethiopia

A thesis submitted to the school of Graduate studies of Jimma University in Partial Fulfillment of the Requirements for the Award of the Master's Degree in Banking and Finance (M.Sc.)

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JIMMA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF BANKING AND FINANCE

MSC PROGRAM

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DECLARATION

I declare that the thesis entitled: "Factors affecting customer's bank selection decision in case of Jimma town: has been carried out by me under the guidance and supervision of Associate professor Tadele Mengesha and Mr.Yibeltal Ayalew. The thesis is original and it has been not submitted previously in part or full to any university or other funding organizations except where due acknowledgment has been made in the text.

Researcher's Name   Date   Signature

_____   _____   _____

Acknowledgments

CERTIFICATE

This is to certify that the thesis entitles "Factors affecting customer bank selection decision in case of Commercial Banks in Jimma Town, submitted to Jimma University for the award of the Degree of Master in Banking and finance carried out by Mebratu Assefa under our guidance and supervision. Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Tadele Mengesha (Associate. Prof.)   _____   _____

Main Advisor   Signature   Date

Yibeltal Ayalew (M.Sc.)   _____   _____

 Co-Advisor   Signature   Date

Approval sheet of thesis

As members of the Examining Board of the Final Open Defense, we certify that we have read and evaluated the thesis prepared by Mebratu Assefa entitled "Factors affecting customer bank selection decision and preference in case of Commercial Banks in Jimma Town", and recommend that it be accepted as fulfilling the thesis requirements for the award of the degree in Master of Science in Banking and finance.

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Name of Internal Examiner   Signature   Date

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Name of External Examiner   Signature   Date

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ACRONYMS

ANOVA	Analysis of variation
ATM	Automated Teller Machine
BI&R	Bank image and reputation
BSD	Bank selection decision
CONF	Convenience factors
FIF	Financial factors
SQF	Service quality factors
SPSS	Statistical Package for social Sciences
TECF	Technology factors
VIF	Variance inflation factors
AIB	Awash International Bank
ATM	Automated Teller Machine
BOA	Bank of Abyssinia
CBE	Commercial Bank Ethiopia
CBO	Cooperative Bank of Oromia
DB	Dashen Bank
UB	United bank
WB	Wegagen Bank
AB	Abay Bank.
AIB	Addis International Bank
BIB	Bunna International Bank
BIB	Berhan International Bank
OIB	Oromia International Bank
NIB	Nib International Bank

Abstract

The study features to identify the key factors affecting on customer in Ethiopia particularly in Jimma town bank selection decision . Data were collected using self-administered questionnaires to a sample of 288 of Banks customers. Their responses rate (85%) 245valid on the importance of 6 different selection criteria were rated and analyzed. Mean analysis and exploratory factor analysis is applied to rank the most important determinants of bank selection. The collected data were analyzed through SPSS version (20). The descriptive and inferential statistical tools such as mean, percentage, ANOVA, correlation and multiple linear regressions were used to analyze collected data. The regression model summary shows that the all independent variables explain 68.7% variability on bank selection decision. The findings revealed that; service quality factors, bank approach factors, convenience factors and bank pricing factors, have a significant and positive effect on bank selection decision while bank image and reputation and bank personal factors have insignificant effect on bank selection decision. As customers place more concentrate on factors like service quality, bank approach, convenience, and bank price, such factors healthier to be. Considered seriously by banks in their marketing strategies which help them to attract new as well as retain the existing customers.

Key words: bank selection decision, service quality, bank approach, convenience, bank pric.

CHAPTER ONE

1. INTRODUCTION

This chapter comprises; Background of the study, Statement of the problem, research hypotheses, objective of the study, significance of the study, scope of the study and organization of the thesis.

1.1 Background of the Study

The rising struggle in the banking sector and the similarity of services offered by banks in Ethiopia makes it critical for the banks to pinpoint the significant causes of bank customers' selection decision. It is important to understand bank selection criteria upon which customers choose between providers of financial services in order to shape their services delivery and to build a vigorous growth strategy that focuses on products and services valued the most by customers and motivate them to deal with their bank. Banking industry play a crucial role in improving economic efficiency by directing funds from excess resource unit to those with better productive investment opportunities. It also facilitates trade and payment system by significantly reducing transaction costs and increasing convenience (NCA2006).Bank has characterized by growing competition since the early 1980s (Blankson, Cheng & Spears 2007).

To enhance the role of banks in an economy, competition is an important driving force; without competition, it is improbable to bring about efficiency and foster financial sector development (Davidson, 2011).The trend towards globalization has introduced many changes in the economic and business environment all over the world. Almost all industries were including the banking sector, in one way or the other are being affected by this trend (Goitem, 2011).Banks have created diverse products in an attempt to satisfy customers and be highly competitive (Moklish, 2009).

The increased competition resulting from a decade of deregulation of the financial services industry has meant that banks faced with the task of differentiating their organizations and their products or services as a means of attracting customers (Blankson, et al 2007).Commercial banks in Ethiopia like banks operating in the developed countries are putting more emphasis on providing more facilities and services to their customers (Goitem, 2011).As economic environment is rapidly changing and customers are becoming more demanding and sophisticated, it has become important for financial institutions, to determine the factors, which are pertinent to the customer's selection. Therefore, for this sector, the quest lies in determining the basis on which customers, make their selection for a banking service (Aregbeyen, 2011).

According to Goiteom, (2011) Ethiopian banking is flourishing. At the close of the 2017/18 fiscal year the total capital of the banking industry reached $3.1 billion, up 10% on the previous year. Deposit mobilization across the sector rose by 28.3% and credit disbursement by 23.4%, including bonds. In a further sign of growth, commercial banks opened over 500 new branches in the period, increasing the total number of branches to 4,757 as of June 2018. Of the 18 banks, 17 are commercial banks, although most offer a range of financial services. The remaining institution, Development Bank of Ethiopia (DBE), primarily operates in the long-term project financing and specialized banking space.

Even though sharing strong expansion, there are of course prominent variations along with banks in terms of their aggregate size, revenue sources, customer focus, loan concentration, and operational efficiency. Moreover, looking ahead, banks will surely be confronted by the entry of Seven new banks (namely: Amara bank, Geda bank, Zem-Zem bank, Equity bank, Go House Bank, Ahadu Bank, Shager Bank) and other financial institutions.

With growing competitiveness in the banking industry (Grady and Spencer, 1990), and similarity of services offered by banks (Holstius and Kaynak, 1995), it has become increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services. To the best of the researchers' knowledge, there exists little study concerning the determinants of bank selection decision in Ethiopia. Goiteom (2011) examined the factors that influence customers banking choices in Addis Ababa city. Goitem (2011) tries to identify the factors that affect customer's bank selection relative to the gender of the customer's. the study reveal that is two important bank selection criteria for customer convince and service provision for entire customer and bank image are second most important factor for male customer on the other hand financial benefit, technology, repution,and promotion strategy attractive for female customer . Dawit (2013) also try to identify bank selection criteria relative to other demographic like age, income, marital status rather than gender. the result state that customer's bank selection criteria of private commercial banks in Addis Ababa and how customers rank the factors based on their importance level to patronize banks revealed that the chief factors determining customers" bank selection are: "Convenience" "Reliability" and "Service provision" for the entire customers. On the reverse, the least three important factors of bank selection for customers are "Product Assortment" "Reputation" and "Recommendation from family and friends" .Both of them employed simple descriptive analysis and demographic like age, income, marital status rather than gender only in Addis Abeba city customer limited in their studies. However, this study used simple descriptive analysis and didn't include the most important variables in the study. Serkalem, (2018) tries to identify the Factors affecting customers' bank selection decision: such as convenience, financial factors ,technology factor, service qualities and bank image and reputation whereas convenience is the most important factor that influences customer bank selection decision but Financial factors is

insignificant In case of commercial Banks in Jimma Town, But this study tried to examine the determinants of customers' bank Selection decision and preference particularly in Jimma Towne by including additional variables such as Bank Approach, convenience, Bank price, service quality, Bank personnel and Bank Image and Reputation using multiple linear regressions. Usually, the marketing plans of organizations do fail at implementation due to improper identification of the factors or determinants that consumers consider in selecting who to deal with (Devilin and Gerrard, 2005).

Hence, there is need for banks, like other service organizations, to effectively identify the important parameters that attract customer's attention and help in their choice of banks to do business with. In addition, there is a need for banks to know how customers choose their banks and take measures to attract them before others do. In this regard, the basic aim of the study is to examine the basic motivational factors in customers" bank selection in Jimma town. Such a study is hopefully expected to fill the gap in literature by study the determinants of customers' bank selection decision and preference in Jimma City. The implication of this paper is bank management, academicians and policy makers have to devote resources and evaluate and redesign current marketing strategies in order to attract (or retain) business customers in the competitive bank environment inside and outside Jimma town.

1.2. Statement of the Problem

The world economy faces an increase in the importance of service industry. The value added of services industry as percent of world gross domestic product was about 70% (World Bank, 2011). On the other hand, the importance of banking and financial services in the world services industry cannot be understated (Mishkin, 2001). New technologies and information systems forced these institutions to offer more sophisticated and technological services in the banking and finance industry (Tilahun,2014). Today`s competitive financial atmosphere also led banks  and  financial  institutions  to improve  their  service  quality  and  follow  new technologies. Internationalization` trends in the banking industry as a result of higher competition between banking sectors enforces these industries to increase the level of customer satisfaction (Salih, et al, 2011).The issue of bank selection process attracted considerable attention in the bank marketing literature, by researchers (for example: Anderson et al. 1976; Evans 1979; Kaynack and Yavas 1985; Ross 1989; Kazeh and Decker 1993; Denton and Chan, 1991; Hegazi 1995; Metawaand Almossawi 1998; Omar, 2007; Kamakodi and Khan (2008); Rao, 2010) as cited in Aregbeyen, (2011).

Understanding customers' banks selection criteria has been argued to be helpful to banks in identifying the appropriate marketing strategies needed to attract new customers and retain existing ones (Kaynak and Kucukemiroglu, 1992). Indeed, the growing competitiveness in the banking industry (Grady and Spencer, 1990), and similarity of services offered by banks (Holstius and Kaynak,

1995), has made it increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services. As economic environment is rapidly changing and customers are becoming more demanding and sophisticated, it has become important for financial institutions to determine the factors which are pertinent to the customers' selection process (Boyd, Leonard & White, 1994). Serkalem, (2018) tries to identify the Factors affecting customers' bank selection decision: such as convenience, financial factors ,technology factor, service qualities and bank image and reputation whereas convenience is the most important factor that influences customer bank selection decision but Financial factors is insignificant In case of commercial Banks in Jimma Town, But this study tried to examine the determinants of customers' bank Selection decision and preference particularly in Jimma Towne by including additional variables such as Bank Approach, convenience, Bank price, service quality, Bank personnel and Bank Image and Reputation using multiple linear regressions.

The justification for the present study is grounded on the following arguments: first, the growth in Jimma town customer and specially, the town customer banking market is extraordinary , faster to surpassing the customer. Second, unlike before, almost all the financial relations between town and customer are now conducted through the banking system, which necessitates deeper insight into the nature of this bank service customer segment. Third, with the widespread of ATM and the requirement that small withdrawals from the bank must be done through the ATM, the people of the town have no option that to become bank customers. Evidently, these relating scenarios require appropriate strategic response by the Ethiopian banks to understand key factors Jimma town customer consider in selecting a bank. According to Renman and Ahmed (2008), Moklish (2009), Sharma and Rao (2010) and Aregbeyen (2011),serkalem (2018),convenience is the most important factor that influence customer bank selection decision. However, some researchers found that there were insignificant relationship between convenience factors and customers bank selection decision (Ta & Har, 2000; Wei and Lu, 2014; Msweli; Naude, 2015 and Agarwal,2017)Therefore, Therefore, by taking these in to consideration the aim of this paper examines the basic factors considered by customers when select bank in Ethiopia with the particular reference Jimma town and as much as possible try to improve the inconsistence of the previous findings and support one of them.

1.3 Objective of the Study

1.3.1 General Objective

The overall objective of the study is to investigate the main factors influencing customers' bank selection decision and preference at Jimma city.

1.3.2 Specific Objectives

Based on the general objective mentioned above the following specific objectives are set.

- To examine the effect of Bank Approach on customer bank selection decision and preference.
- To examine the effect of Convenience on customer bank selection decision and preference.
- To examine the effect of Bank price on customer bank selection decision and preference.
- To examine the effect of Service Quality on customer bank selection decision and preference
- To examine the effect of Bank Personal on customer bank selection decision and preference
- To examine the effect of Bank Image and Reputation on customer bank selection decision and preference.

1.4. Research Hypotheses

Hypothesis1:Bank Approach has a positive and significant effect on customer bank selection decision and preference

Hypothesis2:Convenience factors has a positive and significant effect on customer bank selection decision and preference.

Hypothesis3:Bank price has a positive and significant effect on customer bank selection decision and preference.

Hypothesis4: Bank service quality factors has a positive and significant effect on customer bank selection decision and preference.

Hypothesis5; Bank personnel has a positive and significant effect on customer bank selection decision and preference.

Hypothesis 6: Bank Image and Reputation has a positive and significant effect on customer bank selection decision and preference.

1.5 Significance of the Study

This study will have significance for various parties. More importantly it will be significant for management banking sector and the society, and researchers.

At first glance, to the banking sector, the study will be important to make available necessary information with the purpose of they might use to analyze how customers think, behave towards their banks and to provide the management with insights of what are the most important determinants that different types of customers use to select the bank they wish to conduct business with, hence they can enhance the services they provide or even introduce new ones that could lure customers to alter their perception.

Secondly, this study will be significant for the society to help in developing the banking sector which is one of the main economic pillars in the Jimma city economy.

This study will also facilitate the selection process for customers by providing a guideline of most important factors to consider when deciding to start dealing with banks, and significantly for the policy makers and the serves other researchers who wish to make a study on the related topic as an input.

1.6 Scope of the Study

The study was limited to thirteen commercial banks in Jimma town. These are Commercial Bank of Ethiopia(CBE), Awash International Bank(AIB), Bank of Abyssinia (BOA), Berhan International Bank(BIB), Wegagen Bank(WB), Dashen Bank(DB), Cooperative Bank of Oromia(CBO), Oromia International Bank(OIB), Buna International Bank(BIB), Nib International Bank(NIB), and United Bank(UB), Abay Bank(AB), Addis International Bank(AIB). Moreover due to the large number of branches the banks have and difficulty to address all of them the researcher was purposely selected one (1) branch of each thirteen banks.

1.8. Limitations of the study

The limitation associated with this study might be occurred in methodology part, which is related to variable selections measurement and quantitative analysis procedures. In addition to this, this study can only focus on the research objective and hypothesis drawn, but other variables related to customers' bank selection decision that are not included in this study. As the survey conducted was only restricted to Jimma town customer results may vary if research is conducted in other parts of Ethiopia . And further if the Some distributed questionnaire are left unreturned thus, this has a bit reduced the sample size.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

2. Introduction

This chapter explores the existing literature determinants of procurement practices at Jimmy city. The chapter covers theoretical foundation, the rational choice theory, the consumer behavior theory, steps in the customer Decision Process, influence on customer decision, conceptual framework, research gaps.

2.1.1 The Theoretical Foundation

According to Aregbeyen, (2011)The relevant theoretical expositions underpinning the study are the rational choice theory and competition theory. The rational choice theory provides useful insights on the choice or selection behavior of individual customer, while the competition theory explains how firms try to win customers patronage and loyalty through service excellence, meeting customers' needs and providing innovative products. The choice theory otherwise referred to as rational choice theory or rational action theory is a framework for understanding and often formally modeling social and economic behavior. Rationality, which basically expresses the idea of wanting more rather than less of a good, is widely used as an assumption of the behavior of individuals in microeconomic models. The theory, therefore, assumes that patterns of behavior in societies reflect the choices made by individuals as they try to maximize their benefits and minimize their costs. In other words, people make decisions about how they should act by comparing the costs and benefits of different courses of action. Rational decision making entails choosing an action given one's preferences, the actions one could take, and expectations about the outcomes of those actions.

The relevance of rational choice, where people compare the costs and benefits of certain actions, is easy to see in respect of bank selection behavior of customers. Since people want to get the most useful products/services at the lowest price/convenience, they will judge the benefits/significance of a certain banks services/offers (for example, how useful it is or how attractive it is) compared to similar ones from others banks.As cited by Tilhuen,(2014) Competition in economics is best described as the existence within a market for some good or service of a sufficient number of buyers and sellers such that no single market participant has enough influence to determine the going price of the good or service.

Competition occurs when two or more organizations act independently to supply their products to the same group of consumers. Direct competition exists where organizations produce similar products that appeal to the same group of consumers. Indirect competition exists when different firms make or sell items which although not in head to head competition still compete for the same money in the customers pocket.

Both direct and indirect competition cause commercial firms to develop new products, services and technologies, which would give consumers greater selection and better products. Thus, the competitive strategy of firms is dependent upon consumers' choice characteristics which tend to influence firms' productive decision towards the satisfaction of consumers preferences. In general, people will choose the bank that they perceive provides the greatest reward or benefits at the lowest cost, given their preferences (Ibid).

2.1.2 Rational choice theory

In the standard view, rational choice defined to mean the process of determining what options are available and then choosing the most preferred one according to some consistent criterion. Rational choice theory is at the heart of modern economic theory and in the disciplines contiguous to economics, such as some parts of political science, decision theory, sociology, history and law that have adopted the theory as their model of decision-making. In rational choice theory, individuals are seen as motivated by the wants or goals that express their 'preferences'. They act within specific, given constraints and based on the information that they have about the conditions under which they are acting. At its simplest, the relationship between preferences and constraints has been seeing in the purely technical terms of the relationship of a means to an end. As it is not possible for individuals to achieve all of the various things that they want, they must also make choices in relation to both their goals and the means for attaining these goals. Rational choice theory holds that individuals must anticipate the outcomes of alternative courses of action and calculate that which will be best for them. Rational individuals choose the alternative that is likely to give them the greatest satisfaction .The relevance of rational choice, where people compare the costs and benefits of certain actions, is easy to see in respect of bank selection behavior of customers (Lovett, 2006).

2.1.3 The Consumer Behavior Theory

Meaning and Importance of Consumer Behavior

Consumer behavior refers to the buying behavior of final consumers. It is the behavior that consumers display when searching for, when purchasing, using, evaluating, disposing the product or the idea that they have for the commodity and if it will satisfy their need.

The study of consumer behavior therefore seeks to understand how the consumers make decisions on how to spend their available resources in regard to purchase (Kotler, 2006). Consumer behavior is of importance to the marketers as it helps them understand why and how individuals make decisions so that they can make better marketing decisions to have a great competitive advantage at the market place (Armstrong, 2006). Consumers make many buying decisions every day. Most large companies" research consumer buying decisions deeply with an aim to find answers to questions such as what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy and how they dispose what they have bought and don't need . The central question for marketers is: How do consumers respond to various marketing efforts the bank might use? The starting point is the stimulus-response model of buyer behavior (Kotler, 2006).

This model shows that marketing and other stimuli enter the consumer's mind and stimulate certain responses. Therefore, marketers must figure out what is in the buyer's black box (mind).

The black box model assumes that observable behavior is the only valid object of study and that psychological constructs are part of an impenetrable box which should not be opened. Marketing stimuli consist of the product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment such as economic, technological, political and socio cultural factors. All these inputs enter the buyer's black box, where they are turned into a set of observable buyer responses such as product choice, brand choice, dealer choice, purchase timing, and purchase amount (Kotler, 2006).

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

Marketing and other Stimuli	
Marketing	**Other**
Product	**Economic**
Price	**Technological**

Buyer's Black box	
Buyer's characteristics	**Buyer's decision Process**

Buyer's Response	
Product choice **Brand choice** **Dealer choice**	

Zainabu Msangi(2015) posits that consumer behavior is not only influenced by external factors as financial benefits, but also by attitudes and expectations. These attitudes and expectations are constantly changing in response to a continuous flow of events, information and personal experiences. 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.

2.1.4 Steps in the Customer Decision Process

Researchers realized that decision makers actually possess a set of approaches ranging from painstaking analysis to pure whim, depending on the importance of what they are utilizing and how much effort the person is willing to put into the decision.(Goitom W/Mariam, 2011).

Figure 1 The customer decision making process
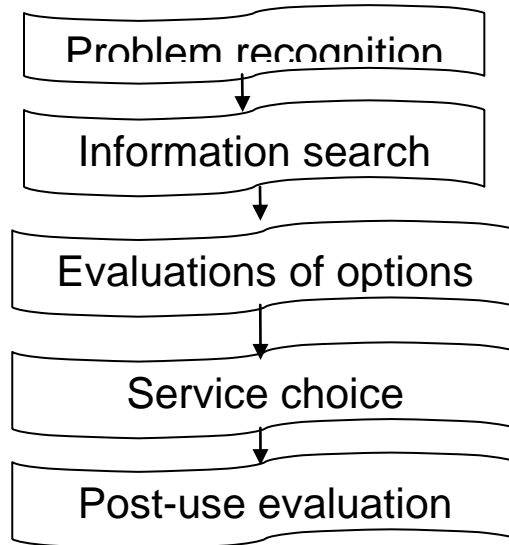
Source: Goitom W/Mariam (2011).

2.1.5 Influence s on Customer Decisions

Apart from understanding the procedure of the customer decision-making process, industries also try to determine what influences in customer's lives affect this process. There are two main categories: internal and external (situational and social influences) Service giving organizations know that one customer's ideal treatment can be quite different from that of another customer. You may think the ideal treatment is a vigorous internet banking, while your best friend dreams of a typical fast customer service and your father is set on having a friendliness of the staff in the organization. Some of these differences are due to

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the way in which customers internalize information about the outside world such as perception, exposure, attention and interpretation.

2.2. Operational Definitions and Concepts

Banks are the major type of deposit taking institution; they make their living predominantly by taking deposits which represent their liabilities and loaning these funds to borrowers which represent their assets.

They loan out funds at a higher interest rate than the funds, and the difference represents their gross profit margin before expenses and tax. In addition, banks can earn commissions and fees by selling various products such as foreign exchange services, safe custody services, advice, account management charges, credit card facilities, insurance and so forth (Pilbeam, 1998). Bank is an institution which deals in money and credit. It accepts deposits from the public and grants loans and advances to those who are in need of funds for various purposes. Banking is an activity which involves acceptance of deposits for the purpose of lending or investing. In addition to accepting 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.

A banker is one who undertakes banking activities, accepting deposits and lending money for different purposes. Hart (1931, p.11) defined a banker or bank as a person or a company carrying on the business of receiving money, collecting drafts, for customers subject to the obligation of honoring cheese drawn upon them from time to time by the customers to the extent of the amounts available on their current accounts.

There is no statutory definition of a banker's customer, and so one has to refer to the decisions of the courts in order to discover the principles which determine whether or not a person is a customer. In the United States, Sect. 4-104 (1) (e) (1957 of the Uniform Commercial Code defines as "any person having an account with a bank or for whom a bank has agreed to collect items and includes a bank carrying an account with another bank". As stated by Lord Davey in Great Western Railway Co. V. London and County Banking Co. Ltd., in 1901, "there must be some sort of account, either a deposit or current account or some similar relation, to make a man a customer of a banker".

Role of Banks: The functions of banks are divided into two categories: as primary functions and secondary functions including agency services. The primary functions of banks include: accepting deposits and lending money. The most important activity of banks is to activate deposits from the public. People who have surplus income and savings find it convenient to deposit the amounts with banks.

The second important function of banks is to grant loans and advances. Such loans and advances are given to members of the public and to the business community at a higher rate of interest than allowed by banks on various deposit accounts.

2.3. Customer Satisfaction

The most popular view of customer satisfaction in academia is that customer satisfaction is the judgment borne out of the comparison of pre–purchase expectations with post purchase evaluation of the product or service experience (Oliver, 1997). Customer satisfaction can result from any dimension (whether or not it's quality related) and its judgments may arise from non-quality issues (e.g. needs, equity, and perceptions of `fairness') and require experience with the service provider (Taylor et al, 1994; Howard and Sheth, 1969). Satisfied customers are likely to tell others of their favorable experiences and thus engage in positive word of mouth advertising (File and Prince, 1992; Richens, 1983).

Dissatisfied customers, on the other hand, are expected to switch brands and engage in negative word of mouth advertising. Customer satisfaction is the key to the profitability of retail banking; it implies the retention of customers for the long term, which is cheaper than attracting new customer (Bitner and Hubbert, 1994 as cited in Khaled, Hashash&Abdul, 2008).

2.4. Prior Empirical studies

Various experimental research using different methodologies and approaches have been done in various parts of the world to investigate the bank selection criteria of the customers. In this sub section, based on prior empirical studies, we have discussed the determinants of customers' bank selection variable wise.

2.4.1. Bank Approach:

Bank approach refers to the type of the bank whether Islamic banks or conventional banks. Since the establishment of the Islamic bank in the early 1960s, it has continued to play an important role as a financial intermediary until today but still in our country was starting or un introduction open only on new branch to give those type of product. It has received wide acceptance not only in the Muslim countries but also in the non-Muslim countries as well. (Lateh, 2009)Islamic banking is considered to be one of the fastest growing sectors in the financial world. with Islamic banking no longer considered as business entity established only to satisfy the religious obligation of Muslim community , it's a business that essentially pursues maximizing customer value a and satisfying their financial security needs (Henry and Wilson,2004).Islamic banking differs from the conventional banks in terms of interest. Interest or "Riba" is prohibited in Islam and the Islamic banks neither offer interest on deposits nor charge interest on loans. (Sayani&Miniaoui, 2013) or it can be labeled as interest free banking systems based on the principle of profit and loss system.

Some of the Islamic banking services include :

•**Mudharabah**:- This is basically an agreement between a lender and an entrepreneur, in which the lender agrees to finance the entrepreneur's project on a profit-sharing basis according to a predetermined ratio agreed on in the negotiation between the two parties. The lender will bear any loss incurred.

•**Musharakah**:- This is a partnership for a specific business activity with the aim of making profit, whereby the lender not only provides the capital but also may also participate in the management. As in the case of Mudharabah, all parties agree, through negotiation, on the ratio of distribution of profits generated from the business activity, which need not coincide with the ratio of participation in the financing of the activity. However, in the event of a loss, all parties bear the loss in proportion to their shares in the financing.

•**Murabahah**:- This is basically the sale of goods at a price covering the purchase price plus the profit margin agreed on by both parties concerned, which transforms a traditional lending activity into a sale and purchase agreement, under which the lender buys the goods wanted by the borrower for resale to the borrower at a higher price agreed on by both parties.

•**Al-BaiBithamanAjil**:- This is a variant of the concept of Murabahah, whereby the borrower is allowed to defer settlement of the payment for the goods purchased within the period, and in the manner, determined and agreed on by both parties.

•**Al-Ijarah**:- This is the Shariah‟sconcept of leasing finance whereby the bank purchases the asset required by the customer and then leases the asset to the customer for a given period, the lease rental and other terms and conditions having been agreed on by both parties.

•**Al-Takjiri**:- This is a variant of the concept of Al-Ijarahwhich, however, provides for the acquisition of the leased asset by the lessee.

•**QardHasan**:-This is a "benevolent loan" which obliges a borrower to repay the lender the principal sum borrowed on maturity of the loan. However, the borrower has the discretion to reward the lender for his/her loan by paying any sum over and above the amount of the principal.

•**Al-Wakalah**:- This is an agreement between a customer and his/her bank in which the former appoints the latter as his/her agent in undertaking a certain transaction on his/her behalf.

•**Al-Kafalah**:- This is an agreement between a customer and the bank whereby the latter guarantees the fulfillment of the obligation of the former to a third party.

2.4.2. Convenience Factors

Schram (1991) in his article using American college students found that convenience remains the primary reason why most college students choose their banks. Gerrard and Cunningham (2001) found convenience factor was rated significantly higher by multiple bankers. Many studies in the literature also suggested that convenience of bank location had a significant positive influence for customers on bank choice (Kaynak and Kucukemiroglu, 1992; Riggal 1979; Laroche et al., 1986; Martenson, 1985; Reed 1972). There were other studies also to observe that convenience was a significant variable that influenced customers for Banks selection decision (Anthony, Ishmael, and Joy, 2015; Hafeez and Saima, 2008;Dawit, 2013).However, research conducted in Arba Minch Town by Agarwal P. (2017) discovered that convenience had an insignificant effect on Bank selection decision.

2.4.3. Bank Pricing:

The price or cost of services provided by banks can be crucial determinants of the bank selection. Customers can be very cost sensitive and any differences in interest charges from bank to bank can alter their perception and make them switch between banks. Price is the amount of money charged for a product or service. Price has been the major factor affecting the buyer choice. Pricing, in the context of banking, has additional components. Banks charge not only fees for the services, but also impose interest charges on loans and pay interest on certain types of accounts, thus pricing has a broader meaning in the banking industry (Gerrard and Cunningham, 2004).

2.4.4. Speed and Service Quality

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

2.4.5. Bank Personnel:

Another important factor to consider is "Staff attitudes". Staff of banks should display high professionalism and behavior to create satisfaction of their customers in order to be considered in the choice set .Hedayatnia&Eshghi (2011) found in his study conducted in Iran customer place more emphasis on factors such as staff behaviors and attitudes alongside with service quality and price. Other

study by Almossawi (2001) in Bahrain about college student bank selection criteria found that Bahraini young people select bank's reputation as one of the five most important factors to consider in theirselection process. KPMG (2013) In Africa survey conducted in 14 countries found that African banking customers overwhelmingly (94 percent) voted „Staff Friendliness" as the most important factor influencing their satisfaction with their bank. The same study revealed that Financial Stability as the most important reason for maintaining banking relationships, followed closely by Excellent Customer Service and Image and reputation.

Narteh (2012) stated that SME managers prefer stable and close personal relationships with their bank managers whom they can contact when they require services. The personal rapport that develops with the bank manager could become the conduit through which business decisions are made.

According to the findings of Syed &Guruswamy (2007) the second most common reason for customers to leave retail banks in Mekelle city was due to staff attitude. In contrast, Rehman&Saima (2008) and Boyd et al., (1994) revealed that Employee's attitudes were found to be insignificant factors. Regarding another personal factor, Tan and Chua (1986) in Singapore, found that advice of friends; neighbors and family members have a strong positive influence on customers' decisions, compared with other variables in selecting financial institutions. Anderson et al. (1976) findings supported by Kaynak (1991), Ta and Har (2000), Almossawi (2001) and recently by Rao (2010), show that recommendation by parents and friends, i.e. peers, was the most important criterion which had significant influence on customers bank choice.

2.4.6. Bank image and reputation

There are some common thing that customers will consider when select a bank such as an overall image of bank, goodwill of bank among customers/ Reputation, advertisement in mass Medias, Modern looking / External appearance of the bank, Employee dress, transaction security and financial performance (Boston, 2001).Rehman and Ahmed (2008) conducted a survey and show that the most important criteria identified by respondents are bank reputation. Robert, Aihie, and Abednego, (2013) Found that financial factors, like safekeeping of funds are quite important in the customers mind. The reason for this is that customers want to be assured that whether their deposit is secure or not in the bank and that, they can trust and stay loyal to the bank that they have selected (Wei, and Lu, 2013). Hinson et al (2013), researches show that security issues are related with the reputation of the bank through the survey from respondents. Some respondents said, "Through the bank reputation then customers know which bank can be trusted and they personally would not go out for just any bank but has proved overtime". Some of the respondents explained that the prestigious bank is trustable, and conducts any transactions with the reputable bank make them feel safe while compare to the others bank (Hinson et al, 2013).

Table 1 Summary of empirical review of the study

No	Author and Years	Country	Factors influence bank selection decision
1	Goitoem(2011)	Ethiopia	Convenience, service provision, banks, image, financial benefits, technology, reputation, promotion strategy,
2	Dawit(2013)	Ethiopia	Convenience, Reliability ,Service provision, "Product Assortment" "Reputation" and "Recommendation from family and friends"
3	Agarwal (2017)	Ethiopia	Technology factors, social influence, service quality factors, bank image factors, and financial factors
4	Kamakodi et al(2008)	India	Safety of funds, secured ATMs, ATMs availability, reputation, personal attention
5	Mokhlis (2009)	Malaysia	Fast and efficient service,friendily and helpful staff, reputation of bank, hours of operation, size of waiting lines convenience of location and efficiency of personal
6	Hinson et al.(2013)	Ghana	Convenience, bank staff-customer relations and banking service financial benefits
7	Khaitbaeva(2014)	USA	Service charge, proximity to location and convenience
8	Maiyaki (2011	Nigeria	Size of bank total asset, Availability of large branch, Reputation of the bank personal security of customer, recommendations of friends/relatives, attractiveness of bank's physical structure and, opportunity of telephone banking
9	Areg (2011)	Nigeria	High interest rates, convenient location and quality of service, safety of funds and the availability of technology based service
10	Siddique(2012)	Bangladesh	Effective and efficient customer services, speed and quality services; image of the bank, online banking, and well management
11	Msangi(2015)	Tanzania	Account opening procedures, operating balance of an account , ATM efficiency/technology Culture, sub culture, and group, Personality, lifestyle

12	Almossawi (2001)	Bahrain	Bank's reputation, availability of parking space near the bank, friendliness of bank personnel, and availability and location of automated teller machines (ATMs
13	Cicic et al. (2004)	Bosnia	reception at the bank, friendliness of bank personnel, low services charges, ease of opening a current account, and confidence in bank management
14	Mylonakis (2007)	Greece	Recommendation by family, reputation /image of bank and interest rate most important.
15	Rao et al (2010)	India	Employee's courtesy, Parking facility, Loyalty programs, Brand name ,Security system and low charges Other findings: responsiveness, value added services
16	Thai(2015)	Perak	Convenience, service quality, security and technology have significant positive relationship with bank selection while price of products and services have significant negative relationship with bank selection
17	Gerrard and Cunningham (2001)	Singapore	Free banking, availability of branch close to university, youth counselor and youth image of the bank.
18	Dusuki et al (2007)	Malaysia	Convenient location, friendly employees, large, profit minded, slow service and efficient service.
19	Moklish et al. (2008)	Malaysia	Recommendation by friends/family, reputation/image of financial institution and interest rate.
20	Owusu(2014)	Ghana	friendly or pleasing manner of staff, ATM service, service quality, external bank appearance and internal sitting arrangement, secured feeling, proximity to home or work place, availability of several branches and long operating hours
21	Zineldin(1996)	Sweden	Service quality, availability of credit, price; distribution system (branches and ATM)promotion; reputation; and differential service

2.5. Conceptual Framework

The conceptual frame can be summarized in the following figure
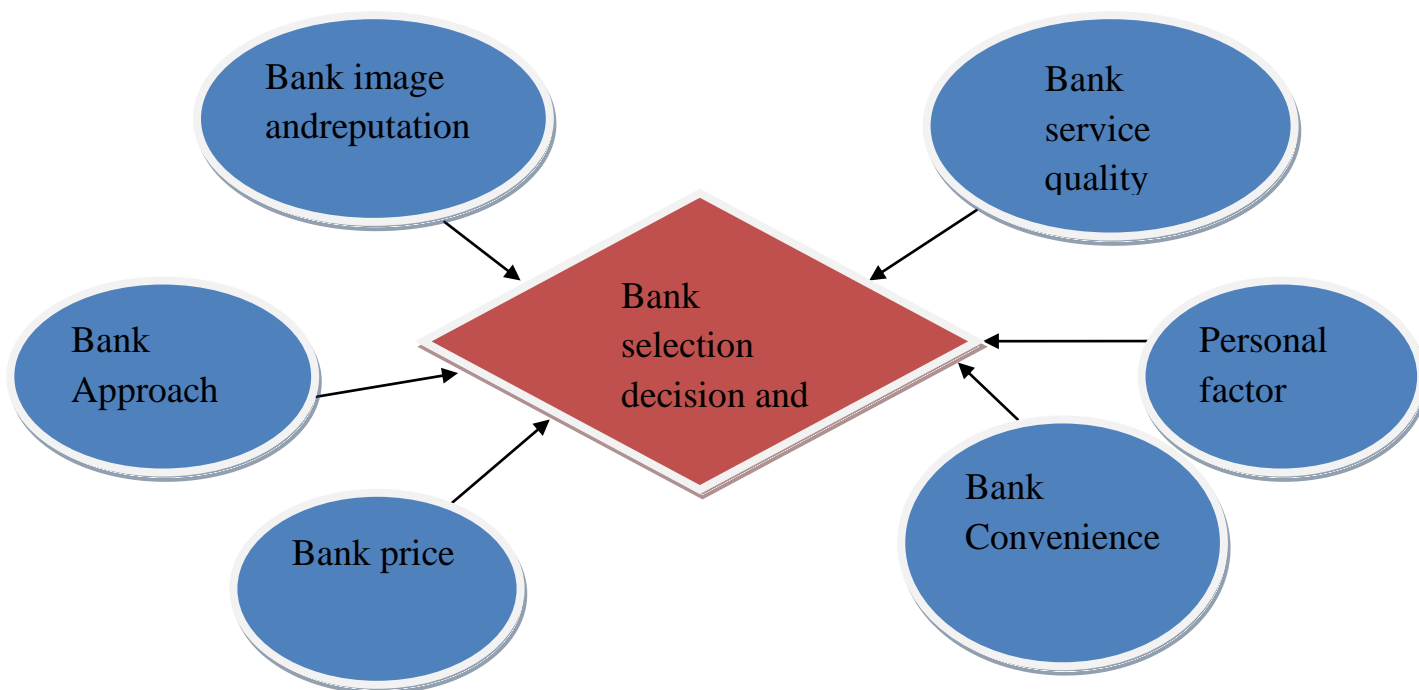
Figure 2 Conceptual Framework Model

Source: own survey, 2020

2.6. Research Gaps

Above literature review that the existence of gap of knowledge in respect to factors affecting customers' bank selection decision, particularly in Ethiopia. As per the review of the literature most of the empirical studies that have been conducted with the aim of identifying factors affecting customers' bank selection decision, belongs to developed countries. There are some studies that are conducted in developing countries but as per the knowledge of the researcher only a few finger counted studies were conducted on factors affecting customers' bank selection decision in banking service in Ethiopia. Knowing of this fact, the researcher is motivated to undertake this study. In addition, as per the knowledge of the researcher there is no research that is conducted by using multiple linear regression models. Therefore, in this study the researcher employed multiple linear regressions to investigate the relation between bank selection factors and customers' bank selection decision.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Research Design

Research design is the program that guides the researchers in the process of collecting, analyzing and interpreting the data. Therefore, the nature of problem and hypothesis of any study usually determine the type of research design adopted by researcher. A choice of research design reflects the priority of a researcher about the dimensions of the research process and methods. Mohammed et al (2014).The objective of this research was to investigate the factors affecting bank selection decision in case of banking industry particularly in Jimma town. the study was adopted both descriptive and explanatory type of research design. Descriptive research design was more suitable to detail description of the findings showed in tables and percentages. An explanatory research design is used to identify the extent and nature of cause-and-effect relationships. Causal research can be conducted in order to assess the impacts of specific changes on existing norms, various processes etc. Since this study tried to examine impact of bank selection factors on customers bank selection decision by evaluating the relationship among the variables

3.2 Research Approach

When showing a research, there were different ways of approaching the problem. According to Creswell (2009), there were three approaches of research; quantitative, qualitative and mixed. The following discussions briefly presents the basic features of these research approaches. Quantitative research is a merit for testing hypotheses theories by examining the relationship among variables (Creswell, 2009). On the other hand, qualitative research approach is a merit for exploring and understanding the meaning individuals or groups ascribe to a social or human problem with intent of developing a theory or pattern inductively (Creswell, 2009). Finally, mixed methods approach is an approach in which the researchers emphasize the research problem and use all approaches available to understand the problem (Creswell, 2003) Hence, based on the above discussions of the three research approaches and by considering the research problem and to comply with the objective of this study mixed approach were employed in order to analyze data collected from customers.

3.3. Source and type of data

In this study, both primary and secondary data were collected from primary and secondary sources. In order to gather the primary data from the customers' self-administered and closed ended questionnaires were prepared and delivered to them. Secondary data were collected from different books, journals, articles, report and from any published and unpublished written materials which support the study.

3.4. Target Population

Population refers to the entire group of people or things of interest that the study wishes to investigate, Sekaran (2010). Bryman& Bell (2003) defines a population as basically the universe of units from which the sample is to be selected. The participants of this study were all bank customers in Jimma town

3.5. Sampling techniques, Sample Size

In this study the researcher purposely selected 13 banks, from which the data were collected these are Awash Bank, Abyssinia Bank, Berhan International Bank, Wegagen Bank, Dashen Bank, Cooperative Bank of Oromia, Oromia International Bank, Buna International Bank, Nib International Bank, and United Bank, Abay Bank, Addis International Bank, and one well-known state owned bank (Commercial bank of Ethiopia)

In this study respondents were selected because of their convenient accessibility at the time of data collection. Because convenience sampling is appropriate in case respondent cannot be specifically located by the researcher, but, subjects are selected because of their convenient accessibility and proximity to the researcher (Creswell, 2003).

The researchers used Cochran's (1977) sample size determination formula to determine the sample size for study population with 95% confidence level which is used by most of the researcher (Anderson 2009, PP. 313-316)

$No=z^2*p (1\_q)/e^2$

Therefore, for a confidence level 95%, Z= 1.96, e=0.05, and p=0.5

No=$1.96^2*0.25/0.05^2$=384

No= required return sample size according to Cochran's formula= 384

Assuming response rate of 75%, a minimum drawn sample size were 288 which is calculated as follows

n1 = 384*0.75 = 288

Where:

➢ Anticipated return rate = 75%.

➢ **n1**= sample size adjusted for response rate.

➢ Maximum sample size = 384.

In this study according to Cochran's sampling technique take 288 sample respondents from commercial banks of Ethiopia in Jimma. Accordingly, 288 questionnaires were distributed to bank's customers. Among these distributed questionnaire, 245 questionnaires were returned with 85% response rate.

The researchers used the most frequently chosen confidence interval of 95% (1.96) from z distribution table). A larger value for the quantity p (1 - q) was result in a larger sample size. Note that the largest value of p (1 - q) occurs when p =0.50, that the sample size is sufficient to obtain the desired margin of error. It is also recommended to use planning value of *p*= 0.5 based on this detail the researchers was designated p to be 0.5 (Anderson 2009, PP. 313- 316)

3.6. Data Analysis Methods and Model specification

3.6.1 Model specification

In this study multiple linear regression models used to achieve research objectives. The basic objective of using multiple linear regression analysis in this study will be make the research more effective in analyzing impacts of independent variables on the dependent variable. The method was used to study the relation between bank selection factors and the overall customers Bank selection decision and preference. Multiple linear regression equation state as the following forms.

BSD&P= f (BAF, BCONF, BPF, BSQF, BPF, BI&R)

$Y = \alpha + \beta 1 BAF + \beta 2 BCONF + \beta 3 BPRF + \beta 4 BSQF + \beta 5 BPF, \beta 6 BI\&R + e$

Where:

BSD&P -------customers' bank selection decision and preference dependent variable

α --- Constant or it is a model parameter that represents the mean value of the dependent variables (BSD&P) when all the value of dependent variable is zero.

β1, β2, β3, β4, β5and β6 were the partial slope for β1, β2, β3, β4, β5 & β6 = Co-efficient, or it is a model parameter that represent the slops of a line that measures the change in the value of the dependent variables associated with one-unit change in the value of the independent variables

BAF----- bank Approaching factors

BCONF -------Bank Convenience factors

BPRF------- Bank price factors

BSQF --------Bank Service Quality factors

BPF------- Bank personal Factors

BI&R----------- Bank Image and reputation factors

ϵi ------ residual error term that describes the effect on Y of all other independent variables.

So in this research, multivariable regression model was utilized to estimate the impact of each bank selection factors on customers' bank selection decision. In order to perform multiple linear regression analysis, the researcher checked whether the collected data fulfilled or not the assumption of linear regression like: Multicollinearity Normality, and sample size.

3.7. Definition of variables and their measurement

3.7.1. Dependent variable

In this study, customers' bank selection decision and preference was the dependent variable and this variable is a categorical variable. A number of studies have been undertaken to analyze factors that affect customers" preference in banking services. Among these studies include Mokhlis et al. (2008) who examined the determinants of bank selection criterion in Malaysia considering undergraduate students; while Mokhlis (2009) attempted to analyze gender-based choice decisions. Correspondingly, in Bahrain (Almossawi, 2001), a case of college students and in Greek (Mylonakis, 2007), a research task of customer preferences in the home loans market were done. Other studies are also undertaken in Europe (Bosnia & Herzegovina by Cicic et al., 2003; Greek by Mylonakis, 2007) and Africa (Ghana by Blankson et al., 2007, Nigeria by Maiyaki et al., 2010; Maiyaki, 2011) countries on the issue of bank selection criteria in line with customers" preference: why and how they select a particular bank to be served there. Although such studies have contributed substantially to the literature on bank selection, their findings may not be applicable to other countries like Ethiopia, due to differences in cultural, economic and legal environments.

3.7.2. Independent variables

Based on the reviewed empirical as well as theoretical literatures, for the sake of conducting this study the researcher used six specific variables (i.e. , Bank Approach, convenience factor, price factor, service quality factor, personal factor, bank image and reputation factors) those regressed against the dependent variable. Accordingly, the researcher expected these selected variables to have a potential influence on bank selection decision and preference in Jimma Town. Description of each selected explanatory variables for this study; including their measurement and expected relationship with the dependent variable, discussed next.

Specific Variables

Bank approach

Bank approach refers to the type of the bank whether Islamic banks or conventional banks. Since the establishment of the Islamic bank in the early 1960s, it has continued to play an important role as a financial intermediary until today but still in our country was starting or un introduction open only on new branch to give those type of product. (Lateh, 2009)Islamic banking is considered to be one of the fastest growing sectors in the financial world. with Islamic banking no longer considered as business entity established only to satisfy the religious obligation of Muslim community , it's a business that essentially pursues maximizing customer value a and satisfying their financial security needs (Henry and Wilson,2004).

Convenience

Schram (1991) in his article using American college students found that convenience remains the primary reason why most college students choose their banks. Gerrard and Cunningham (2001) found convenience factor was rated significantly higher by multiple bankers. Many studies in the literature also suggested that convenience of bank location had a significant positive influence for customers on bank choice (Kaynak and Kucukemiroglu, 1992; Riggal 1979; Laroche et al., 1986; Martenson, 1985; Reed 1972). However, research conducted in Arba Minch Town by Agarwal P. (2017) discovered that convenience had an insignificant effect on Bank selection decision.

Bank Pricing:

The price or cost of services provided by banks can be crucial determinants of the bank selection. Customers can be very cost sensitive and any differences in interest charges from bank to bank can alter their perception and make them switch between banks. Price is the amount of money charged for a product or service. Price has been the major factor affecting the buyer choice. Pricing, in the context of banking, has additional components. Banks charge not only fees for the services, but also impose interest charges on loans and pay interest on certain types of accounts, thus pricing has a broader meaning in the banking industry (Gerrard and Cunningham, 2004).

Service Quality

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

Bank Personnel:

Another important factor to consider is "Staff attitudes". Staff of banks should display high professionalism and behavior to create satisfaction of their customers in order to be considered in the choice set .KPMG (2013) In Africa survey conducted in 14 countries found that African banking customers overwhelmingly (94 percent) voted, Staff Friendliness" as the most important factor influencing their satisfaction with their bank. The same study revealed that Financial Stability as the most important reason for maintaining banking relationships, followed closely by Excellent Customer Service and Image and reputation. According to the findings of Syed &Guruswamy (2007) the second most common reason for customers to leave retail banks in Mekelle city was due to staff attitude. Anderson et al. (1976) findings supported by Kaynak (1991), Ta and Har (2000), Almossawi (2001) and recently by Rao (2010), show that recommendation by parents and friends, i.e. peers, was the most important criterion which had significant influence on customers bank choice.

Bank image and reputation

There are some common thing that customers will consider when select a bank such as an overall image of bank, goodwill of bank among customers/ Reputation, advertisement in mass Medias, Modern looking / External appearance of the bank, Employee dress, transaction security and financial performance (Boston, 2001).

Rehman and Ahmed (2008) conducted a survey and show that the most important criteria identified by respondents are bank reputation. Robert, Aihie, and Abednego, (2013) Found that financial factors, like safekeeping of funds are quite important in the customers mind. The reason for this is that customers want to be assured that whether their deposit is secure or not in the bank and that, they can trust and stay loyal to the bank that they have selected (Wei, and Lu, 2013). Hinson et al (2013), researches show that security issues are related with the reputation of the bank through the survey from respondents.

3.8. Methods of Data Processing and Analysis

There are three objectives in data analysis; getting a feel for the data, testing the goodness of the data, and answering the research question. Establishing the goodness of data lends credibility to all subsequent analysis and findings because it measures the reliability and the validity of the measures used in the study (Sekaram (2003).The data will be checked adequately for reliability and clarification. The data will analyzed using quantitative techniques, whereby the findings will be presented in the form of frequency distribution tables and pie charts while qualitative techniques are incorporated in the study to facilitate description and explanation of the findings. The collected data will enter into a computer and it will be analyze by the researcher by using Statistical Package for Social Sciences (SPSS Version 20).

3.8.1. Validity

Validity refers to the extent to which an instrument measures what is supposed to measure. Data need not only to be reliable but also true and accurate. If a measurement is valid, it is also reliable (Joppe 2000). The content of validity of the data collection instrument was determined through discussing the research instrument with the research experts in the university.

The valuable comments, corrections, suggestions given by the research experts assisted in the validation of the instrument. The research experts and the bank staff is expected to tick the items in the questionnaires if they help to determine factors influencing customers' bank selection decision and preference or not. The content of the responses given by the respondents were checked against the study objectives. Evidence of content relevance, representativeness and relevance to the research variables indicates that the research instruments are valid (Joppe 2000).

3. 8.2. Reliability

Reliability refers to the consistence, stability, or dependability of the data. Whenever an investigator measures a variable, he or she wants to be sure that the measurement provides dependable and consistent results (Cooper & Schindler 2003).

A reliable measurement is one that if repeated a second time gives the same results as it did the first time. If the results are different, then the measurement is unreliable (Mugenda & Mugenda 2008). To measure the reliability of the data collection instruments, an internal consistency technique using Cronbach's alpha was applied (Mugenda 2008). Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability (Zinbarg 2005).

An alpha coefficient of 0.75 or higher indicated that the gathered data are reliable as they have a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population (Zinbarg 2005). All the study variables were found to have a cronbanch alpha coefficient greater than 0.8 and thus they were all retained for further analysis.

3.8.2 Analysis of reliability Test

Table 3. 1: Final reliability test results

Bank selection factors	Number of attributes	Cronbach's Alphas' Results
Bank approach	2	0.737
Convenience	5	0.745
Bank price	5	0.771
Service quality	15	0.789
Bank personnel	4	0.732
Bank image and reputation	4	0.728

Source: own survey, 2020

In this research average test results of the Cronbanch alpha values was 0.750 Therefore, the result is greater than the minimum value 0.6 and it indicates there is not reliability problem in the instrument

CHAPTER FOUR

4. RESULT AND DISCUSSION

4.1. Introduction

This chapter basically provides the data analysis and discussion part of the study. The descriptive and inferential analyses as well as, the discussion of the results are provided in the following sections.

4.1.2. Demographic characteristics of respondents

The results obtained from demographic information of the structured questionnaires were presented through frequency and valid percentage as shown on the table below.

Table 2 Demographic characteristics of respondents

Table 4.1. Demographic characteristics of respondents			
Characteristics		Frequency	Percent
Gender of respondents	Male	138	56.32
	Female	107	43.68
	Total	245	100.0
Age of the *respondents*	$\leq$20	62	25.3
	21-35	126	51.42
	36-50	44	17.9
	>50	13	5.3
	Total	245	100.0
Educational background	$\leq$20 grade 8	12	4.89
	Grade 9-12 completed	39	15.91
	Diploma	88	35.91
	BA degree and above	106	43.26
	Total	245	100.0

	Government employed	148	60.4	
Occupation	Self employed	34	13.8	
	Retired	13	5.3	
	Others	50	20.4	
	Total	245	100.0	

Source: compiled from questioner.

The above table .2 presents the General Information of the Respondents. It shows that majority of the respondents are males that are 138(56.32%) and the remaining 107(43.68%) are females in which the males are dominant in the study. The table above also shows that the age of the respondents ranging from the 21-35years are 126(51.42%) that they are the dominant in the study and ages below 20,36-50,and above 50 years are 62(25.3%),44(17.9%)and 13(5.3%) respectively

In terms of their education 106(43.26%) have degree and above, 88(35.91) have a diploma, 39(15.91%) completed grade 9-12 and the rest 12(4.89%) below grade 8. This education level result shows that the majority of customers of the bank have degree and above. This describes that the adoption and use of banking services have some kind of correlation with the education level. That means as the level of education upturns the awareness' to use banks as well as financial literacy increases. Occupation of the customer's shows that 148(60.4%) are Government employed, 34(13.8%) are Self-employed, whereas13 (5.3%) are retired and remain 50 (20.4%) are include in others group. This shows that the Government employed have highly committed to have a bank account than other customers.

4.1.3 Descriptive Analysis of customers bank selection factors
Table 3 bank selection factors analysis

No	Bank Approaches			
	Item	N	Mean	S.dvn
1	Islamic banking .It gives Islamic banks because of Varity of the Islamic financing alternatives	245	3.6174	1.07691
2	Conventional banking	245	3.4678	1.02154
	Average mean and standard deviation	245	3.5426	1.04925
	Convenience			

38

3	Availability of transportation	245	**3.7924**	**1.10136**
4	Closeness to my home/work	245	3.5691	1.02649
5	It has long opening hr rather than others	245	2.7124	1.01003
6	It has several branches rather than others	245	3.9248	1.10694
7	It has pleasant bank environment	245	3.6061	1.10219
	Average mean and standard deviation	245	3.52096	1.069402
	Bank Pricing			
8	Appropriate amount of service charges	245	3.1548	1.00364
9	Its interest rate on saving is high in contrast to others	245	3.9782	1.40364
10	Capital and size of the bank is adequate	245	3.2183	1.01574
11	Financial performance of the bank is sound	245	2.9015	0.92456
12	Its interest rate on loans is low in contrast to others	245	3.9687	1.46082
	Average mean and standard deviation	245	**3.4443**	**1.16168**
	Bank Service Quality			
13	Money transfer services and money exchange	245	3.6987	1.12011
14	Fast and efficient service	245	3.7958	1.17036
15	Safety and availability of funds and foreign money	245	3.9218	1.4623
16	Ease of opening a current account.	245	3.6791	1.09242
17	Ease of obtaining loans	245	3.9924	1.52415
18	Availability of ATM at multiple location	245	3.8876	1.40061
19	Mobile banking (Transaction Alerts) and Telephone Banking	245	3.2976	1.00369
20	E-banking and bank website(it provide Internet /online banking facility	245	3.5749	1.01013

21	Connectivity to other bank ATM's	245	3.6597	1.20042
22	Accurate availability of Innovative products & services	245	3.2487	1.09204
23	It offer Variety of service to customer	245	3.1186	1.00301
24	Willingness to listen and respond to your need	245	3.6914	1.20016
25	Providing service in specified time	245	3.3921	1.08326
26	Clients confidentiality regarding personal information.	245	2.5795	0.90132
27	Easy contact with branch manager	245	3.9715	1.50146
	Average mean and standard deviation	**245**	**3.5673**	**1.18436**
Bank Personnel				
28	Personnel attention.	245	2.6987	0.92458
29	I'm satisfied with Employee dress & appearance	245	2.7125	0.97512
30	Friendly and pleasing manners of staff	245	3.1548	1.00034
31	Ability to solve problems	245	2.9952	0.99901
	Average mean and standard deviation	**245**	2.8903	0.97476
Bank image and reputation				
32	good will of the bank among customers attract me	245	3.2201	1.0624
33	I'm satisfied with over all image of the bank	245	3.7918	1.1182
34	advertise its service in mass media	245	2.6394	0.98901
35	modern looking of the bank	245	3.9648	1.39645
	Average mean and standard deviation	**245**	**3.4040**	**1.14151**

Source: SPSS

4.1.4. Explanation of descriptive statistics result

All characteristics of each factor were analyzed by using descriptive analysis. In addition, means were computed for all attributes to identify the relative importance of such attributes to the customers in their bank selection process. In terms of overall factor means, the Bank Service Quality is the most important in terms of bank whereas; Bank Personnel Factor is the least important

Bank Approach factor in table 3 shows that; bank selection factors gives Islamic banks because of Varity of the Islamic financing alternatives (mean=3.6174), and Conventional banking the pleasant bank service environment of the bank (mean=3.4678).

Convenience factor; identifies that; bank selection factors based on several branches bank they have rather than others (mean=3.9248), Closeness to home/work place of the customers, Availability of transportation, It has pleasant bank environment and It has long opening hour rather than others (mean=2.7124).

Bank Price factor deals with its interest rate on saving is high in contrast to others (mean=3.9782),Its interest rate on loans is low in contrast to others, Capital and size of the bank is adequate, Appropriate amount of service charges, and Financial performance of the bank is sound (mean =2.9015).

Service Quality factors comprise items related to Service quality including, Ease of obtaining loans (mean= 3.9924),Easy contact with branch manager, Safety and availability of funds and foreign money, Money transfer services and money exchange, Fast and efficient service, Ease of opening a current account.

 Availability of ATM at multiple location, Mobile banking (Transaction Alerts) and Telephone Banking-banking and bank website (it provide Internet /online banking facility Connectivity to other bank ATM's Accurate availability of Innovative products &services Accurate availability of Innovative products & services It offer Variety of service to customer, Willingness to listen and respond to your need, Providing service in specified time and Clients confidentiality regarding personal information. (mean=2.5795).

Personal factors Friendly and pleasing manners of staff(mean=3.1548),Ability to solve problems, I'm satisfied with Employee dress & appearance and I'm satisfied with Employee dress & appearance(mean =2.7125).

Bank Image and Reputation factor: Bank image and reputation; including item related to bank image and reputation, modern looking of the bank (mean=3.9648).

I'm satisfied with over all image of the bank, good will of the bank among customers attract me and advertise its service in mass media (mean =2.6394).Nevertheless, it is worth mentioning that, between the factors reported above the fourth, first, second and third factors were characterized by much higher mean ranking of importance. That means customers bank selection decision was much more affected by Service Quality, Bank Approaches, Convenience and Bank Pricing Factors respectively whereas the Bank image and reputation and Bank Personnel Factor were the least important.

Mean value indicate that the level of important which is the highest mean value is indicators more closed, and also the standard deviation important is the large standard deviation (relative to the mean) indicates that the data points are distant from the mean (i.e. the mean is not an accurate representation of the data). and Small standard deviations (relative to the value of the mean itself) indicate that data points are close to the mean..

4.1.5 Ranking Importance of Bank Selection Factor

Table 4 Ranking importance of Bank Selection Factors

Bank selection factors	Mean	S.td	Rank
Bank Service Quality	3.5673	1.18436	1
Bank Approaches	3.5426	1.04925	2
Convenience	3.52096	1.06942	3
Bank Pricing Factors	3.4443	1.16168	4
Bank image and reputation	3.4040	1.14151	5
Bank Personnel Factor	2.8903	0.97476	6

Source: own survey, 2020

In order to evaluate differences in the importance of bank selection standards employed, a ranking table was shaped by showing the mean score of each factor. Table 4 presents the results with respect to qualified importance of bank selection criteria factors.

The top three factors that found in the listing Bank Service Quality (mean=3.5673), Bank Approaches (mean= 3.5426)and Convenience (mean= 3.52096) have highest significance on customers bank selection decision respectively.

This is consistent with the previous findings in the literature Zineldin (1996), Mokhlis et al., 2008); Mokhlis, 2009; Katircioglu, 2011). On the opposing, in the study conducted by Mokhlis et al. (2008),

Bank Pricing Factors(mean= 3.4443) was graded as the fourth most important key factor influencing customers when determining which bank to support These findings consistent with similar Study conducted by Areg (2011).Related to Pricing Factors High interest rates, convenient location and quality of service, safety of funds and the availability of technology based service

The Bank image and reputation factors (mean=3.4040) is ranked as fives important factors by the customers. These findings although, consistent with the previous studies conducted by (Mokhlis, 2009; Gerrard and Cunningham, 2001, serkalem, 2018).

Personnel Factor (mean=2.8903**)** was found to be the last and least important criteria in selection of banks by the customers. This result consistent with the findings of Almossawi (2001) Msangi (2015) and Cicic et al. (2004)

4.2 Inferential Analysis

4.2.1 Correlation analysis

According to Gujarati (2004), the correlation analysis is made to describe the strength of relationship or degree of linear association between two or more variables. In Pearson correlation matrix, the values of the correlation coefficient range between -1 and +1.It is common in most studies making correlation analysis between variables before going to detail regression analysis. Correlation analysis is used to identify the direction of relationship between dependent and independent variables and to measure the degree of association between them. The value of correlation lies between +1 and-1. A correlation coefficient close to either − 1 or +1 shows that there was strong inverse or direct relationship between variables respectively, or A correlation coefficient of negative one implies that a perfect negative linear relationship between the two variables while positive one indicates a perfect positive linear ; whereas a correlation coefficient of zero indicates that the variables are uncorrelated. Correlation analysis is conducted in this section in order to analyze and inspect the relationship between bank selection factors and bank selection decision.

Table 5 Pearson's correlation coefficient matrix

	BSD	SQF	BAF	CONF	BPRF	BPF	BI&R
BSD	1						
SQF	$.551^{*}$	1					
BAF	$.428^{*}$	$.-058^{**}$	1				
CONF	$.358^{*}$	$.063^{**}$	$.138^{*}$	1			
BPRF	$.317^{*}$	$.39^{*}$	$.-068^{**}$	$.053^{**}$	1		
BPF	$.258^{*}$	$.49^{*}$	$.-043^{**}$	$.-061^{**}$	$.039^{**}$	1	
BI&R	$.079^{**}$	$.-028^{**}$	$.-072^{**}$	$.-067^{**}$	$.-046^{**}$	$.-052^{**}$	1

Source: SPSS

*** denotes significant at 1% level, ** denotes significant at 5% level and * denotes significant at 10% level *significant at 10% * (P > 0.1) , significant at 5%** (P > 0.05)*

The multivariate regression equation, the impact of each of the explanatory variables on the bank selection decision and preference factor estimate was assessed in terms of the statistical significance of the coefficients 'βi'. Using a 10%, 5% and 1% levels of significance, an estimated coefficients considered to be statistically significant if p-value ≤ 0.1, p-value ≤ 0.05 and p-value ≤ 0.01 respectively. Correlation is an effect size and so we can verbally describe the strength of the correlation decision using the guide that (Evans 1996) suggests for the absolute value of r. From the above table 5 result, Bank Service Quality, is the most correlated variable with customers bank selection decision (with the r value of 0.551) (with p-value of 0.000) was strongly significant at significant level 1% customers' bank selection decision and preference, and it was trailed by bank approach factors (with the r value of 0.428) (with p-value of 0.000) was strongly significant at significant level 1% customers' bank selection decision and, Convenience (with the r value of 0. 358) (with p-value of 0.008) was strongly significant at significant at significant level 5% customers' bank selection decision and preference, Bank Pricing Factors(with the r value of 0.317) (with p-value of 0.001) was strongly significant at significant at significant level 5% customers' bank selection decision and preference,

Since the significance level of Bank Personnel Factor(with the r value of 0.258) (with p-value of 0.524) was relatively large bank personnel is insignificant and the two Variable are not linenerly related and Bank image and reputation(with the r value of .079) (with p-value of 0.0881) respectively insignificant and the tow variable are not Linearly related. Overall the Pearson Correlation result shows that, the independent variables are well correlated with the customers' bank selection.

4.2.2. Multiple linear regression assumptions

Before connection regression analysis, it is indispensable to test assumptions of multiple linear regression analysis Model (Keith, 2006; Pallant, 2005). Then, each assumption result was discussed below

1. Normality test

The normality assumption is about the mean of the residuals is zero. Moreover, Normality tests are used to determine whether a data set is well-modeled by a normal distribution or not, or to compute how likely an underlying random variable is to be normally distributed (Gujarati, 2009). Thus, the researcher used Histogram method andp-p plot of testing the normality of the data. According to (Gujarat, 2009) if the residuals are normally distributed around its mean of Zero, the histogram should be a bell-shaped and regression standardized residual plotted between -3 and 3.weunderstand from the p-p plot indicated in the residuals seem normally distributed and the residuals are distributed with a mean of 0 and that the data confirms to the normality assumption

Table 6 Residuals Statistics on Normality Test

Residuals Statistics					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.5136	3.9947	3.7913	.59366	245
Residual	-1.07123	1.01159	.000	.49928	245
Std. Predicted Value	-2.092	1.734	.000	1.000	245
Std. Residual	-1.591	1.697	.000	.896	245

Source: SPSS

2. Linearity test

Multiple linear regressions can exactly estimate the relationship between dependent and independent variables, when their relationship is linear in nature (keith, 2006). if linearity is violated, all the estimates of the regression including regression coefficients, standard errors, and tests of statistical significance may be biased (keith, 2006). This can be best checked by p-p plot residual as shown in the appendix c. when, p-p residual look at straight line, the relationship between the dependent and independent variables is linear. Therefore, there is no linearity problem on the data used for this study.

3. Multi co linearity Test

According to Gujarati (2003), Multi co linearity test helps to identify the correlation between independent variables and to avoid double effect of independent variable from the model. When independent variables have Multi co linearity, there is overlap or distribution of extrapolative power. This may lead to the inconsistent effect, whereby the regression model fits the data well, but none of the explanatory variables has a significant impact in forecasting the dependent variable. For this determination, variance inflation factor (VIF) and tolerance test were employed to check whether or not Multi co linearity problem exists in explanatory variables if the value of VIF is less than 0.8, there is no Multi co linearity between the explanatory variables.

On the other hand VIF greater or equal to 0.8 are appointer of a serious Multi co linearity problem. In addition, tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula for each variable. If this value is very small (less than 0.8), it indicates that the multiple correlation with other variables is high, suggesting the possibility of Multicollinearity (Keith, 2006; Shieh, 2010).

Table 7 Collinearity Statistics

	Tolerance	VIF
SQF	.497	1.329
BAF	.506	1.109
CONF	.697	1.082
BPRF	.462	1.271
BPF	.569	1.011
BI&R	.634	1.170

Source: SPSS

As shown in co linearity Statistics in the above table 7, the value of VIF of all independent variables was found to be less than 0.8 and for similar purpose tolerance is used for test Multi co linearity by having less than 1 in this study the tolerance value for each independent variable is well above 0.1. Therefore, all the results confirm that Multi co linearity assumption is not violated.

4. Sample size test

With a lesser sample, one cannot obtain a result that help to generalize other target of population. If results do not generalize to other samples, then it is slight technical value. To test sample size researcher uses a formula given by (Pallant, 2005). This formula used to test sample size problem by taking into account the number of independent variables as follow:

N> 50+8m   =   N> 50+8(6)   =   245>98

Where; m = number of independent variables which were Bank Service Quality factors, Bank Approaches factors, Convenience factors, Bank Pricing Factors, Bank image and reputation factors and Bank Personnel Factor- valid sample   size) .Based on the above equation result, valid sample size 245 is greater than 98 and this result exposed that the data adapts to the sample size assumption

4.2.3 Result of regression analysis

The researcher employed multiple linear regression models to determine factors affecting customers' bank selection decision.

Table 8 Model summary of linear regression

Model	*R*	*R square*	Adjusted R Square	Std. Error of the estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	*P*	
1	816	.687	.645	.69154	.687	91.007	6	238	2.673	

Source: SPSS

As indicate in table 8 adjusted R-square value for this model is 0.645, which means six Bank selection factors are able to measure customer bank selection decision at 68.7% Though; the remaining 31.3 % could be some other variables which had not been considered in this study.

4.2.4 ANOVA (Analysis of variation)

Table 9 ANOVA

Model		Sum of Squares	d.f	Mean Square	F	Sig.
1	Regression	139.703	6	29.907	91.007	.000
	Residual	115.628	238	.316		
	Total	255.331	244			

Source: SPSS

F-test shows the overall significance of variables, $F_{(6,238)} = 91.007$, $P = 0.000$. The F-value of the model with 91.007 and the p-value 0.000, which is less than 0.05 level of significant, indicates that there is at least one independent variable influence the bank selection decision and preference. The null hypothesis of the model was rejected at 1 %, 5%, and 10% significance level. Therefore, the model variables are jointly significant. Here one can infer from the results of R-squared and F- statistics that the implemented models of this research are well fitted that we reject null hypothesis and can conclude that Bank Approach, convince, service quality, bank price, Bank personal, Bank Image and reputation bank selection decision have significant on bank selection decision. Hence, the model should be:- **BSD=α+ β1 SQF+B2BAF+ β3CONF + β4BPRF+ β5BPF+β6 BI&R +e**

Table 10 Coefficient of factors affecting customer's bank selection decision

Model	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
Constant	1.726	.217		7.988	.014
BAF	.201	.029	.297	4.943	.000
SQF	.109	.034	.039	3.897	.000
CONF	.038	.027	.163	0.986	.008
BPRF	.203	.056	.211	2.871	.001
BP	.139	.041	.293	2.354	0.524
BI&R	.063	.019	.251	3.509	0.881

Source: SPSS

BSD= 1.726+.201BAF+.109SQF+.038CONF +.203BPRF+.139BPF+.063BI&R

Table 10 shows the regression coefficients of predictor variables and their level of influence on the criterion variable, BSD. In order to assess the relative influence of predictor variables (Approach, service quality, convince, price, personnel and bank Image and reputation) on the criterion variable, multiple linear regression analysis was computed. The table shows that, all the predictor variables made a statistically significant prediction in predicting the dependent variable, BSD.

Beta value shows the relative contribution or influence of each predictor variable to the dependent variable. The Beta value for predictor variable, **price** and **Approach**, was 0.203 and 0.201which implies that this predictor variable made the first strong positive and statistically significant influence in explaining or predicting the dependent variable (BSD) when the variance explained by all other variables in the model is controlled for.

In addition, predictor variable, **personnel** and **service quality** made a statistically significant positive influence to the dependent variable with Beta value of 0.139 and 0.109 respectively. This indicates that number of branch made the second strong positive influence in predicting the criterion variable, BSD and predictor variable service quality made the third strong positive influence/contribution in predicting the dependent variable.

Finally, the remaining predictor variable, **bank Image and reputation** and **convince**, and made the least strong statistically positive significant contribution/influence in determining the dependent variable with Beta value of 0.063 and 0.038 respectively.

$H_0 = 0$:Approch has no significant effect on Bank selection decision

$H_1 \neq 0$: Approach has significant effect on Bank selection decision

Since the p-value = $0.000 \leq 0.05$, we will reject the null hypothesis. Therefore, at $\alpha = 0.05$ level of significant level, there exist enough evidence to conclude that Approach has significant effect on bank selection decision.

$H_0 = 0$: service quality has no significant effect on Bank selection decision

$H_1 \neq 0$: service quality has significant effect on Bank selection decision

Since the p-value = 0.000 ≤ 0.05, we will reject the null hypothesis. Therefore, at α = 0.05 level of significant level, there exist enough evidence to conclude that service quality has significant effect on bank selection decision.

$H_0 = 0$: convince has no significant effect on Bank selection decision

$H_1 \neq 0$: convince has significant effect on Bank selection decision

Since the p-value = 0.008 ≤ 0.05, we will reject the null hypothesis. Therefore, at α = 0.05 level of significant level, there exist enough evidence to conclude that convince has significant effect on bank selection decision.

$H_0 = 0$: price has no significant effect on bank and Bank selection decision

$H_1 \neq 0$: price has significant effect on bank and Bank selection decision

Since the p-value = 0.001 ≤ 0.05, we will reject the null hypothesis. Therefore, at α = 0.05 level of significant level, there exist enough evidence to conclude that price has significant effect on bank selection decision.

$H_0 = 0$: personal factor has no significant effect on Bank selection decision

$H_1 \neq 0$: personal factor has significant effect on Bank selection decision

Since the p-value = 0.524 ≤ 0.05, we will reject the Alternate hypothesis. Therefore, at α = 0.05 level of significant level, there exist enough evidence to conclude that personnel has insignificant effect on bank selection decision.

$H_0 = 0$: bank Image and reputation has no significant effect on Bank selection decision

$H_1 \neq 0$: bank Image and reputation has significant effect on Bank selection decision
:

Since the p-value = 0.881 ≤ 0.05, we will reject the Alternate hypothesis. Therefore, at α = 0.05 level of significant level, there exist enough evidence to conclude that bank Image and reputation has insignificant effect on bank selection decision.

4.3 Discussion of Results

Based on the research finding, we will now discuss how results of this study support the objectives.

4.3.1 The effect of service quality on Bank selection decision and preference

According to the result, the effect of service quality on bank selection has a p-value of 0.000 (less than $\alpha = 0.05$).

The result tells that availability of money transfer and money exchange fast and efficient service, safety and Availability of fund foreign money, ease opining a current account ,ease of obtaining loan, availability of ATM in different location ,E-banking ,connectivity to other bank ATM, it offer verity of service to customer, willingness to listen and respond to your need, significantly affects customer of Jimma town for bank selection decision as they feel the bank is approaching them as easily contact with branch manager. This finding is consistent with the study of Sharma &Rao (2010), Aregbeyen (2011), Serkalem (2018), and Williamson (2006).

This indicates that, in their bank selection, the new generation of customers tends to put more importance on the factors which give them fast and suitable access to the bank services.

This finding is similar to the results of Salih Turan Katircioglu et al., (2011) "The number of ATM (automatic teller machines) booths" is the most important selection criteria for people from Romania. It was found that factors such as availability of large branch network have a great influence in customers" choice of banks and 24 hours availability of ATM services. This is consistent with the findings of Ahmed Audu Maiyaki, (2011) surveyed in Nigeria and Mohamad Sayuti Md. Saleh et al. (2013) in Malaysia.

 This result was consistent with our expectation of hypothesis 2.

4.3.2 .The effect of price on Bank selection decision and preference

The current study shows that, the relationship between convenience and bank selection decision has a p-value of 0.001 (which is less than $\alpha = 0.05$). This represents that there are significant relationship between price and bank selection.
The price specific factors were the appropriate amount of service charge, its interest rate on saving is high in contrast to other, capital and size and size of the bank is Adequate ,financial performance of the bank is sound, and its interest rate loans is low in contrast to other.

The regression result in this study indicates that, price has a positive and significant effect on bank selection decision at 1%, 5%, and 10% significant level. price is a significant factor for Jimma town customer towards bank selecting decision and preference. This is consistent with prior empirical evidence (Gerrard and Cunningham, 2004), Suggesting that bank Jimma town customer, and proximity to the ranked the highest mean values of the factors. Among others, the result is consistent with the research conducted by serkalem (2018). This proves that a bank price that meets the needs of the customer will have upper hand against other competitors in the market.

Generally, we reject the null research hypothesis (i.e. there is a significant relationship between price and Bank selection decision).

4.3.3 The effect of Approach on Bank selection decision and preference

The current study shows that, the relationship between bank Approach and bank selection decision has a p-value of 0.00 (which is less than $\alpha = 0.05$). This represents that there are significant relationship between convenience and bank selection.

The Approach specific factors were the customer's needs unique type of service such like only interest free banking service branch and Conventional banking .

The regression result in this study indicates that, Approach has a positive and significant effect on bank selection decision at 1%, 5%, and 10% significant level. Approach is a significant factor for Jimma town customer towards bank selecting decision and preference. Highest mean values of the factors, this proves that bank Approach that to meets the needs of Jimma town customer will have upper hand against other competitors in the market. the result is inconsistent with the research conducted by HeshamEssam El-Tawil, (2015).

Generally, we reject the null research hypothesis (i.e. there is a significant relationship between bank Approach and Bank selection decision).

4.3.4.The effect of convenience on Bank selection decision and preference

The current study shows that, the relationship between convenience and bank selection decision has a p-value of 0.008 (which is less than $\alpha = 0.05$). This represents that there are significant relationship between convenience and bank selection.

The convenience specific factors were the availability of transportation, the nearness to bank branches and it has pleasant manner of environments, it has long opening hours more than others, and it has several branch rather than other.

The regression result in this study indicates that, convenience has a positive and significant effect on bank selection decision at 1%, 5%, and 10% significant level. Convenience is a significant factor for Jimma town customer towards bank selecting decision and preference. This is consistent with prior empirical evidence Austin Mwange (2017), Suggesting that bank proximity to the university, and proximity to the home ranked the highest mean values of the factors. Among others, the result is consistent with the research conducted by Bushra, Dr. Hafiz, Zeeshan, Farrukh and Shahbaz (2014) and Robert E., Aihie, Abednego (2013)and Sharma &Rao (2010), Aregbeyen (2011), and Robert (2013) .This proves that a convenient service and location that meets the needs of Jimma town customer will have upper hand against other competitors in the market.

Generally, we reject the null research hypothesis (i.e. there is a significant relationship between Convenience and Bank selection decision and preference).

4.3.5. The effect of Bank personnel factor on Bank selection decision and preference

The finding for bank personnel in this study indicates that, its correlation with financial bank selection decision is positive but insignificant.

The relationship between bank personnel and bank selection decision and preference has p-value of 0.524 (less than $\alpha = 0.05$) but with Pearson correlation significance of 0.258 which is more than $r = 0.05$, and Pearson correlation strength result of 0.139 which less than the rule of thumb of 0.100 for this type of sample size /245/. As a result, bank personnel has not significant effect on bank selection decision.

This is supported by the finding of the result is consistent with the research conducted by Hedayatnia &Eshghi (2011) Almossawi (2001). KPMG (2013). However, despite of its insignificancy, it is against the findings by HeshamEssam El-Tawil, (2015). claims that significant .impact on bank selection intention. Based on the regression result, therefore, we fail to reject the null hypothesis that there is no significant relationship between the bank personnel and bank selection decision even at 10% significance level. This indicates that there is no evidence that bank personnel affect Jimma town customer towards bank selection decision and preference.

4.3.6.The effect of Bank Image and reputation on Bank selection decision and preference

There are some mutual thing that customers will consider when select a bank such as an overall image of bank, goodwill of bank among customers/ Reputation, advertisement in mass Medias, Modern looking / External appearance of the bank, Employee dress, etc.

Reputation has significant effect on bank selection decision and preference since the p- value has 0.811 (less than α = 0.05). but with Pearson correlation significance of 0.079 which is more than r = 0.05, and Pearson correlation strength result of 0.063 which less than the rule of thumb of 0.100 for this type of sample size /245/. As a result, bank image and reputation has not significant effect on bank selection decision.

This variable is statistically significant at 1%, 5%, 10% significance level. The finding is consistent with Dangolani, (2011); Aregbeyen, (2011),and Salih Turan Katircioglu et al., (2011)who perceived that reputation is the most important factor that Romanian people give attention to.

However, in contrary to this result the research conducted in Addis Ababa by Goiteom W/Mariam, (2011) on students, employee and business man on both male and female respondents" ranked reputation the third least important factor and also in contrary to this result the research conducted in Jimma town by serkalem (2018) on customer on both male and female respondents" ranked reputation the fifth least important .

In general, reputation with specific attributes such as positive image of the bank, establishment time of the bank, and trust in the bank for security and safety of funds significantly affects Jimma town customer towards bank selection decision and preference.

Results of Hypothesis testing with prior studies

Independent variable	This study	Prior studies	Author and year
Convenience	√	√	Bushra, Dr. Hafiz, Zeeshan, Farrukh and Shahbaz (2014) and Robert E., Aihie, and Abednego (2013) , Kedir Eshetu, (2018), serkalem (2018), Aregbeyen (2011), and Robert (2013)
price	√	√	Gerrard and Cunningham, (2004).
bank Approach	√	x	HeshamEssam El-Tawil, (2015).
service quality	√	√	Sharma &Rao (2010), Aregbeyen (2011), Serkalem (2018)
Bank Image Reputation	×	x	serkalem (2018),
personal	×	√	HeshamEssam El-Tawil, (2015).

Table 11 Variable conclusion

No	Description	Alternative hypothesis	Null hypothesis
1	There is positive significant relationship between Bank Approach factors and customer bank selection decision	Accepted	Rejected
2	There is positive significant relation between convenience factors and customer bank selection decision	Accepted	Rejected
3	There is positive significant relationship between Bank price and customer bank selection decision and preference.	Accepted	Rejected
4	There is positive significant relationship between Bank service quality factors and bank selection decision	Accepted	Rejected
5	There is positive significant relationship between of "Bank personnel" factors and customer bank selection decision and preference.	Rejected	Accepted
6	There is positive significant relationship between "Bank Image and Reputation" factors and bank selection decision and preference.	Rejected	Accepted

CHAPTER FIVE

5. Summary, Conclusions and Recommendations

5.1. Introduction

The main objectives of this chapter are to summarize the whole thesis but in comprehensive manner. Accordingly, the first part presents an overview of the thesis and its major findings, and finally the chapter ends up with conclusion and recommendations

5.2 Summary

Nowadays, the current stiff rivalry among banks requires a detailed understanding of the influential factors behind the bank selection decision in Jimma city. Therefore, the objective of this research is to investigate the determinants of bank selection decision based on their importance and identify the additional services needed by customers other than the currently offered services The major objective of this study was to examine factors affecting customer's bank selection decision in banking service in Jimma town. Built on the central objective, four research objectives were settled.

To scope this objective, the study used both descriptive and explanatory research design. Descriptive research design was more appropriate to point description of the results presented in tables as well as, explanatory research design help to progress to explore the relation between dependent and independent variable. More precisely, the study used closed ended questionnaire survey of customers.

To trace such objectives, researcher used purposive sampling procedure comprising 384 observations. The sample size was 245 the descriptive results of background information of respondents indicated that majority of the total respondents 138(56.32%) were male and 107 (43.68%) were female. This result discloses that the presence of less number of female customers in study area.

Concerning the age of respondents from the 21-35years are 126 (51.42%) that they are the dominant in the study and ages below 20, 36-50,and above 50 years are 62 (25.3%),44 (17.9%)and 13(5.3%) respectively this scenario represents that majority of customers are youth

The descriptive statistics outcomes of bank selection factors indicated that, Bank Approach factors, service quality, convenience and Bank price factors as essential factors which affect bank selection decision, among the others. Whereas Bank personnel factors and Bank Image and Reputation factor are the least factor that customers considered when they make a bank selection decision.

5.3. Conclusion

In recent era, banking industry are playing a vital role in keeping a vigorous financial system and economics for the given country. The economics and business situation is progressively changing and getting more competitive in contradiction of other banks to compete for customers. With growing competitiveness in the banking industry and similarity of services offered by banks, it has become increasingly important that banks identify the factors that determine the foundation upon which customers choose between providers of financial service. Exploring such information will assist banks to distinguish the suitable marketing strategies needed to invite new customers and retain existing ones. Having this in to respect this research also attempts to examine factors that affect customers' bank selection decision. The conclusions drawn in this section were from the research hypothesis undertaken, analysis and interpretation of the data in chapter four. Therefore, conclusion of this study presented as follows.

The result of regression analysis showed that, most of bank selection factors examined in this study have a significant and positive relationship with customers' bank selection decision. It means that, the hypothesis developed for the study were supported and there were a relationship between, service quality, bank approach, convenience, and Bank price factors and customers' bank selection decision .Though, Bank personnel and Bank Image and Reputation has insignificant relationship with customers' bank selection decision. The insignificance of this variable suggests that it has less impact on customers' bank selection decision.

Rendering to this study service quality factor and bank approach are the first and most important factors that have highest impact on customers' bank selection decision. The other very important findings that influence customer bank selection decisions were Convenience and bank price factors respectively.
The adjusted value of R square (0.645) shows that 64.5% of dependent variable is explained by the independent variables Therefore, it implies that the examined independent variables are important determinants of customer's bank selection decision. The independent variables such, as service quality and bank approach, are significant at 1%convenience and bank price factors are significant at 5 %and remaining Bank personnel and Bank Image and Reputation" factors are insignificant
The finding of this study also indicates that the correlation coefficient of bank service quality, bank approach, convenience, bank price, Bank personnel and bank image and reputation factors are positive, this implies that there is positive relationship between bank selection factors and customers bank selection decision. Based on this finding the researcher infers that continuous up grading on significant factors help for bank to recall the existing and invite new customers.

5.4 Recommendation

➤ Based on the findings of the study; the researcher forward the following recommendations. In this research, Service quality is first and most important variable that needs better consideration of the banks is service quality. Service quality plays vital a role of affecting a customer decision of selecting a bank and keeping their relationship with their banks. An efficient and effective service such as contribution variety of service to customers, providing service in specified time, readiness to listen and responding of customers need, attractive manner of staff, and relationship between managers and customers have the effect of attracting customer of choosing a bank.

➤ Bank approach is the second most influential factors affecting bank selection decision. Bank approach refers to the type of the bank whether Islamic banks or conventional, Islamic banking service received wide acceptance not only in the Muslim countries but also in the non-Muslim countries as well, so managers of bank should consider this this variable by opening Islamic bank service giver branch to attract new customers and keeping customers satisfaction

➤ Other crucial factor is Convenience; it affects customers' bank selection decisions. Therefore, banks can keep exists customer, attract the new one and overcome competitive advantage through civilizing convenience factors. These can be possible by opening their branch near to the road and around many governmental as well as private offices exists, increasing number of branch everywhere by giving service for 24hr including weekends. In addition to these the banks can increase satisfaction and get loyal customers, by make more attractive their surroundings'.

➤ Last important variable is bank price factors the price or cost of services provided by banks can be crucial determinants of the bank selection. Customers can be very cost sensitive and any differences in interest charges from bank to bank can alter their perception and make them switch between banks. so bank manager better to sitting this pricing factors as much as possible to work together by bank customer and giving loan by proportion interest rate charge and accepting deposit by attractive interest rate

In general, bank customer more accent on factors likes service quality, bank approach convenience, and bank price. Thus, such factors better to be considered seriously by the managers of the banks in designing their marketing strategies which helps them to invite new as well as retain the existing customers. It is also recommendable to considered bank image and reputation, and bank personal factors even if they have less impact on retaining the customers.

5.5. Direction for further research

As the future hypothesis was tested in specific banking industry in Jimma town further research could be conducted in other regions of Ethiopia to generate a more solid relationship among the constructs examined in the study further, the research shows that 35.5 % of the factors which are not covered by this study also may have an impact on bank selection. This opens the scope of future research. Future studies can be examining dimensions that influence customers to switching behavior from one bank to another

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APPENDIXIES   A

JIMMA UNIVERSITY

BUSINESS AND ECONOMICS COLLEGE

DEPARTMENT OF BANKING AND FINANCE

SURVEY QUESTIONNAIRE

DEAR RESPONDENTS

This questionnaire is designed by Mebratu Assefa Gebru to gather data for the purpose of thesis on the title of **Factors Influencing Customers' Bank Selection Decision and Preference in Ethiopia:-The Case of Jimma   City.** All responses will be used to conduct a study for the partial fulfillment of Master's Degree in Banking and Finance from Jimma University and, then, as an input for banks to improve their service delivery. Your response will be kept confidential, as we do not ask for your name here and not used for any other purpose. Your participation is highly appreciated in advance!

Part I: Demographic Information

Please choose the suitable answer and tick (☑) the box given. .

1. **Gender of respondent**

Female   1   ☐

Male   2   ☐

2. Age of respondent

20	1
21-35	2
36-50	3
>50	4

4. Occupation of the respondent:

Government employed	1
Private organization employed	2
Retired	3
Other specify	4

5. Educational background of the respondent

Below grade 8 completed	1
Grade 9-12 completed	2
Diploma	3
BA degree and above	4

Part II Bank Selection criteria

 Indicate in the following table the rate of importance of the criteria you did consider in choosing a specific bank. Please put (√) mark under the appropriate number for each statement by using the following scale ranging from "5=most important" to "1=not important at all" based on their degree of importance.

5= most important, 4=important,   3= Neutral, 2= less important and 1=not important at all`

BANK SELECTION CRITERIA	Level of importance				
	1	2	3	4	5
BANK APPROCHES FACTORS					
1 Islamic banking.ItSelect Islamic banks because of Varity of the Islamic financing alternatives.					
2 Conventional banking.					
CONVENIENCE FACTORS					
3 Availability of transportation					
4 The closeness/nearness to my home/work					
5 It has pleasant manner of environments					
6 It has long opening hours more than others					
7 It has several branches rather than others					
BANK PRICING FACTORS					
8 Appropriate amount of service charges					
9 Its interest rate on saving is high in contrast to others					
10 Capital and size of the bank is adequate					
11 Financial performance of the bank is sound					
12 Its interest rate on loans is low in contrast to others					
BANK SERVICE QUALITY FACTOR					
13 Money transfer services and money exchange					
14 Fast and efficient service.					

15	Safety and availability of funds and foreign money.					
16	Ease of opening a current account.					
17	Ease of obtaining loans.					
18	Availability of ATM at multiple location					
19	Mobile banking (Transaction Alerts) and Telephone Banking					
20	E-banking and bank website(it provide Internet /online banking facility					
21	Connectivity to other bank ATM's					
22	Accurate availability of Innovative products &services .					
23	It offer Variety of service to customer					
24	Willingness to listen and respond to your need					
25	Providing service in specified time					
26	Clients confidentiality regarding personal information.					
27	Easy contact with branch manager					
	BANK PERSONNEL FACTOR					
28	Personnel attention.					
29	I'm satisfied with Employee dress & appearance					
30	Friendly and pleasing manners of staff.					
31	Ability to solve problems.					
	BANK IMAGE AND REPUTATIONFACTOR					
32	Good will of the bank among customers attract me					
33	I'm satisfied with over all image of the bank					
34	It advertises its services in mass media					

35	Modern looking of the bank					
	BANK SELECTION DECISION FACTOR					
36	I decided to use this bank because respectful behavior of bank employees attract me					
37	I decided to use this bank because bank staff understand my specific need					
38	to use this bank because the employees performance of the bank attract me					
39	to use this bank because employees of the bank never too busy to respond to customer's request					
40	to use this bank because fulfill its promise on time indicated					

Part III. Additional Information /Factors/

Is there any additional information that you want to add about factors/attributes/ of Bank selection decision? Yes ☐ No ☐ If your answer is yes, please

Explain:_____

_____

_____

_____

Source: self Administered Questionnaires'

የጥናት መጠይቅ

የተከበራችሁ የጥናቱ ተሳታፊዎች:-

ይህ መጠይቅ የተዘጋጀው መሰረቱ አሰፋ ገብሩ በጅማ ከተማ ያለወን የደንበኞች የባንክ አሞራረጥ ሁኔታ ምን አንደ ሚሟስል ለማጥናት ከጅማ ዩኒቨርሲቲ የባንኪንግ ና ፋይናንስ ትምህርት ክፍል የማስተርስ ዲግሪ መሟሚቅያ ፅሁፍ ለማዘጋጀት ነው። የጥናቱ ዋና ዓላማ ደግሞ በባንኮች ላይ ያለወን የባንክ አገልግሎት አሰጣጥ ስርዓት በማጥናት ክፍተቱን መጠቁም እና የሟተሐ አቅጣጫ ለማሟስከት ነው። የምትሰጡ ሐሳብ ከዚህ የዘለለ ለሌላ ዓላማ አንደ ማንጠቀማት ናሟጥሩም የተጠበቀ ሚሆን እንገልጸለን። ለምህዳርጉልን ትብበር ሁሉ በቅድሚፃ እናሟስግናለን።

ማስታወሻ: አባከዎን ሚስዎን አንደ የአስፈላጊነቱ በተሰጠዉ ቁጥር **ፊት** '√' ምልክት ያስቀምጡ።

ክፍል አንድ: የተሳታፊዎች አጠቃላይ ሁኔታ

1. ፆታ:

ወንድ	1
ሴት	2

2. ዕድሜ:

ከ 20 ዓመትበታች	1
ከ21-35 ዓመት	2
ከ36-50 ዓመት	3
ከ50 ዓመት በላይ	4

3. .የሥራ ሁኔታ:

መንግስት ሰራተኛ	1
የግል ተቅዋም ሰራተኛ	2
ጤረተኛ	3
ሌላ	4

4. የትምህርት

ከ 8 ከፋልበታቸ	1
ከ 9-12 የጨፈሰ	2

ዲፕሎማ			3			
ዲግሪ ና ከዚያበላይ			4			

ክፍል ሁለት: የባንክ ምርጫ መመዘኛዎች

የማ ለገለበት ባንክ/ ኮች ሲመርጡ የሚቀመጣቸዉ መመዘኛዎች ከሚከተለት አማራጭ

ወስጥ ለርስዎ ባላቸዉ ጠቀሜታ መሰረት ከ"5=በጣም ጠቃሚ' እስከ "1=ምንም

አይጠቅምም' እያለ አንድ ቁጥር ብቻ በማከበብ ሚስዎን ያስቀምጠልን::

5=በጣምጠቃሚ 4=ጠቃሚ   3= ሚከለኛ 2=እነ ስተኛጥቃም   1=ምንያኡይጠቅምም

	የባንክ ምርጫ መመዘኛዎች	1	2	3	4	5
	መመዘኛዎች የጠቀሜታቸዉ ደረጃ					
	የባንኩ የአገልግሎት አቀራርብ ሁኔታ መመዘኛዎች					
1.	የእስልምና የሸሪያ ህግ የተከተሉ የተለያዩ የባንክ አገልግሎቾች ብቾ የሚሰጥ ቅርንጫፉ ስላለው					
2.	የተለመዱትን የባንክ አገልግሎት ስለሚሰጥ					
	የ ምቹነት መመዘኛዎች					
3	ትራንስፓርት በቀላሉ ስለሚገኝ					
4	ወደ ቤቴ (የሥራ ቦታዬ) ቅርበት ስላለው					
5	የባንኩ የስራ ቦታ አመቺ በመሆኑ					
6	ከሊሎች ባንኮችለ ረጅም ሳዓታት ስለሚከፈት					
7	ከሊላዉ ባንክ በላይ ብዙ ቅርንጫፉ ስላለው					
	የ ፋይናንስ መመዘኛዎች					
8	የአገልግሎት ዋጋዉ ዝቅተኛመሆኑ					
9	የቁጠብ ወለዱ ከሊላዉ ባንክ ዓንጻር ሲታይ ከፍተኛ ስለሆነ					
10	ከፍተኛ የፋይናንስ አቅም/ጥንካሬ/ ስላለው					
11	ፋይናንስ የሚጥረግ ከፍተኛ ችሎታ ስላዉ.					
12	ብድር በዝቅተኛ ወለድ ሐብ ስለሚሰጥ					
	የአገልግሎት ጥራት መመዘኛዎች					
13	ገንዘብ የሚከ(የሚተላለፉ) አገልግሎት እና የውጭ ሀገራት ገንዘቦችን የምንዛሬ አገልግሎት ስለሚሰጥ					

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14	ፋጣን እና ቀልጣፋ አገልግሎቶችን ስለሚሰጥ					
15	የውጭ ምንዛዜ በበቂሁኔታ አስተማማኝ አቅርቦት ስላለው					
16	የሂሳብ ደብተር በቀላሉ መክፈት ስለሚቻል					
17	ርጅም ግዜ ሳይወስድ በቀላሉ የብድር አገልግሎት ስለሚሰጥ					
18	የ "ATM" አገልግሎት በየቦታዉ ስላላዉ					
19	የሞባይል ባንክ አገልግሎት ስለሚሰጥ					
20	የኢንተርኔት ባንክ አገልግሎት ስለሚሰጥ					
21	ከሌላ ባንክ ATM ጋር ግንኙነት ስላለዉ					
22	አዳዲስየምርምርዉጤትእናየአገልግሎትግኝትስላላዉ					
23	የተለያዩ የአገልግሎት ዓይነቶች ስለሚሰጥ					
24	የደንበኛን ፍላጎት ማዳመጥ እና ምላሽ መስጠት					
25	በተወሰነ ሰዓት አገልግሎትን ማስጠት					
26	በባንክ ሰረተኞች በሚጠሙ ግብረ ሜስ ሚካት					
27	በቀላሉ ከቅርንጫፉ ስራ አመኪያጆች ጋር መነናት ስለሚቻል					
	የግል ባህሪያት መመዘኛዎች					
28	ለደንበኞቻቸው በትክርት አግልግሎቱ ስለሚሰጠ					
29	በሰራተኞች አለባበስ እና አቋም ሚካት					
30	ደንበኞችን በጥሩ ሁኔታ በአክብሮትእነ ደጓደኛ ስለሚዙ					
31	ችግሮች የመፍታት አቅማቸው ጥሩ በመሆኑ					
	የምጤከታና የዝና መመዘኛዎች					
32	በአጠቃላይ በባንክ ሜክ ሚካት					
33	ጥሩ የሆነ የደንበኞች አገልግሎት ስለሚሰጥ/ለዝና/					
34	አገልግሎቶቹን በመጣናኛ ብዘኳን ስለሚያስተዋወቅ					
35	የባንኩ ውጫዊ/ ወስጣዊ ቅርፅ/ ሜክ የሚያምርና ዘጫዊ መሆኑ					
	ባንክ የመሄጥ መሰኔ					
36	የሰራተኞቹ ባህሪስለተመቸኝ አዚህ ለመጣቀም ወሰንኩ					
37	የባንኩ ስረተኞች ፈላጎቴን ስለምዲዳልኝ አዚህ ለመጣቀም ወሰንኩ					

38	የስራተኞቹ ብቃት ስለሚሄከኝ እዚህ ለማካቦም ወሰንኩ					
39	የባንኩ ስረተኞች በሰአቱ ስለሚስተናግዱ እዚህ ለማካቦም ወሰንኩ					
40	በቃላቸዉ ማስረት ስለሚስሩ እዚህ ለማካቦም ወሰንኩ					

፡- ስለ ትብበሮት በጣም አመስግናለሁ!!

Appendix C

Figure 3 Normality test Histogram

Mean =1.21, Std. Dev = 0.879, N=245
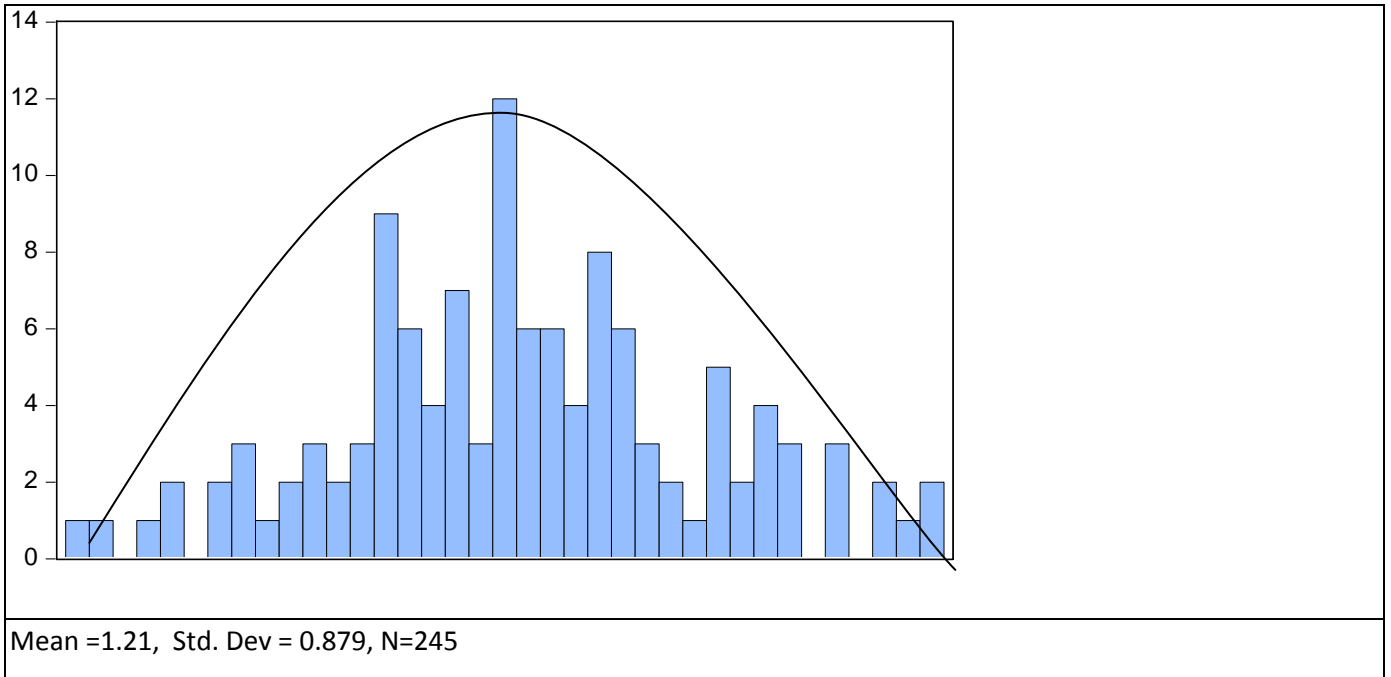
Source: SPSS

The Histogram show that the dependent variable is normally distributed for each value of the independent variable, and bell shaped then the distribution of the residuals is approximately normal.

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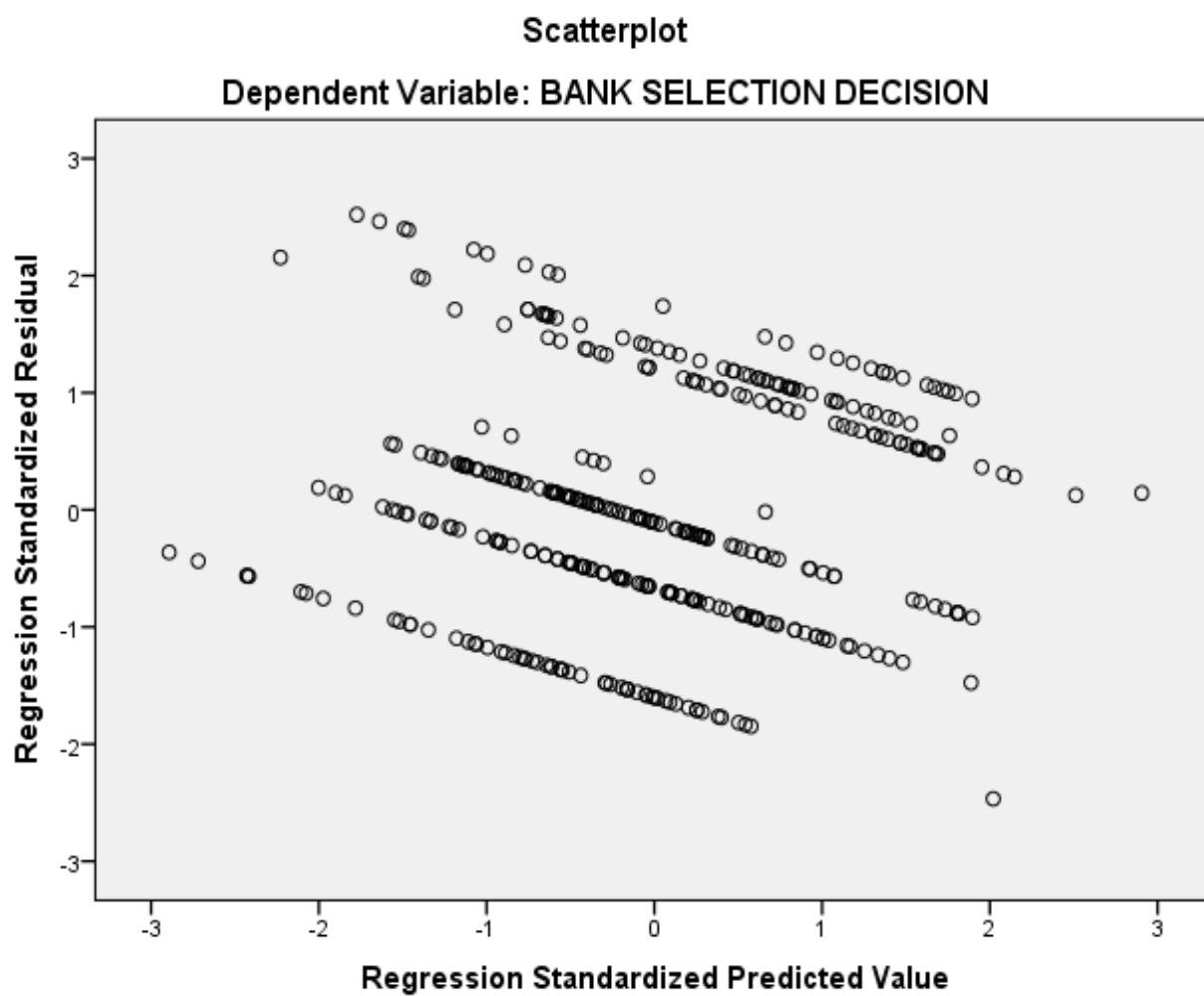*Figure 4 P-P plot; linearity test results*

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: BANK SELECTION DECISION
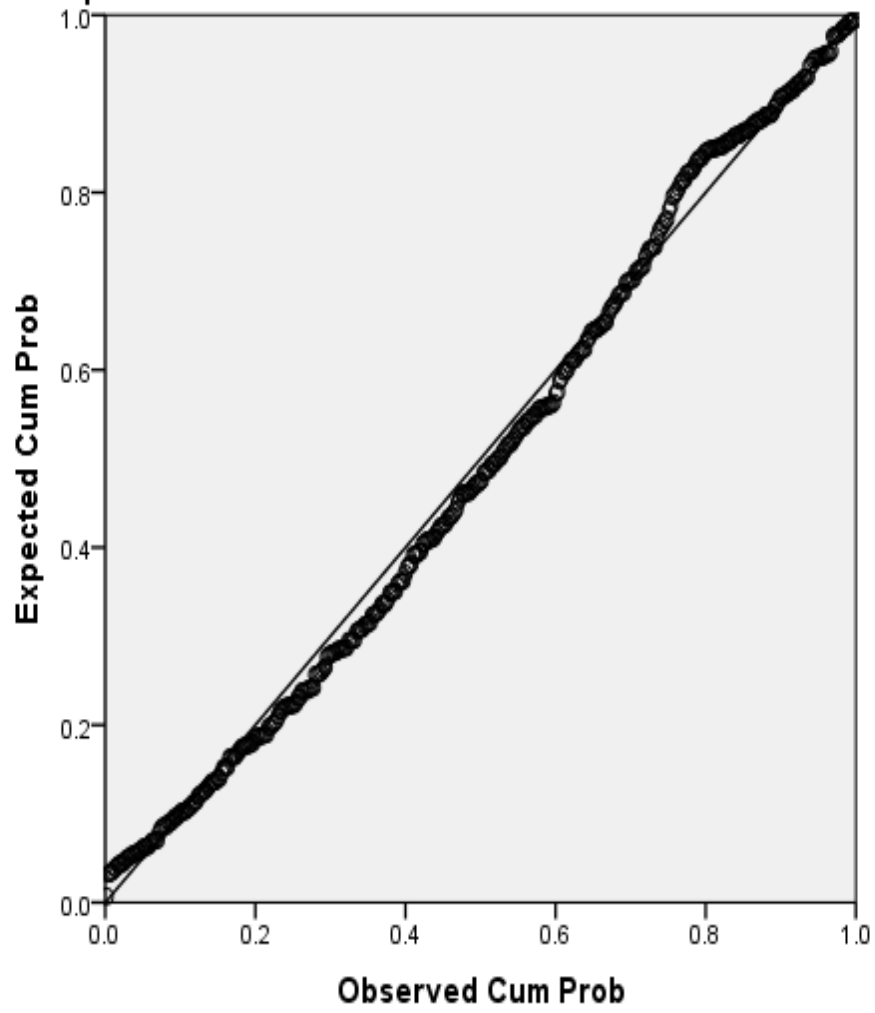
Source: *SPSS*

Figure 5 scatter plot Heteroskedasticity test results

Source: spss