THE FACTORS AFFECTING CUSTOMERS BANK SELECTION DECISION: THE CASE OF SELECTED PRIVATE COMMERCIAL BANK

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By

Henok Megersa

Main Advisor

Tadele Mengesha

Co-Advisor

Semere Getahun

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DECLARATION

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, except where due acknowledgment has been made in the text.

_______________________________ __________ ___________
Students Name Signature Date

Advisor's Approval

This Thesis has been submitted for examination with my approval as a University advisor.

___________________________ ____________ ____________
Advisor's Name Signature Date

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Abstract

Globally, competition in the banking industry has become fierce, and banks are adopting various marketing strategies to determine the consumer and his perception of their offerings. The purpose of this study is to analyze the major factors of a bank selection by a customer and how customers influenced by the factors based on their importance level to patronize in banks of Ethiopia, jimma. The study features an empirical analysis on criteria employed by graduating customer of selected bank towards their bank selection decision. A total of 100 customer participated as a sample for the research. Primary sources of survey data were used collected through self-administered questionnaires using a non-probability convenience sampling technique. Data was analyzed using descriptive statistics, inferential processed by Statistical Package for Social Science (SPSS) version 20. The result showed that the convenience location, Technology, Bank Image, political, promotion and product and service quality are found to be a significant factor for customer's bank selection decision. On the other hand, the regression model revealed that political factor has insignificant effect on bank selection decision. The paper recommends for Bank management to be aware that, factors influencing bank selection decision differ from one segment to another. The study also recommends banks to consider convenience location, quality of product and service, social media advertising, and functional ATMs and offer electronic banking services.

Key Words: Bank Selection Factors, Customers, Banks, Bank Selection Decision.

Chapter One

1. Introduction

1.2 Background of the study

The growing competition in the banking sector and the similarity of services offered by banks makes it critical for the banks to identify the important determinants of bank customer's selection decision. It is important to understand bank selection criteria upon which customers choose between providers of bank services in order to shape their services delivery and to build a healthy growth strategy that focuses on products and services valued the most by customers and motivate them to deal with their bank. In other words, an increased competition resulting from a decade of deregulation of the bank services industry has meant that banks find themselves faced with the task of distinguishing their organizations and their offerings as a means of attracting customers (Blankson et al., 2007).

Better understanding of customer preferences enables banks to focus their resources on developing products and services that are required and appreciated by the customers and subsequently provide these products and services applicably. also Understanding buyers selection decision process and adapting to customers buying behavior is not a choice for firms; it is indeed an ultimate essential for their survival (Kotler, 2000).And understanding and having a clear idea of customer's wants and needs is one of the foundations and essential concepts of the marketing (Evans, Foxall & Jamal, 2009).

The customer's bank decision refers to varying directions and viewpoints with which consumers approach the marketplace and how/why they act as they do. Consumers refer to how the varying orientations impact the buying decision process and overall buyer behavior (Ram,2014).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 (Kotler & Armstrong, 2011).

Customer's Decision-making process is an extensive internal and external search for information, followed by a complex evaluation process where multiple options are evaluated.

The purchase of a product is likely to be followed by post-purchase doubts and the consumer will, therefore, engage in a thorough evaluation of the purchased product (Hawkins et al. 2001).

Banks are the most important financial intermediaries in Ethiopia and modern economy; they build their strategy of survival and growth base on preference of their customers. Because of that with increasing competitiveness in the banking industry, and likeness of services offered by banks, it has become ever more important that banks identify the factors that will determine the base upon which customers decide between providers of bank services (Almossawi, 2001).

A set of determinant factors that have a significant role in bank selection in one nation may prove to be insignificant in another (Rao, 2010). In general there are different factors that force the customers to choose banks. These are product and service quality, Reputation/image and confidence, Staff and management, Promotion, Innovative products, Price and accessibility and convenient location and intangibility, inseparability, heterogeneity, and perish ability. Intangibility refers to the feature whereby services can only be experienced but cannot be touched like products. Inseparability refers to simultaneous delivery and consumption of services. Heterogeneity refers to standardization of service delivery due to the human aspect associated with services. Services are delivered by people and therefore the delivery may differ from person to person. Perish ability refers to “time dependency” and “time importance” of services (Omar et.al, 2001).The most important factors influencing customers in selecting a bank. The finding shows that the availability is a significant choice criterion, which includes ATM facility, convenient ATM locations, 24 hours availability of ATM services and speedy service. Other factors, which have also increased in importance, are the Reliability, Responsiveness, Value added service, Convenience and Assurance (Saleh et al, 2013).

Customers are selecting banks considering various features of the service proposition. Thus to attract customers, banks are facing challenges more than ever, but to attract customers it is crucial to know what selection criteria customers are adopting in selecting banks. Such selection criteria of the customers open an area of research on bank selection criteria of customers. He also indicates that bank selection criteria employed by customers is a result of bank image, service quality and efficiency, parking facilities, convenient location, financial factors and affected opinion. He further indicates that a different demographic characteristic of customers impacts their priorities in customer's bank selection process (Safakli, 2007).

Financial industries, especially banks, are becoming highly competitive day by day due to service differentiation, easiness of service availability, culture based products offering and technology used in service delivery. Customers are selecting banks considering various features of the service proposition. In this regard, the basic aim of the study is to examine the basic motivational factors in customer's bank selection.

1.2 Statement of the problem

Different studies have been conducted in analyzing factors that affect customer preference in choosing banks.

Stankevich (2017) explained critically the consumer decision-making process in his research investigation of consumer behavior; his research showed how their decision-making process has advanced and become a significant topic in the marketing society. Competitive pressure which lead to huge investment in their branch network expansion, adopting new technology and rolling out new products. However, one can notice that introduction of new product offerings as well as technology by banks seems to be very similar across the board limiting differentiation (Kifle, 2016).

In the paper of Boyd et al. (1994), the results of the study reveal that reputation, interest charged on savings accounts, interest charged on loans, quick service, location on city and hours of operation are viewed as having more importance than other criteria such as friendliness of employees, modern facilities, and drive-in-service. However, a research by Awang (1999) examined that customers preferred to deal with banks that can provide quality services such as fast and efficient service, staff work accuracy, friendliness of bank personnel and warm reception.

Gross (2014) examined the factors that influence the consumer decision-making The study suggested that consumers purchase when mediated by virtual websites, a process that is influenced by interactivity and information overload built into the overarching concept of consumer decision-making.

The findings reveal that both bank selection criteria and service quality are vital factors that determine the level of customer's satisfaction towards a banking institution. Specifically, this study illustrate that the more the bank are able to achieve the criteria of bank selection required by its customer and also meeting up the level of service quality demanded by its customer, the more satisfied the customer (Rashid et al.,2009).

Munusamy et al. (2010) conducted a study on service quality delivery and its impact on customer satisfaction in the banking sector. They found that assurances, tangibles, understanding and responsiveness are the most important factors that generate customer's satisfaction and these factors have a positive relationship with customer satisfaction. Their finding also indicates that measuring the level of performance and satisfaction when it comes to the intangible expectations are the most difficult things for the customers.

In discussing models of consumer behavior, it is important to note that the models proposed are viewed as being an incomplete description of human beings, where different models may be appropriate for different marketing situations (Runyon & Stewart 1987).

a study conducted in Gambia on "bank strategic positioning and factors for bank selection" it was discovered that customers highly regard with low service charge and availability of ATM services to be the most important criteria in patronizing banks. The findings of this study are different from all other studies surveyed so far, in which, low service charge is the most important factor for bank selection decision. His findings also revealed that safety of funds, speed of transaction and convenient location are also treated as the most important factors in patronizing banking services in Gambia (Sanyang ,2009).

Mylonakis (2007) studied on customer preferences in the home loans market experience of the bank customers in Greece. He was used 200 customers in which data was collected using structured questionnaire. His findings showed that in addition the mortgage product mix and some cost elements (interest rate, prepayment penalty) other important influential factors appear, such as the various offers of banks the banks reputation, existing cooperation, as well as bank staff. Bank branches proved to continue constituting the primary distribution channel for mortgage products and services. Promotion through television plays an important role and seems to affect the customer bank selection.

Study conducted in Northern Cyprus to examine the bank selection criteria employed by customers. The findings indicate that the most crucial criteria affecting customer's bank selection decisions are bank image, service quality and efficiency, parking facilities, convenient location, financial factors and affected opinion. The study indicates that it would be crucial to deal with different demographic characteristics of respondents as distinctive segments and treat different priorities in their bank selection process (Safakli, 2007).

A study was conducted on the Pakistan customers by Khattak et al. (2010). They analyzed the customer's satisfaction and awareness level towards the banking system and investigated the relationship between different demographic variables and the satisfaction and awareness of customers by taking a sample of 156 customers. They go to the point that the major factors were management proficiency, banks personal knowledge, cost of services, efficiency of transactions, and facilities of parking. In contrast, advertising campaign, working hours and financial counseling were selected by the customers as least important factors in choosing banks.

Regardless of all the above facts, a few related studies are conducted by Ethiopian researchers on factors most influence, some of their findings may not be very applicable to other countries like Ethiopia, and a set of determinant factors that have a significant role in bank selection in one nation may prove to be insignificant in another due to differences in cultural difference, economic situation, customer perceptions, geographical location, rules of the country, and environments.

Given the dynamic nature of the business environment coupled with the fact that customers have become more demanding and highly sophisticated, it has become imperative for financial institutions especially banks to attract and retain customers. This is critical in determining the ability of banks to survive in this contemporary high competitive business environment. Efforts aimed at exploring information on the basis upon which customers choose between providers of bank services will help banks to identify the appropriate marketing strategies needed to attract new customers and retain existing ones (Kaynak & Kucukemiroglu, 1992).

The homogeneity of service offered by banks it has become important that banks identify the factors that affect the basis upon which customers choose between providers of bank service. Because of this customers are likely to have unlimited choice in the industry with competition. It is against this background this research seeks to investigate the factors that the most specifically influence the customer’s choice of banks. Such a study is hopefully expecting to fill the gap in literature by examining the determinants of customer's bank selection in Ethiopia

1.3 Research Question

1. What is the effect of Location on Bank selection decision?

2. How political factors affect customer's bank selection?

3. In what extent Bank Image affect customer's banks selection decision?

4. What the effect of Banks product and service quality on Bank selection decision?

5. Does promotional strategy affect customer's banks selection decision?

6 . How the technological factors affect customer's bank selection decision?

1.4 Objectives of the study

1.4.1 General Objective

The general objective of the study was to assess Factors affecting banks selection decision in the case of selected private commercial banks.

1.4.2 Specific Objectives

- To determine the effect of Location on Bank selection decision
- To identify the effect of political on Bank selection decision
- To analyze the effect of Bank Image on Bank selection decision
- To analyze the effect of Banks product and service quality on Bank selection decision
- To assess the effect of promotional strategy on banks selection.
- To assess the effects of technological factors on bank selection.

1.5 Significance of the study

The findings of this study will help bank decision makers to identify the major factors that may determine bank selection decisions among customers. It is significant to the banks management formulating appropriate marketing strategies for reaching attracting customer. This study will have advantage of deliberating which factors are highly influencing in bank selection decision so that Banks will improve qualities to their services.

1.6 Organization of the study

The research papers have five chapters. Chapter one presents the background of study, statement of problem, research objectives, research question and significance of study. The second chapter reviews the relevant prior literatures. The third chapter deals with the research methodology, which includes the research approach used, methods adopted, population & samples, questionnaire design, research stages and data analysis techniques used. Chapter Four contains result and data analysis that collected from the relevant methods from previous chapter to carry out the findings and results. Lastly, Chapter Five will conclude and sum up all the major findings in this research

Chapter two:

2. Literature Review

2.1 Definition of Terms

Bank is an organization 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. 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.

2.2 Bank Selection Decisions

Financial industries, especially banks, are becoming highly competitive day by day due to service differentiation, easiness of service availability, culture based products offering and technology used in service delivery. Customers are selecting banks considering various features of the service proposition. Thus, to attract customers, banks are facing challenges more than ever. But to attract customers it is crucial to know what selection criteria customers are adopting in selecting banks. Such selection criteria of the customers open an area of research on bank selection decision of customers.

Anderson et al. (1976) studied on customers‟ bank selection decision in USA. He found that: friends‟ recommendations, reputation of the bank, availability of credit, friendliness of staff and service charges on accounts are the most important criteria in selecting banks. The authors‟ study was, however, criticized by Laroche (1986) who claimed that the authors‟ work was contradictory with previous research that identified location (i.e. convenience) as an important factor in bank selection.

Kaufman (1967) investigated the determinant factors used in bank selection decisions by customers and business firms. He found that the most influential factors reported by households were convenient location to home or place of business. In their study of selection factors used consumers in choosing domestic and foreign banks to find the importance. (Kayanak & Kucukemiroglu, 1992) found that convenient location ranked first among the other factors. In Canada Laroche, & Manning (1986) conducted a survey and convenience of location, was one of the major factors which consumers perceived as important in their selection of a bank.

The consumer decision-making process and influential factors were elaborated upon to determine the possibility of influencing consumer behavior in ways that would favor a company's varieties of promotions. Finally, recommendations for marketers were suggested for deeper understanding of the consumers' behaviors and consumers' buying strategies to empower marketing campaigns to successfully market products.

References by friends and families have been found to be a major factor in customers' choice of bank. Anderson et al (1976) found out that in the United States recommendation by friends was the criteria in bank selection. In Poland, Kennington & Rakowska (1996) through a study of bank selection decisions concluded that respondents rated family/friends influence as one of the important variables. Their work was supported by other researchers such as Tan and Chua (1986), Yavas (1988), and Denton and Chan (1991). The main conclusion from their independent researches is that bank customers make decisions to deal with particular banks under strong influence by a common social factor involving personal introductions from friends and relatives. This usually happens when those involved in the introduction are mainly the ones who have had a good experience with banks they are recommending. According to Mokhlis (2009), people influences and recommendations is also among the important factors in selecting a bank for both male and female customers. Almossawi (2001) finds that recommendations of friends and recommendations of relatives are of relevance despite the fact that young people prefer to act independently. In contrast, Gerrard & Cunningham (2001) find that third party influences are of little importance in commercial bank selection by customers.

Levin (2004) notes the relevance of rational choice, where people compare the costs and benefits of certain actions, is easy to see in respect of bank selection behavior of customers. Since people want to get the most useful products/services at the lowest price/convenience, they will judge the benefits/significance of a certain banks services/offers (for example, how useful is it or how attractive is it) compared to similar ones from others banks. Then they will compare prices or costs and benefits. In general, people will choose the bank that they perceive provides the greatest reward or benefits at the lowest cost, given their preferences.

2.2.1Decision making process

A consumer decision making process starts with the recognition of a need. The need to acquire some product or service can arise with the internal motivations when the persons basic needs for instance emotions, hunger, thirst go to rise and turn into drive. From the very beginning stage consumer recognize the need, gather the in-formation and sources, evaluate alternatives and make the decision. (Kotler & Armstrong 2005).

2.3. Theoretical Literature

2.3.1 Rational Choice Theory:

Rational choice theory is the process of determining what options are available and then choosing the most preferred one according to some consistent criterion (Levin, 2004). Rational choice theory assumes that all people try to actively maximize their advantage in any situation and therefore consistently try to minimize their losses (Levin & Milgrom, 2004).

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, posits 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. Consequently, patterns of behavior develop within the society that results from those choices.

In rational choice theory, individuals are seen as motivated by the wants or goals that express their preferences. They act within specific, given constraints and on the basis of the information that they have about the conditions under which they are acting. Rational individuals choose the alternative that is likely to give them the greatest satisfaction (Scott, 2000).

The relevance of rational choice, where people compare the costs and benefits of certain actions, is easy to see in respect of bank selection behavior of customers. Since people want to get the most useful products/services at the lowest price/convenience, they will judge the benefits/significance of a certain banks services/offers (for example, how useful is it or how attractive is it) compared to similar ones from others banks. Then they will compare prices or costs and benefits. In general, people will choose the bank that they perceive provides the greatest reward or benefits at the lowest cost, given their preferences.

2.3.2 Competition theory:

Competition theory explains how firms try to win customers patronage and loyalty through service excellence, meeting customers' needs and providing innovative products. Competition occurs when two or more organizations act independently to supply their products to the same group of consumers. Thus, the competitive strategy of firms is dependent upon consumer's choice characteristics which tend to influence firms productive decision towards the satisfaction of consumers preferences. 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.Direct and indirect competition cause commercial firms to develop new products, services and technologies, which would give consumers greater selection and better products. The greater selection typically causes lower prices for the products, compared to what the price would be if there was no competition (monopoly) or little competition (oligopoly). Thus, the competitive strategy of firms is dependent upon consumers' choice characteristics which tend to influence firms productive decision towards the satisfaction of consumers preferences.

2.3.3 The Dissonance Theory:

This indicates that a person who expected a high-value product and received a low-value product would recognize the disparity and experience a cognitive dissonance (Cardozzo, 1965).

The researchers pursued this approach implicitly assume that consumers would generally find that product performance deviated in some respect from their expectations or effort expenditures and that some cognitive repositioning would be required (Oliver, 1980).Under the dissonance theory, the opposite effects occur, perceived performance, whether it is less or more favorable than the consumer's expectations, is drawn to the original expectation level.

The tolerance level suggests that purchasers are willing to accept a range of performance around a point estimate as long as the range could be reasonably expected. When perceptions of a brand performance, which are close to the norm (initial expectation), are within the latitude of acceptable performance, and then it may be assimilated toward the norm (Woodruff *et al* 1983). That is, perceived performance within some interval around a performance norm is likely to be considered equivalent to the norm. However, when the distance from this norm is great enough, that is perceived performance is outside the acceptable zone, then brand performance will be perceived as different from the norm, which, in contrast to this model's assumption, will cause dissatisfaction not a high product evaluation.

2.3.4 The Contrast Theory:

According to this theory, when actual product performance falls short of consumer’s expectations about the product, the contrast between the expectation and outcome will cause the consumer to exaggerate the disparity (Yi, 1990). The Contrast theory maintains that a customer who receives a product less valuable than expected, will magnify the difference between the products received and the product expected (Cardozzo, 1965).This theory predicts that product performance below expectations will be rated poorer than it is in reality (Oliver & DeSarbo, 1988). In other words, the Contrast Theory would assume that "outcomes deviating from expectations will cause the subject to favorably or unfavorably react to the disconfirmation experience in that a negative disconfirmation is believed to result in a poor product evaluation, whereas positive disconfirmation should cause the product to be highly appraised" (Oliver, 1977).

2.3.5 Consumer behaviour:

Consumer behaviour, according to Walters (1974: 6) represents specific types of human actions, namely those concerned with the purchase of products and services from marketing organisations. The behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products, services, and ideas (Schiffman &Kanuk 1997). Elaborate on the definition by explaining that consumer behaviour is, therefore, the study of how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. It includes the study of what, why, when, where and how often they purchase and how they use the purchased product.

From a marketing perspective, consumer behaviour most probably became an important field of study with the development of the so-called marketing concept (Assael ,1995) emphasises the influence of the marketing concept in marketing by stating that, according to the marketing concept, marketer's first need to define benefits sought by consumers in the marketplace, followed by the drafting of marketing plans supporting the needs of consumers.

Consumer behavior, specifically when it comes to making individual decision to choose a product between alternatives, is probably one of the most studied fields of consumer oriented research (Sproles & Kendall, 1986) and in recent year has become an important noticeable topic in the different fields of consumer science (Erasmus, Boshoff & Rousseau, 2001). Consumer decision making imaged as a result to find solution in solving consumer's problems, a problem which is referred to as a discrepancy between a desired state and an Ideal state which is sufficient to arouse and activate a decision process (Jobanputra, 2009). In line with the above comment, (Mowen, 1988) stated that in early 80s, most of the researches done on the consumers behavior, have focused strictly on the decision-making process, and under this decision making perspective, purchasing has been seen as a problem solving activities, giving the consumers the opportunity to move through stages in the essence of solving their problems.

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).

The consumer decision models and theories developed in the early years are still being used to structure research in the field of consumer behavior and consumer sciences in spite of evidence that consumer decision-making is a more complex phenomenon and that it cannot be generalized over the wider spectrum of consumer goods. Enabling consumers assumes an understanding of the consumer as a prerequisite. Researchers within the field of consumer science are interested in contributing to understanding consumer behavior theory that focuses on consumption behavior, which includes the complexities of emotions, situational factors, and personal influences under specific circumstances rather than buyer behavior.

2.4 Influences on Customer Decisions

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

2.4.1 Internal Influence

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

Consumer behavior is not only influenced by external factors, but also by their attitudes and expectations. These attitudes and expectations are constantly changing in response to a continuous flow of events, information and personal experiences these are Perception, Education, Self-construction and motivation (Peer, 2009).

Perception: Perception is how we consciously and subconsciously process information. It is how we view the world around us. But it is also how we view ourselves. Self-perception plays a large role in customer purchase decisions.

Education: A person's knowledge undoubtedly influences their purchasing decisions. Knowledge is the sum of all the education and experience owned by a person. As a marketer, the key to obtaining new customers and retaining old ones is getting people to be opening minded and to accept new information about your product. This can often be a tricky task, and again is why proper positioning is critical.

Self-Construction: Also known as self-concept or self-perception; this is how people assess themselves. It includes an assessment of their personality, physical attributes, lifestyle, hobbies, skills, talents, etc. People often make purchases to support their self-construction, and will rarely; if ever make a purchase that contradicts their self-perception.

Motivation: Motivation is a huge internal influence when it comes to a customer's purchase decision-making process. If somebody is motivated to achieve something, they will often encounter a problem along the way, and will seek solutions in order to accomplish what it is they are set out to do.

Role in society: A customer often makes purchases to support their perceived role in society. A persons roles may also vary, as their role in their personal life may be quite different than their role in the workplace.

2.4.2 External Influences:

External influence has as much of a profound impact on customers purchasing decisions; people often shared culture, Situational influences on customers' decisions, and social view. These factors can affect what, where and how customers utilize their choices from different organizations.

Culture: No external influence has as much of a profound impact on a person's purchasing decisions than their culture. People often share beliefs, attitudes, and behaviors. And that is exactly what culture is; the shared behavior between the members of a society.

Situational influences on customers: these factors can affect what, where and how customers utilize their choices from different organizations. It is no secret that peoples moods and behaviors are strongly influenced by their physical surroundings such as advertising.

2.4Customer Satisfaction

The concept of customer satisfaction has been one of the oldest and widely used terms in marketing literature. Customer satisfaction refers to the customer's general intention and perception based on their consumption or usage experience of a product or service (Boonlertvanich, 2019). It measures the customer's acumen and expectation regarding the consumed product or service's performance and evaluates whether the product or service performance has been able to satisfy customer's expectation (Sultana & Das, 2016).

The customers-needs approach requires that banks target their business towards one or all customers, and towards satisfying some or all of their needs and wants. A bank has to analyze and consider its strengths and weaknesses, its market opportunity, and its competitors. The customers-needs approach requires that banks target their business towards one or all customers, and towards satisfying some or all of their needs and wants. A bank has to analyze and consider its strengths and weaknesses, its market opportunity, and its competitors.Customer satisfaction can thus be considered as the key construct to bank financial performance. However, this research found that internet service quality had no significant relationship with customer satisfaction; improvement in the quality aspects of this dimension could enhance overall satisfaction and thus financial performance (Haque et al. 2009).

2.5 Bank selection Factors

Product and Service quality

Delivering quality services and products to customers had significant positive influence for success and survival of today's competitive banking environment. The results suggest efficient service quality have significant positive influence on customers‟ bank selection decision (Julian and Ashen 1995).Innovation of various products are one of the most important factors affecting the decision of the customers on making the choice of the bank in Malaysia (Kumar, 2009).

Bank customers have difficulties in distinguishing one bank from another due to rapid changes, banking innovations and fierce competition (Boyd et al., 1994). Increased choice and improved product offerings have made consumers more sophisticated, analytical and systematic in their buying decisions, knowledgeable and demanding (Murphy, 1996; Shelton, 1995). As a result, today, retail bank customers require information, comprehensive advice, honesty, integrity, consistency, responsiveness, commitment and value for money (Shelton, 1995; Leach, 1995). They are mainly interested in the way the financial service is delivered (functional quality dimension) (Mc Kechnie, 1992) and particularly in the bank's opening hours, provision of information, and ability to focus on customers' needs (Holmlund and Kock, 1996).

The problem of determining the basis on which customers make their selection process for financial services have always been an issue (Boyd et al., 1994) as the bank selection itself has traditionally constituted a complex process that confuses many consumers (Lee and Marlowe, 2003). Nowadays, though, the changing patterns of consumer behaviour and the requirement for great service, on one hand, and the banks' need to build long-term customer relationships, on the other, have made this process both more difficult but also more important to clarify.

If the product or service fails to fulfil the customer's needs or wants, then the customer will remain dissatisfied, and if the service performance is consistent with customer's expectation, then the customer will be delighted and satisfied (Nguyen et al., 2020).

Customers are the key factor from an organizational point of view. Service quality is a continuous process to meet the customer needs in the best way and it is a key for success in competition. Research has shown that the degree of servicequality might trigger business performance by retaining and acquiring customer base (Tran, 2020). Simultaneously, the banking sector has increasingly paid attention to quality of service as well as strived to reach high level of service to satisfy the clients (Titko et al., 2013).

A study on service quality of banks by LeBlanc and Nguyen (1992) found that service efficiency was the single most important factor that could explain banking decision. Additionally factors such as the physical environment, corporate identity and interaction among staff and customers of bank also help in portraying the quality of service of banks. Study indicated that service quality and friendliness of personnel were consistently mentioned by the respondents in their bank decision making. In Malaysia, Haron (1994), conducted a survey on 301 Muslim and non-Muslim commercial bank customers to determine their bank selection criteria. He found that fast and efficient service, speedy of transactions, friendliness of Bank personnel and confidentiality of bank was the four most important factors considered by Muslim customers. A study carried out by Phuong and Har (2000) in Singapore found that respondents considered overall quality of service more than twice as important as recommendations by parents/friends. Ulengin (1998) indicated that a customer in Turkey was more interested in the functional quality of financial services rather than the technical quality dimension.

Location:

Selecting an appropriate location is considered as an important decision since poor site selection would be costly and hard to reverse (Ernst et al., 2018). Inappropriate choice of a site location would lead to higher transportation costs and loss of qualified labor. The aim for finding an appropriate site is to select the best location that meets the predetermined selection criteria (Zanjirani Farahani, 2012). There are various factors significantly affecting our daily life and businesses; however, several papers have proposed models and studied the effectiveness of these factors (Rezazadeh et al., 2018). The site selection problem is not new among the research community; the problem has inspired a rich and ever-growing body of literature (Liu and Hodgson, 2013).

Site selection of service facilities has been considered as a vital concern in urban and regional areas, as well as in research topics for various disciplines such as geography, public policy, urban planning, engineering and operations researches (Yao, et al, 2019). There are several different studies that focused on the locating problems and proposed different approaches. Chauhan, et al (2019) presented that given a set of demand points and potential facility locations to cover the demand points and a set of fully available charged drones, an agency allocating a considerable number of capacitated facilities and assign drones to the located facilities to serve the demands.

Location selection is considered as a significant matter for companies since it would be a costly mistake that results in unnecessary relocating expenses, endeavor and competitive advantages losses, especially when the decision problem depends on the locating facilities (Palomino Cuya et al., 2013). On the other hand, the problem of deciding on the best site for a new branch may be viewed as part of the general problem of restructuring the bank branch network (García Cabello, 20017). Thus, Finding the best site for branches of a new may be viewed as part of the general problem of restructuring the bank branch network since it may influence by a need arises in the event of changes in bank regulations, motivating mergers that necessitate a redesign of the branch network (Kamble, 2011). Banks credit and financial institutions to attract more financial resources need to select suitable locations for construction of their branches. Hence, the optimal location of banking facilities is a critical decision since the investment of a banking facility is usually over millions of dollars.

Promotion:

Promotional activities as an element of marketing communication processes are continuous exchange of information messages and inform the company with immediate and wider vicinities. Promotion is the process of communication between the company and the environment (consumers) in order to create positive attitudes about products and services that lead to their favor in the process of buying the market. Communication can be mass and individual, personal and impersonal, according to which the promotional activity involved in the process of communicating with certain recipients (Novak, 2011).

The selection of banking advertising means depends on a bank's target group. Most banking institutions address their advertising to holders of small accounts and thus advertise their products and services through the mass media. The press and television are the preferred means for larger banks that have branches across the country.The point is that promotion is not the main criterion for consumers in choosing their bank. However, its existence is a prerequisite, as it verifies a bank's critical presence in the market and plays an important role in their choices (Mylonakis, 2008).

To be operative, advertising must have demand, attract attention, command interest, inspire conviction and must provoke interest (Frank, 2005). In the same vein, Okeji (2008) as cited in Jalang‟o (2015) suggested that a good announcement message should not be boring rather it should reflect the lifecycle of the product. He concluded that advertising must be exposed in the right medium as this will enable organization to reach the right people with the right message (Jalang‟o, 2015).

Although the effectiveness of different forms of advertising varies due to such a wide selection of advertising medium, advertising is a highly flexible form of promotion. For example, websites and magazines which attract certain viewers/customers can be used for advertisements which more specifically target those customers, while more general advertisements can be designed to reach a much larger group for magazines or websites that have a much larger and varied client base (such as news websites) (Yang, 2009).

Powerful and captivating advertisements influence consumers to purchase advertised products, try out services, and fulfill voids they feel are present in their lives. Sometimes advertising influences primary demand that is, building demand for an entire product category. In fact, persuasion is one of the main functions of advertising, which is why many firms strive to create powerful impacts that reach customers on emotional and physical levels (Shimp & Andrews, 2013).

Promotion also enhances the effectiveness of other marketing communication tools. Consumers can identify product packages in the store and more readily recognize a brands value following exposure to advertisements for it on television or in a magazine. Advertising also can augment the effectiveness of price deals. Customers are known to be more responsive to retailers‟ price deals when retailers advertised that fact compared to when retailers offer a deal absent any advertising support (Shimp & Andrews, 2013).

Political:

It is commonly claimed that government ownership of banks facilitates the financing of projects that private banks are unable or unwilling to finance, particularly projects that could help economic development. However, La Porta etal. (2002) document that government ownership of banks is associated with lower subsequent economic growth and argue that politicians use government-owned banks to further their own political goals. Barth et.al, (1999).

Political influences documented in this paper also indicate how politicians can use government-owned banks to distribute these rents to their supporters. This paper can provide an estimate of political lending due to the selections.

The findings reported in this paper also have implications for studies on financial systems and the role of banks. They demonstrate that the ownership of banks matters in financial systems. They also suggest that the comparison of financial systems in general and the role of banks in those systems in particular cannot be fully understood without due regard to the political environment in which these financial systems operate, as in Aoki (2002).

Reputation /image and confidence:

Several academic agree (Fombrun, 1996, Roper-Fill, 2012) that reputation reflects the opinion of the company's external and internal stakeholders. Partly for this reason it is possible to interpret and examine several aspects of it that include strategic management, organizational theory, economics, marketing, communications, accounting and finance. (Ropert, 2012).

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

Strong reputation can have countless positive returns: it can improve customer judgment on product/service quality, can contribute to the willingness of recommendation, can protect the company in a crisis situation or from an attack by competitors, can contribute to creating a more positive employer brand, can help to get cheaper capital, can facilitate expansion and growth. (Feldmar et al., 2014). Well-performing companies in the field of reputation differ from their less successful counterparts in five factors, such as visibility, transparency, dissimilarity, consistency and originality. (Nyárády-Szeles, 2004).

Banking and financial activities are usually listed in the scope of services, however, due to some of their characteristics they can be considered unique. The purchasing activity of banks is very special, the cost of accessing capital is of key importance in terms of their performance. The financial crisis shook inter-bank relationships, too. In connection with it several studies have examined the importance of financial reputation and its impact on the pricing of inter-bank transactions. (Camba, Mendez et.al, 2014).

The direct significance of reputation is difficult to identify regarding bank selection decisions, but indirectly it still has an impact on customer behavior by shaping loyalty and increasing willingness to make a recommendation. (Ruiz et al, 2013).

Over the past thirty years, since reputation, corporate identity and image became the focus of researches, there was no generally accepted framework established for clarifying the relationship between the three concepts. If we accept that reputation is a value judgment, which is the community's response to the communication of the company, its presence, that is, the "effect", then corporate identity can be considered as the "cause", the starting point of reputation. (Nyárádi-Szeles, 2004). Corporate identity consists of content (e.g .corporate philosophy, mission, vision, corporate culture, etc.) and form/design (logo, slogan, color, etc.) elements. Reputation is often used as a synonym for image.

Technological Factors:

Technology has greatly advanced playing a major role in improving the standards of service delivery in the financial institution sector. Days are long gone when customers would queue in the banking halls waiting to pay their utility bills, school fees or any other financial transactions. They can now do this at their convenience by using their ATM cards or over the internet from the comfort of their homes. Additionally due to the tremendous growth of the mobile phone industry most financial institutions have ventured into the untapped opportunity and have partnered with mobile phone network providers to offer banking services to their clients.

The development in technology has affected business organizations in several ways, most especially in terms of management and control; marketing and research; operations and decision making (Cicic et al., 2004).

Information Technology (IT) can be defined as the modern handling of information by electronic means, which involves its access, storage, processing, transportation or transfer and delivery (Ige 1995). Research shows that IT affects financial institutions by easing enquiry, saving time, and improving service delivery (Alu, 2002). IT also provides solutions to the needs of modern societies in health care delivery, library services, education, and communication networks within organizations, etc.

Mobile banking is an innovation that has progressively rendered itself in pervasive ways cutting across several financial institutions and other sectors of the economy. During the 21century mobile banking advanced from providing mere text messaging services to that of pseudo internet banking where customers could not only view their balances and set up multiple types of alerts but also transact activities such as fund transfers, redeem loyalty coupons, deposit check via the mobile phone and instruct payroll based transactions(Vaidya 2011).

Internet banking (e-banking) is the use of internet and telecommunication networks to deliver a wide range of value added products and services to bank customers (Steven, 2002) through the use of a system that allows individuals to perform banking activities at home or from their offices or over the internet. Customers can access account information at any time, day or night, and this can be done from anywhere. Internet banking has improved banking efficiency in rendering services to customers. Financial institutions in Kenya cannot ignore information systems since they play an important role in their operations because customers are conscious of technological advancements and demand higher quality services.

2.6 Empirical Literature:

Hafeezur & Saima (2008) investigated customers of private, privatized and nationalized banks in Pakistan to find out the determinants of bank selection. The findings of their study revealed that the most important variables influencing customer choice are customer services followed by convenience According to Mokhlis (2009), people influences and recommendations are also among the important factors in selecting a bank for both male and female customers.

Studies point out cost as an important determinant of commercial bank selection customers with low income, their primary objective is to minimize costs that are associated with financial transactions. This means that customers will prefer service charges as the most driving factor (Cicic, et.al 2004).

Other research literatures Lympero poulos et al. (2006) examined the importance of service quality in bank selection and found four distinct factors as the main choice criteria that influence consumers‟ bank choice. Bank service quality is the most important element that customers consider in order to select their mortgage providers and establish a long-term relationship with them. The other three refer to product attributes, access, and communication.

A Study conducted by Olawale Fatoki (2010) in South Africa to investigate the determinants of the choice of commercial banks by university students. University of Fort Hare (Alice campus) was the study area. With regard to the mean values the study, ease of opening a bank account, financial stability of the bank, and ATM location, are the most important factors.

A few related studies also conducted by Ethiopian researchers on factors most influence Bank selection decision of customers among banks product and services. The study conducted in Arba Minch (Agarwal, 2017), Ethiopia with a sample size of 385 customers of any bank and systematic sampling was used for contacting the customers for collecting the responses from the customers. The result states that technology factors and social influence are a significant factor and also convenience factor has insignificant impact.

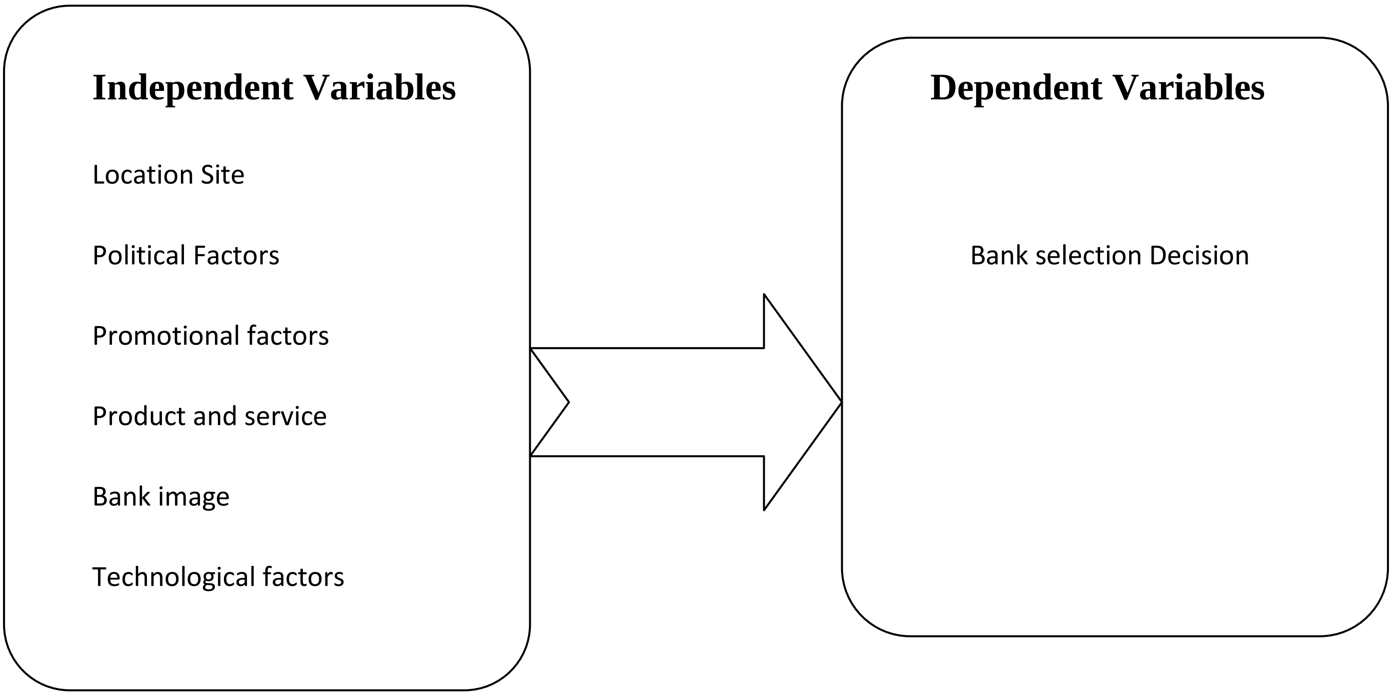
Ta and Har (2000) undertook a study on bank selection decision in Singapore using the analytical hierarchy process (AHP) to access the principal decision factors used and their relative determinant in bank selection decisions. They concluded that results of the analysis for the total sample indicated that the bank section decision process is based primarily on nine determinant selection criteria: high interest rate, convenient location, and quality of service, self-banking facilities, low charges, low-loan rates, long operating hours, undergraduate privileges and recommendations.

Factors related to service quality, the speed of service offering and availability of forex resources has high effect on customer's decision. Respondents have oriented their bank choice based on being a first mover in product and service introduction (Metasebia 2017).

The other study on factors of 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 customer's bank selection are: Convenience, Reliability and Service quality for the entire customers (Dawit T/ Ttsadik 2013).

In Finland, Holstius et al. (1995) investigated the determinant factors used in bank selection decisions by customers. They found that the most influential factors reported by customers were location near home or work, fast and efficient service, recommendations of friends and relatives, external appearance, interior comfort of the bank counter partitions and mass media advertising of the services. Since the least important factors listed by the respondents were financial counseling services provided, confidence in the bank manager and a wide range of services offered.

2.8 Conceptual framework



Source: researchers own design 2021

Chapter three:

3. Methodology

3.1. Research Design

A research design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem. The design of a study defines the study type /Explanatory/ data collection methods and a statistical analysis plan. Research design is the framework that has been created to find answers to research questions.

Research design forms the plan or maps that details how the research collected information that is relevant to addressing the research questions. The function of a research design was to ensure that the data obtained during the data collection was adequate in answering the initial question(s) as unambiguously as possible (Muganda, 2010). A research design influences the choice of analysis and sampling technique to use. It refers to the overall strategy chosen to integrate the different components of the study in a coherent and logical manner (Brown, 2006). Three main types of research designs identified include exploratory, descriptive and explanatory studies.

Exploratory research intends merely to explore the research questions and does not intend to offer final and conclusive solutions to existing problems. It is conducted in order to determine the nature of the problem, exploratory research is not intended to provide conclusive evidence, but helps to have a better understanding of the problem (Brown, 2006).

Explanatory research referred to as analytical study seeks to identify any causal links between the factors or variables that pertain to the research problem (Saunders et al. 2007). Such research is also very structured in nature.

Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984). It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution. Because the human mind cannot extract the full import of a large mass of raw data, descriptive statistics are very important in reducing the data to manageable form. When in-depth, narrative descriptions of small numbers of cases are involved, the research uses description as a tool to organize data into patterns that emerge during analysis and serve to organize the findings in order to fit them with explanations, and then test or validate those explanations (Krathwohl, 1993).

The study was used both a descriptive and inferential types because a descriptive survey enabled the researcher to describe the characteristics of the variables of interest. And inferential statics helps to measure the relationships between customers selection criteria and banks selection decision. The use of these design yields rich data that leads to appropriate analysis.

3.2 Population of the study:

Population refers to the entire group of people, events or things of interest that the researcher wishes to investigate (Sekaran, 2005). A study population can be defined as the entire collection of cases or units about which the researcher wishes to draw conclusions. Target population in statistics is the specific population about which information is desired. a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated (Ngechu, 2004).The study focused on customers of the commercial private bank .The total number of private banks in jimma is fourteen (14). Among these private banks the researcher select10 banks customers from each bank main branch the researcher select 10 customers.

Table: 4.1 population size

Trget Population	Size
Customers of wegagen ,awash.oromia international,abysinia.dashen,buna international,hibret,birhan,zemen and nib international bank	100

3.3 Sample and Sampling Technique:

There are two types of sampling these are Probability and no probability; Probability sampling is a sampling process that utilizes some form of random selection (Salant&Dillman, 1996). In this sampling, each unit drawn with known probability or has a nonzero chance of being selected in the sample (Yamane, 2001).

The non-probability types of sampling process where probabilities cannot assign to the units objectively and hence it becomes difficult to determine the reliability of the sample results in terms of probability. Non-probability sampling depends on subjective judgment (Salant, 2001). Examples of non-probability sampling include; convenience sampling, purposive sampling, quota and snowball sampling. Getting responses using non-probability sampling is faster and more cost-effective as compared to probability sampling because researcher knows sample, they are motivated to respond quickly as compared to people randomly selected. This type of sampling used to indicate if a particular trait or characteristic exists in a population.

Purposive or judgmental sampling is a strategy in which particular settings persons or events selected deliberately in order to provide important information that could not obtained from other choices (Maxwell, 1996).

In general the researcher prefer then non-probability sampling techniques by considering more of it is accurate and rigorous and it is where the researcher includes cases or Participants in the sample because they believe that they warrant inclusion. In order to select, the customers who visit the banks to get the service or who is motivated to use the service and products of the banks and the study use non-probability sampling techniques of convenience sampling. Because of Low-cost, convenient, not time Consuming, the number of respondents aremanageable and convenient to respond the questionnaires because they work on it and sense it as they are a part of the study).

3.4 Source of data

The data for this study were generated from both primary and secondary sources. This is to capture both the quantitative and qualitative aspect of customer's selection criteria. Primary data refers to data obtained from first-hand experience whilst secondary data refers to data collected by third parties. One advantage of using primary data is the fact that it allows the researcher to gather specific information that addresses the objectives of the research. It is also more reliable compared to secondary data. The study also used primary data to examine customer's selection criteria and factors surrounding customer's selection decision.

3.5 Data collection method

Primary data was collected by means of a structured questionnaire. The questionnaires were self-administered via the use of email, drop and pick later method to customer of the bank.

The questionnaire allowed greater uniformity in the way questions were asked, ensuring greater compatibility in the responses. The use of structured questions on the questionnaire allows for uniformity of responses to questions; while unstructured questions gave the respondent freedom of response which helped the researcher to measurethe feelings of the respondent, he or she used their own words (Cooper & Schindler, 2006). The structured questions were in form of a five point. Likert Scale, whereby respondents were required to indicate their views on a scale of 1 to 5.The researcher exercised care and control to ensure all questionnaires issued to the respondents were received and achieved. The structured questions were used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form.

3.6 Data Analyses methods:

Data analysis, involves a number of closely related operations which are performed with the purpose of summarizing the collected data and organizing them in such a manner that they answer the research questions. The operations include editing, coding, classifying and tabulating. It also entails categorizing, ordering, manipulating and summarizing data, to find answers to the research questions. Before the actual analysis of data using SPSS, data was cleaned, edited, checked for accuracy and coded (Sekaran, 2005).

The data collected was analyzed using descriptive (measures of central tendency and measures of variations of mean and standard deviation) and inferential statistics to achieve the objectives of the study. The process of data analysis involved several stages: the completed questionnaires were edited for completeness and consistency; data was checked for errors and omissions. To ensure data processed into meaningful information for descriptions of the factors analysis, Descriptive and inferential type of research would be executed because it involves investigation which provides detailed picture of the situation and detail description of the findings displayed in tables and charts as well as to develop inferences on the relationship between customers selection criteria and banks selection decision. Inferential analysis performed to examine the relationship between customers selection criteria and banks selection decision.

3.7 Model specification:

Based on the research design, the Analysis model was modified andexpressed in functional relationship to accommodate more customer's selection criteria and banks selection decision. These includeLocation Site, technology, bank image, promotion, political and Product and service. The relationship between customer's selection criteria and Bank selection were represented with respect to the following model: The multiple linear regression models are used to study the relation between one dependent variable and independent variables. Suppose the response variable Y may be related to six variables. The model's is given by:

$$Y = \boldsymbol{\beta o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon}$$

Where: Lo= Location, Tec=Technology, Bi= Bank image,

Pro= Promotion Prs =Product and service Pol= Political Bs: banks selection decision

3.8 validity and Reliability

Two major criteria applied to evaluate the quality of the study. These are validity and reliability. According to; Patton, (2001), the two factors validity and reliability should be considered by a qualitative researcher in order to judge the quality of the study, designing the study and analyzing results. The question of validity raised in the context of the three points, the form of the test, the purpose of the test and the population for whom it is intended (Cronbach, 1990). Reliability is the degree to which a test consistently measures whatever it measures. Errors of measurement that affect reliability are random errors and errors of measurement that affect validity are systematic or constant errors.

3.9 The Validity and Reliability Checks

Checking the validity and reliability of data collecting instruments before providing to the actual study subject was the core to assure the quality of the data (Yalew, 2008). To ensure the validity of instruments, initially the instrument were prepared by the researchers and developed under close guidance of the advisors and other teacher. The questionnaires were checked and corrected by high school English language teachers. Moreover, the questionnaires were pilot tested and this done to carry out pre-test the instruments, and to avoid ambiguity and unclear statements. Based on respondent's response additional, omission and modification of question were undertaken. The pre-test was providing an advance opportunity for the investigator to check the questionnaires and to minimize errors due to improper design elements, such as question, wording or sequence (Adams *et al*. 2007).

Additionally the reliability of the instrument was measured by using Cronbach's alpha test. A reliability test is performed to check the consistency and accuracy of the measurement scales.

Table 3.2, shows the results of Cronbach's coefficient alpha is satisfactory (between 0.874 and 0.691), indicating questions in each construct are measuring a similar concept. As suggested by Cronbach's (Tech-Hong &Waheed, 2011), the reliability coefficients result >0.9 excellent, >0.8 good, >0.7 acceptable, < 0.6 questionable, and < 0.5 poor. The internal consistency reliability results between 0.70–0.90 are generally found to be internally consistent. The Table below shows that the Cronbach's alpha ranged from 0.691 to 0.874, indicating that items are highly reliable to measure the variables they are expected to measure (See the table3.2 below).

Table 3.2 Reliability test result with Cronbach's alpha

Variables	**Cronbach's Alpha**	**Number of items**
Location Site	.874	3
Technology	.691	4
Promotion	.739	4
Bank Image	.861	5
Political	.771	4
Product and service	.864	5
Bank selection	.737	4

Source: computation from survey data (2021)

3. 10 Ethical consideration

All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent were secured before the commencement of distributing questionnaire. Respondent were informed their full right to fill the questions or to withdraw from the study at any time without any unfavorable consequences, and they are not harmed as a result of their participation or non-participation. Moreover, no information were modified or changed, therefore information were presented as collected and all the literatures collected for the purpose of this study were appreciated in the reference list.

CHAPTER FOUR

Results and discussion

4.1 Introduction

This chapter is organized and data was presented and discussed to address the research questions and objectives in the following manner: It consists samples and response rate, general information of respondents, reliability test for the measures used and analyzed, To facilitate ease in conducting the empirical analysis, the results of descriptive analyses were presented first, followed by the results of Regression and correlation. ANOVA analysis and independent t-test was carried out.

A total of 100 questioners were distributed from the total questionnaire to banks customers and 100 were received back. After excluding 20 invalid questionnaires, a total of 80 valid questionnaires were accepted for a response.

4.2 Descriptive data analysis

Table 4.1 Descriptive Statistics for the effects of bank image							
The effects of Bank Image on customer's banks selection decision.		Brand image influence me to be customer of the bank than promotional offers.	Promotional offers positively affect my brand choice.	I have a positive perception for bank because of its brand.	I prefer bank for the reason brand image than service quality, product features.	I want to switch brands if a bank has a good will.	Valid N (list wise)
N	Statistic	80	80	80	80	80	80
Minimum	Statistic	1	1	1	1	1	
Maximum	Statistic	4	4	5	5	4	
Mean	Statistic	2.26	1.95	1.8	2.56	2.13	
	Std. Error	0.114	0.089	0.104	0.153	0.116	
Std. Deviation	Statistic	1.016	0.794	0.933	1.367	1.036	

This section of the questionnaire tested the effects of bank image on the customer selection decision. A series of five statements were presented to respondents and respondents were asked to rate their level of agreement with each statement.

According to the data illustrated above, respondents agree that they influenced bank image to be a customer of the bank than other promotional offers with mean score of 1.14 and 1.016 of std. Deviation. Respondents also agree that bank image positively affect their brand choice of bank with mean score of 0.089 and 0.79 Std. Deviation. On the other hand Most of respondents agree that have a positive perception for bank because of its brand, Respondents, on the other hand agree that they prefer bank for the reason brand image than service quality, product features with the mean score of 1.04 and 1.367 Std. Deviation. The overall mean for reputation indicating that the majority of respondents are towards agree level agreement with the statements specified in the study. This shows that bank image attract and motivates customer to use the banks product and services without comparing the service providing quality and it also influence customer to testify to other persons about the bank. Reputation/image, as the determining element of intangible capital (Fombrun, 2001), increases the value of companies not only through its influence on purchasing decisions.

Table 4.2 Descriptive Statistics for the effects of location site							
The effects of Location site on customers bank selection		Banks Location site encourage me use banks products far more easily	Banks Location site motivates me to use banks product earlier than planned.	I testified to friends and relatives about the banks location	I prefer Banks by its location than other factors	While there is a good location site of banks my choice of pattern will be changed	Valid N (list wise)
N	Statistic	80	80	80	80	80	80
Minimum	Statistic	1	1	1	1	1	
Maximum	Statistic	5	4	4	5	3	
Mean	Statistic	1.81	1.86	2.14	2.31	1.9	
	Std. Error	0.094	0.083	0.106	0.129	0.095	
Std. Deviation	Statistic	0.843	0.742	0.951	1.154	0.851	

According to the above 4.2 illustrated data regarding the effects Location site on banks selection, respondents agree that Banks Location site encourage to use banks products far more easily with mean score of 1.81 and 0.843 of Std. Respondent more likely encouraged to use banks product earlier than planned with mean score of 1.86 and 0.742 Std. Respondents also agree that they testified to friends and relatives about the banks location with mean score of 2.14 and 0.951 Std. Deviation. While there is a good location site of banks their choice of pattern will be changed with mean score of 1.90 and 0.851 Std. Deviation Furthermore, respondents prefer Banks by its location than other factors with the mean score of 2.31 and 0.951 Std. Deviation. The overall mean for the perception of Location, indicating that the majority of respondents are towards agree level agreement. Location site helps the customer to select the bank, it motivates to use banks product and service and it also makes customer loyal to the bank. Therefore, the bank branch location studied by Fung (2001) indicated that costumers choose their banks based on their convenient way to reach the bank.

Since estimating the feasibility of a bank branches development project and plan, defining the availability of the demand area is a first challenge (Garegnani et al., 2018).

Table 4.3 Descriptive Statistics for the effects of political factors on customers selection							
The effects of Political factors on customers bank selection.		I am more likely to make more deposit and use new bank products by its political interfere	I prefer bank for the reason of political situation	Politics influence me to prefer banks	I prefer Local bank than other bank	I prefer banks which use local area language	Valid N (list wise)
N	Statistic	80	80	80	80	80	80
Minimum	Statistic	1	1	1	1	1	
Maximum	Statistic	5	5	5	5	5	
Mean	Statistic	3.47	3.49	3.62	2.84	2.59	
	Std. Error	0.17	0.181	0.169	0.168	0.149	
Std. Deviation	Statistic	1.518	1.623	1.513	1.505	1.328	

As per the above table illustrated data on customer's political view, respondents disagree that the effects of political view on banks selection reward for customer with the mean score of 3.47 and 1.518 Std. Deviations. In other way they also disagree on Politics influence me to prefer banks. Respondent relatively agree to deposit more and use new bank products if the bank us prefer Local bank than other bank e local area language with mean score of 2.59 and 1.328 Std. Deviation. In addition, respondents become neutral on they prefer Local bank than other bank with mean score 2.84 and 1.505 Std. Deviation. This indicating that the majority of respondents are towards disagree level agreement on the effects of political influence with the statements specified in the study. This indicates that the political influence can't make them to be a customer of the bank and to use of the bank Product and service. The decision-making process never ends, but remains a continuous battle between different coalitions. After one group wins a round of the battle, other parties might regroup or become even more determined to win the next round. Influence and power is wielded in a deliberate manner and to further self-interest. The goals of the coalitions are defined by self-interest rather than by what is good for the organization as a whole (Pfeffer 1981).

Table 4.4 Descriptive Statistics for the effects of promotion on customers bank selection								
The effects of promotion on customers bank selection.		Displays and Promotional offers informed in banks branches attract me	Attractive and clear point of display and promotion influences my pattern ofchoice and use of	Premiums would help customer to have a positive attitude.	I prefer banks by attractive TV advertising and promotion affects what I use new bank	I often use bank products Promoted in the counter	Promotion in the social media attracts me to use banks product	Valid N (list wise)
N	Statistic	80	80	80	80	80	80	80
Minimum	Statistic	1	1	1	1	1	1	
Maximum	Statistic	5	5	5	4	5	4	
Mean	Statistic	1.9	1.94	2.16	2.13	2.57	2.4	
	Std. Error	0.109	0.114	0.115	0.104	0.115	0.106	
Std. Deviation	Statistic	0.976	1.023	1.024	0.933	1.028	0.949	

Table 4.4 above shows the overall means of all items in the effects promotion on bank selection. According to the findings of the means Displays and Promotional offers informed in banks branches attract customers with mean score of 1.90 and 0.976 Std. Deviation. Meaning that respondents have a tendency towards agree with statements relating to Displays and Promotional offers. it would help customer to have a positive attitude with mean score of 2.16 and 1.023 Std. Deviation. Customer also prefer banks by attractive TV advertising and promotion affects what I use new bank products with mean score 2.13 and 0.933 Std. Deviation. Promotion in the social media also attracts to use banks product with mean score 2.40 and 0.949 Std. Deviation. This means that respondents have a positive tendency towards promotion, TV advertising and Promotion in the social media. Promotional Displays on the other hand have also positive relationship with banks selection. So that promotion tools stated above affects banks selection decision. The effectiveness of advertising on bank customers and found that respondents overall attitude and aesthetic/emotional evaluations varied significantly and that picture based advertising elicits a higher intention to patronize a bank (Laskey et al. (1992).

Table 4.5 Descriptive Statistics for the effects product and service on banks selection						
	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
I am a repeat customer of the bank because of their service.	80	1	4	1.63	0.067	0.603
I have become more loyal to the bank ever since.	80	1	4	1.56	0.075	0.672
I acted as a referee to other customers who needed service and convince them to acquire the bank products	80	1	5	1.73	0.094	0.842
I may use new bank products in the future.	80	1	4	1.95	0.099	0.884
If I had the opportunity, I would commit to deposit more in this bank	80	1	5	1.95	0.096	0.855
There is a priority for loyal customers in the banks	80	1	4	1.89	0.082	0.729
I prefer bank for the reason service quality and product features than others factors	80	1	4	1.69	0.09	0.805
There is a priority for loyal customers in the banks	80	1	4	1.9	0.103	0.922
Valid N (listwise)	80					

The data illustrated in table 4.5 shows that respondents have fewer attitudes with the mean score of 1.63, 1.56, 1.73, 1.95, 1.95, 1.89, 1.69, 1.90 and 0.603, 0.672, 0.842, 0.884, 0.855, 0.729, 0.805 and 0.922 Std. Deviation and others respectively about the effects of product and service on banks selection decision. The overall mean the perception of indicating that the majority of respondent towards product and service provided by banks level agreement with the statements specified in the study. So that customers of the bank are focusing on the product and service quality.

Service quality as well as customer satisfaction are critical determining factors for organizations in order to gain competitiveness, business development, and to attract customers (Angelova & Zekiri, 2011) Accessibility and ease of contact are the two most significant essentials of product and service quality. Research has shown that better approachability to services results in improved customer satisfaction (Flavian et al., 2004). As per most effective dimensions of service image, availability of services may have an important or unintended impact on a bank's customer satisfaction as well as loyalty (Ladhari et al., 2011).

Table 4.6 Descriptive Statistics for the effects of Technology on customer's banks selection							
The effects of Technology on customers banks selection		I tend to prefer banks by ATM and POS Access.	I Prefer banks by E- banking Facility.	I prefer banks by its mobile banking products	Technology is better for me than other criteria	Technology makes me loyal and repetitive customer of the bank	Valid N (list wise)
N	Statistic	80	80	80	80	80	80
Minimum	Statistic	1	1	1	1	1	
Maximum	Statistic	5	4	4	4	5	
Mean	Statistic	2.1	2.11	2.2	2.16	2.24	
	Std. Error	0.097	0.096	0.098	0.091	0.099	
Std. Deviation	Statistic	0.866	0.857	0.877	0.818	0.889	

As per the above table 4.6 illustrated data on the effects technology on banks selection, respondents agree they tend to prefer banks by ATM and POS Access with the mean score of 2.10 and 0.866 Std. Deviations. In other way they agree and prefer banks by E- banking Facility with mean score 2.11 and 0.857 Std. Deviations. Respondent strongly agree Technology is better for me than other criteria with mean score of 2.16 and 0.818 Std. Deviation. Respondents also agree Technology makes me loyal and repetitive customer of the bank with the mean score of 2.24 and 0.889 Std. Deviation. This shows that Updated technology builds a positive attitude, attracts customers, become frequent and loyal to the bank. Generally, the effects of IT on the enquiry of the customer's state of account and services enjoyed by the customers from the banks have an appreciable influence on any bank. The use of a technology and computer systems have ensured quick and improved services delivery to customers by the banks (Peter Adebayo, 2008).

4. 3 Correlation Analysis

A correlation analysis was conducted to establish the relationship between the independent and dependent variables; this helped to show the degree of relationship between the independent and dependent variables. The purpose of doing correlations was to allow the study to make a prediction on how a variable deviates from the normal. Pearson r coefficient was used to determine if there was a significant, positive association between customer's selection criteria and bank selection. Pearson r is a measure of the degree of association between two variables which are both measured in either the interval or ratio scale. Its value ranges from -1.0 to +1.0, with bigger absolute values indicating stronger relationship; the sign denotes the direction of association. A positive correlation indicates that as one variable increases, the other also goes up; meanwhile a negative correlation suggests that as one variable increases, the other correspondingly goes down (Saunders *et.al*2009).

Table 4.7: Guideline on Strength of relationship r Value

	Interpretation
0.39 and below	Low positive association
04 to 0.69	Moderate positive association

Table 4.8 Correlations result the factors of customers banks selection

		The effects of location	The effects of technology	The effects of political	The effects of promotion	The effects of product and service	The effects of bank image	Bank selection decision
the effects of location	Pearson Correlation	1	.333**	.372**	0.141	.246*	-0.118	.338**
	Sig. (2-tailed)		0.003	0.001	0.214	0.028	0.298	0.002
	N	80	80	80	80	80	80	80
the effects of technology	Pearson Correlation	.333**	1	0.042	-0.03	.411**	-0.086	.347**
	Sig. (2-tailed)	0.003		0.71	0.792	0	0.447	0.002
	N	80	80	80	80	80	80	80
the effects of political	Pearson Correlation	.372**	0.042	1	0.01	0.08	0.01	.260*
	Sig. (2-tailed)	0.001	0.71		0.931	0.479	0.93	0.02
	N	80	80	80	80	80	80	80
the effects of promotion	Pearson Correlation	0.141	-0.03	0.01	1	0.086	0.046	.326**
	Sig. (2-tailed)	0.214	0.792	0.931		0.448	0.684	0.008
	N	80	80	80	80	80	80	80
the effects of product and service	Pearson Correlation	.246*	.411**	0.08	0.086	1	0.144	.571**
	Sig. (2-tailed)	0.028	0	0.479	0.448		0.202	0
	N	80	80	80	80	80	80	80
the effects of bank image	Pearson Correlation	-0.118	-0.086	0.01	0.046	0.144	1	.307**
	Sig. (2-tailed)	0.298	0.447	0.93	0.684	0.202		0.006
	N	80	80	80	80	80	80	80
Bank selection decision	Pearson Correlation	.338**	.338**	.338**	.338**	.338**	.338**	.338**
	Sig. (2-tailed)	0.002	0.002	0.002	0.002	0.002	0.002	0.002
	N	80	80	80	80	80	80	80

The table 4.8 above explains the relationship between the independent variable and bank selection decision. Based on the output of the correlation matrix; Location (r=0.338, p=0.002), Technology (r=0.347, p=0.002), and Loyalty Reward (r=0.326, p=0.008), have positive relationship with bank selection decision. On the other hand Product and service (r=0.571, p=0.000), have moderate positive relationship with bank selection. But Political (r=0.260, p=0.020), have no relationship with bank selection decision.

4.4 Multiple Linear Regression Analysis

Multiple regression analysis was then conducted to find out the effect of customer selection criteria on banks selection decision. It gives more detailed analysis as it enabled the examination of the influence of each of the independent variables on dependent variables, controlling for all other factors. It also allowed the researcher to determine the combined effect of the variables (Gay & Airasian, 2006).

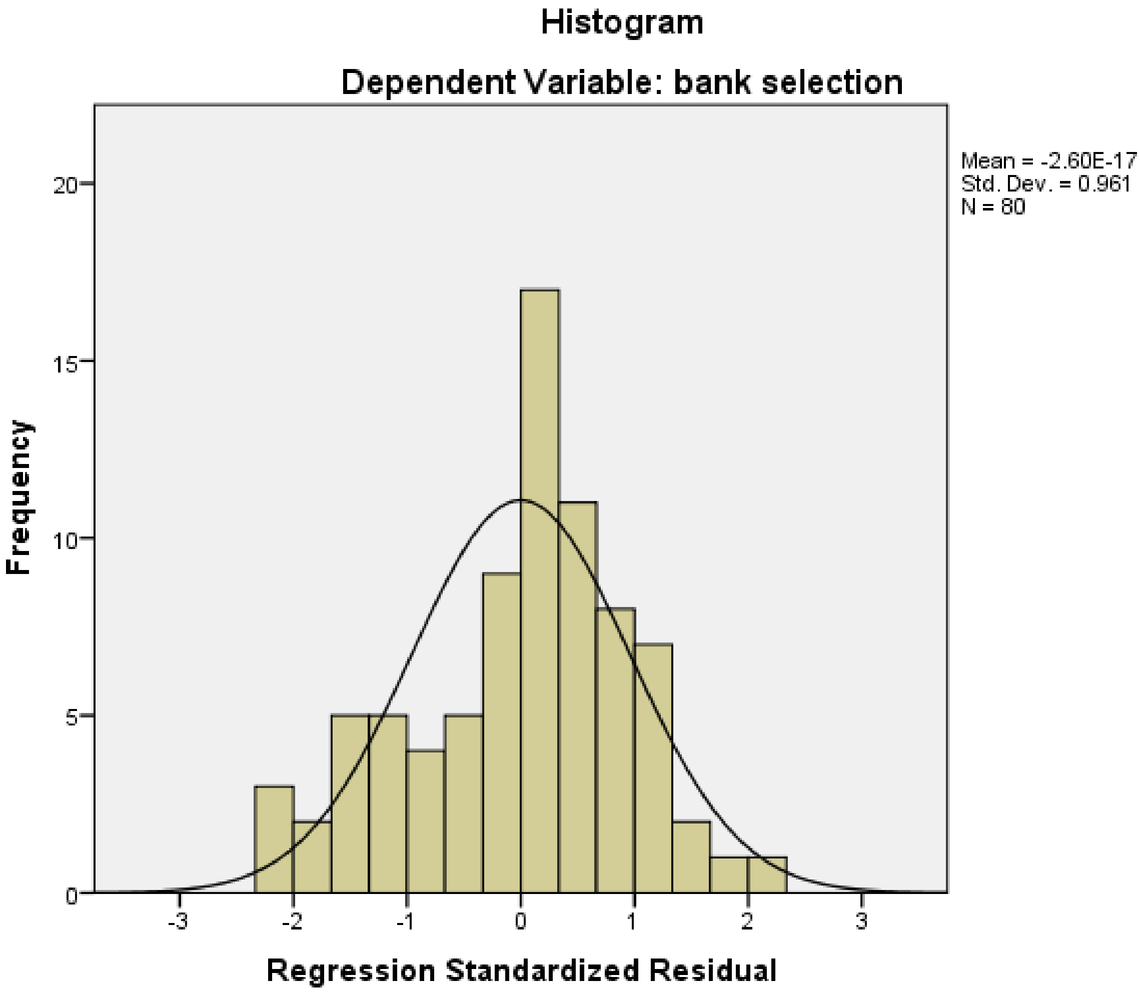
Multiple linear regression analysis is a well-known statistical technique which fits a relationship between one dependent and more than one independent variable. Accordingly, model summary, an analysis of variance (ANOVA) and regression coefficient for the dependent variables were discussed under this sub-section.

In this section and the subsequent sections on regression results, the coefficient of determination (R square) was used as a measure of the explanatory power to show how the independent variables explain the dependent variable. The F statistics (ANOVA) was used as a measure of the model goodness of fit. Pearson correlation and the regression coefficient summary were used to explain the nature of the relationship between the dependent and independent variables. The significance levels of the regression results were also taken into account for proper interpretations

4.5: Assumption of multiple linear regression analysis

Certain assumptions must be tested and met in order for the results of multiple regression analysis to be useful. It assumes that variables have normal distributions and that the relation between the dependent and the independent variable is linear when all other independent variables are held constant. Observations of the visual representations of the histogram, scattered plot, and partial plots revealed that the assumption of normality and linearity for the dependent variable (bank selection) was checked and the assumptions of multiple linear regressions should satisfy.

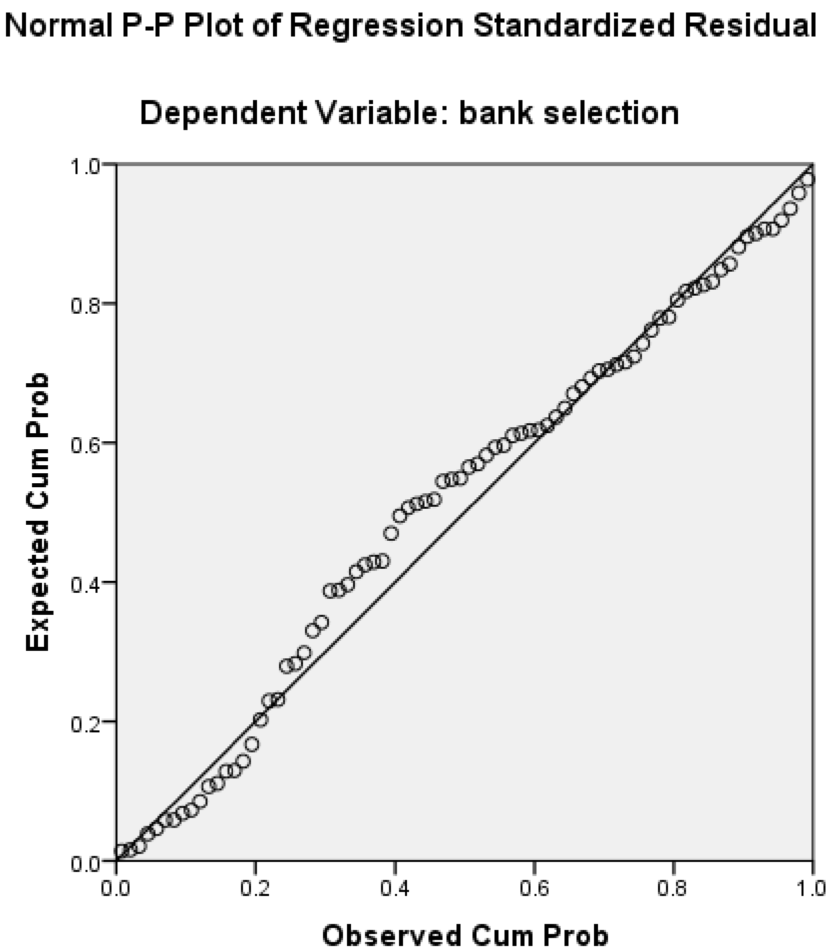
To test the normality assumption the histogram of residuals was used to check the extent to which the residuals are normally distributed. The residuals histogram in figure below shows us fairly normal distribution for the variable. Thus, based on these results, the normality of residuals assumption is satisfied for the dependent variable employees' commitment.



[redacted]

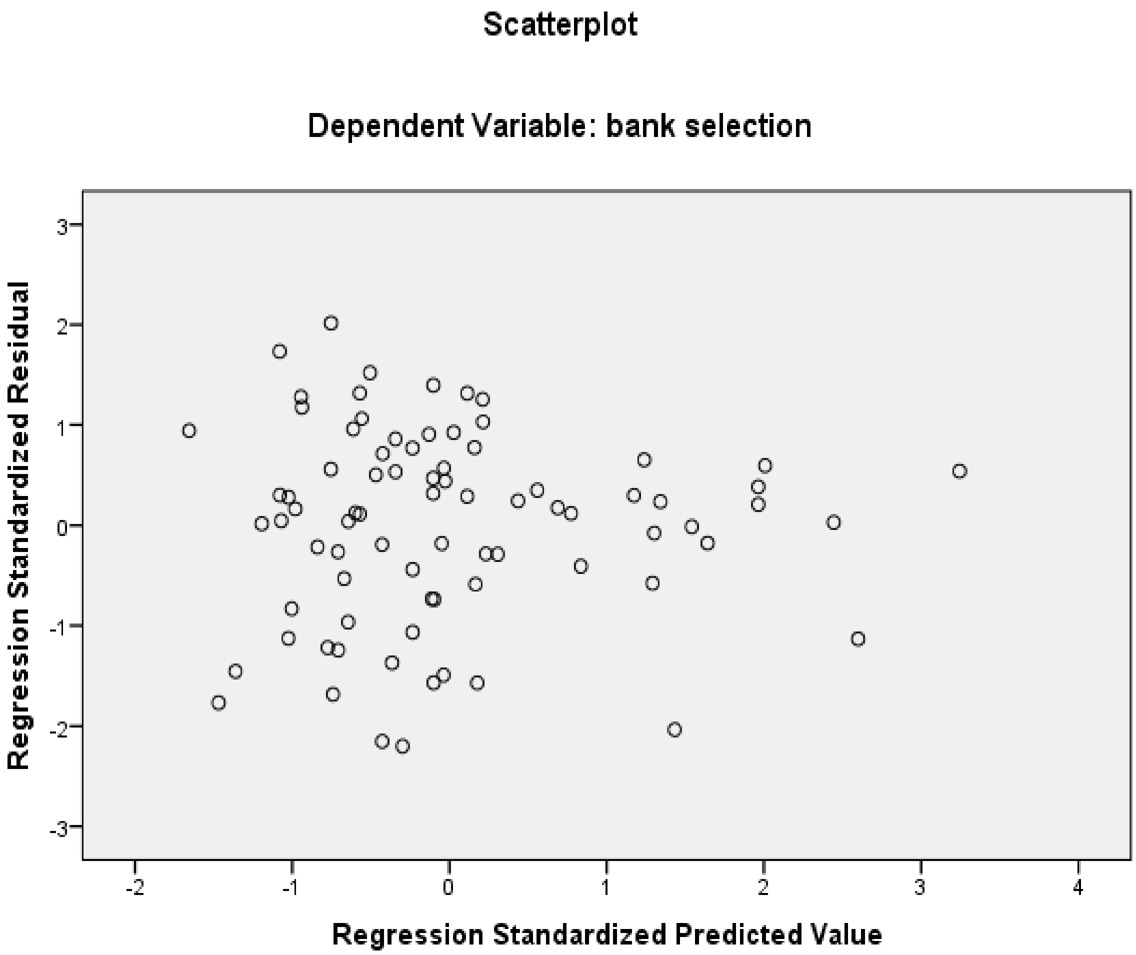
To check the linearity assumption in multiple linear regressions the normal P-P plot was used, the plot shows all observed values somewhat spread along the straight diagonal line.

Figure 4.1 in below shows us most of the observed values are spread very close to the straight line; there is high likelihood that the data are normally distributed and linear.



[redacted]

To check homogeneity assumption a scatter plot of the residuals against the predicted values was used to indicate whether the homogeneity of variance assumption is met. If it is met, there should be no pattern to the residuals plotted against the predicted values. In the following scatter plot, (Figure 4.3) in below, shows there is no clear pattern, which suggests homogeneity of variance assumption is met.



[redacted]

Figure 4.3: Scatter Plot

A common problem that arises in multiple regression analysis is also multi-co linearity. This basically means that two or more of the independent variables being used are highly correlated with each other and in effect measure the same thing. This makes it difficult to identify the unique relation between each predictor variable and the dependent variable (Urdan, 2005). The co linearity statistics for this study revealed that none of the Variance Factors were above 10 for each independent variable. In research this is said to be an acceptable number to test for multi-co linearity as any number above 10 would be cause for concern. The tolerances are all above 0.2. If a variable has co linearity tolerance below 0.2, it implies that 80% of its variance is shared with some other independent variables (Table 4.11).

4. 6: Regression analysis

Regression analysis was conducted to empirically determine whether independent variable was a significant determinant of bank selection.

Table 4.9 Model Summary

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.562	6	0.427	17.873	.000[b]
Residual	1.744	73	0.024		
Total	4.306	79			

Regression results in table 4.9indicate the goodness of fit for the regression between bank selection and independent variable was satisfactory. The adjusted R squared of 0.562 indicates that 56.2% of the variances in bank selection factors can be explained by the bank selection. The remaining variances on the dependent variable could be explained by other explanatory variables not included in this study.

Table 4.10.ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.562	6	.427	17.873	.000[b]
Residual	1.744	73	.024		
Total	4.306	79			

From table 4.10, it is apparent that the regression model was significant using ‘between customer selection decision and bank selection. An F statistic of 17.873 and a probability value of 0.000 clearly indicate that the model was significant.

Table 4.11 Regression analysis on the dependent variable of customer selection criteria

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% CI for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	0.939	0.412		3.32	0.001	0.547	2.191		
Location	0.262	0.072	0.279	3.64	.000*	0.119	0.406	0.947	1.056
Promotion	0.153	0.059	0.208	2.566	.012*	0.034	0.271	0.847	1.181
Technology	0.139	0.049	0.228	2.81	.006*	0.04	0.238	0.845	1.183
Political	0.026	0.035	0.062	0.759	0.45	-0.043	0.096	0.834	1.199
Product and service	0.212	0.034	0.477	6.168	.000*	0.144	0.281	0.929	1.077
Bank Image	0.242	0.066	0.282	3.646	.000*	0.11	0.374	0.929	1.077

*Indicates significance (p-value<0.05)

In this study, six explanatory variables were identifying to determine a significant difference on bank selection at 5% level of significance.

The estimated regression model was

$$\text{Bank selection} = 0.939 + 0.262\ \text{Location} + 0.153\ \text{Promotion} + 0.139\ \text{Technology} + 0.212\ \text{product and service} + 0.242\ \text{Bank image} + \varepsilon$$

Hence, the coefficient explains the average amount of change in dependent variable that is caused by a unit of change in the independent variable. Accordingly, the un-standardized beta coefficients (β) tell us the unique contribution of each factor to the model. A small p value (<0.05) indicate the predictor variable has made a statistically significance contribution to the model. On the other hand, a high p-value (p >0.05) indicate the predictor variable has no significant contribution to the model (George & Mallery, 2003).Table 4.11 shows all the p-value for independent variables is less than 0.05 except the independent variable “Political “and all the β values are positive, that shows Location, Promotion, Technology, Product and service, and bank image have a positive effect on bank selection.

The results of Multiple Regression, as presented on table 4.14above, revealed that Location has a positive and significant effect on bank selection with β= 0.262, at 95% confidence level ($p<0.05$). The Beta value (β) i.e. 0.262 shows that if there is one unit increase in Location, there will be 26.2% increase on banks' selection. This means that this variable makes the strongest unique contribution of 26.6% to explain the customer selection criteria, when the variance explained by all other variables in the model was controlled. Therefore, Location has a positive effect on bank selection decision.

Similarly promotion has a positive statistically significant effect on bank selection with β= 0.153, at 95% confidence level ($p <0.05$). The Beta value (β=0.153) shows that if there is promotion, there will be 15.3% increase on bank selection. This indicates that promotion has a positive statistically significant effect on bank selection.

Likewise, Technology has a positive and significant effect on bank selection. With β = 0.139, at 95% confidence level ($p <0.05$). The Beta value (β=0.139) shows that if there is one Technological product, there will be 13.9% increase on bank selection. Therefore, Technology has a positive effect on bank selection

Quality of product and service are also the other positive and significant effect on bank selection. With β= 0.212, at 95% confidence level ($p <0.05$). The Beta value (β=0.212) shows that if there is a one unit increase in product and service, there will be 21.2% increase on bank selection. Therefore, it has statistically significant effect on bank selection decision.

Similarly, Bank image is the other positive and significant effect on bank selection with β= 0.242, at 95% confidence level ($p <0.05$). The Beta value (β=0.242) shows that if there is a good bank image, there will be 24.2% increase on bank selection. Therefore, it has statistically significant effect on bank selection decision

In general from the regression analysis, the higher the absolute value of the beta coefficient of the variables, the higher the contribution that the independent variables (customer selection criteria) have on the dependent variable (bank selection decision). Therefore, Location has highest contribution (β=0.262, $p<0.05$) on bank selection, then followed by bank image

($\beta=0.242$, $p<0.05$), and technology and promotion was least effect on bank selection, but political factor does not have any effect on banks election.

CHAPTER FIVE

Summary, conclusions and recommendations

5.1 Introduction

This chapter presents the summary and conclusion of the research findings. It further explains the implications of the study as well as relating them to existing literature.Moreover, it outlines the recommendations that should be considered in light factors of customer's bank selection and how they will affect banks selection. It also highlights the areas that should be researched further.

5.2 Summary

Descriptive and inferential statistical techniques were used to analyze the primary data collected through structured questionnaires from selected commercial banks in the study. Appropriate tests are also undertaken in order to check the validity and reliability of questionnaires.

The main objective of this research is to assess the factors affecting customer selection of banks. As such the researcher studied various customer selection criteria like Location site, promotion, Updated technology, Political and quality of product and service that affect the banks selection decision. The result of this research provides important information about the factors affecting of customers bank selection.

The results investigate the factors of customer selection (location, promotion, bank image, technology, political and product and service) on banks selection decision. This is given by the descriptive and inferential statistics towards bank selection criteria and banks selection where respondents have shown their attitude towards the factors and banks selection decision with the following results of means score.

The overall effects of Location on banks selection by the respondents indicating that customers are motivated to use the banks product and service, they want to share to their friends and relatives about the banks, in other way when customers are pattern of choice also changed if the banks location is good and comfortable.

The effects of bank image on banks selection indicates that bank image influence customers to use banks product and service and influenced bank image to be a customer of the bank than other promotional offers In addition respondent prefer bank image attract and motivates customer to use the banks product and services without comparing the service providing quality and it also influence customer to testify to other persons about the bank.

The overall effect of political factor on banks selection shows that political factor doesn’t influence customer’s selection of banks. But in other way respondents prefer the banks which use local area language for their convenience.

Promotion of the bank to attract and retain customer, Customer also prefer banks by attractive TV advertising and promotion affects what they use new bank products, Promotion in the social media also attracts to use banks product and service, Displays on the other hand have also positive relationship with banks selection

The effects of technology on bank selection decision indicating that respondents are agree with respondents agree they tend to prefer banks by ATM and POS Access, Respondents also agree Technology makes me loyal and repetitive customer of the bank, Respondent strongly agree Technology is better for me than other criteria.

The overall result for the effects of product and service on customer bank selection indicated that, if the bank provides good product and service they will be influenced to use it. In addition to this if there is loyalty reward he customer becomes frequent and repetitive to the bank and they tend to deposit more and use the banks product in the future.

As it can be shown it is argued that, factors of bank selection may be utilized to motivate customers to try new product, to attract customers, building brand image and product and service offering banks.

5.3 Conclusions

This study has successfully examined the major factors responsible for the choice of bank by customers. The findings revealed that customers prefer banks that offer good services and product and availability of resources is very critical components of the service quality, availability of ATM, POS and service offering and availability of services through extended working and/or branch location, accessibility through branch networks, friendly staff, promotion, quality of premises affect the decisions of the customers.

The study used the non-probability (convenience) sampling method to determine the factors influencing bank selection decision among selected commercial banks in jimma. A total of 100 banks customer participated for the response. Pilot test was conducted before the actual test to assess the reliability and validity of the questioner by respondents.

Primary data was collected by means of a structured questionnaire. The questionnaires were self-administered via the use of email, drop and pick later method to the respective staff and customer of the bank. The questionnaire allowed greater uniformity in the way questions were asked, ensuring greater compatibility in the responses.

The correlation analysis indicates except third party influence, all variables are significantly correlated with the bank selection decision. The study result demonstrated that the convenience, number of branch and ATM, Mobile Banking and E-Banking are found to be a significant factor for customer bank selection decision. This research is consistent with the previous studies that support the statement customer selection decision (Kedir Eshetu, 2018).

Accordingly, the result revealed that the Service quality dimensions and product feature were significantly associated with customers banking service preference. In general, customers' choice of banking services was attributable to Service quality. This research is consistent with the previous studies that support the statement customer selection preference (Mifta & Biniam 2020).

Bank image they found that the most influential factors reported by customers were location near home or work, fast and efficient service, recommendations of friends and relatives, external appearance, interior comfort of the bank counter partitions and mass media advertising of the services. This research is consistent with the previous studies that support the statement customer selection preference (Finland & Holstiusn et al.1995).

The effects of promotion affect what, where and how customers utilize their choices from different organizations. It is no secret that people's moods and behaviors are strongly influenced by their physical surroundings such as TV advertising. As customers are exposed to more and more advertising and promotion must work harder than ever to get their attention. The ability of banks to promote themselves to their existing customers also established a positive relationship with loyalty. This shows that banks need on continuous basis update their existing clients about their service and product offerings, new systems and improvements in the bank. This will ensure loyalty among the customer groups. This research is consistent with the previous studies that support the statement customer selection (Kedir Eshetu, 2018).

The effects of political factors have no relationship with customer's bank selection. In the findings customer prefer the banks product and service by its convenience, good location, use of technology and image of the bank.

5.4 Recommendations

Customers place more emphasis on factors like provide good service to customer, expanding service provision, security arrangement and ATM service. Therefore, such factors should be considered seriously by the commercial as well as private banks in designing their marketing strategies by widening their branches and providing good customers services to customers.

Convenient location is important to customers because they do not want to waste their time. The banks should give proper attention on improving the location, such like availability of parking, market and other related facility should be availed to the customer.

Banks are facing greater challenges than ever before in executing their customer management strategies. Banks are now realizing that delivering superior value to customers should be the main task in today's competitive marketplace.

Bank management should be aware that some of the bank selection determinants differ from one segment to another in the business firm market. These results would enable bank managers to identify the important bank attributes that affect bank selection decisions made by each segment in the business market.

In order for the bank to build a good image, they need to see how the customer perceives the services that the bank offers and the image that they have of the bank itself since branding can be a key differentiator and differentiators can be what makes a brand. The bank should implement marketing campaigns like an innovative way of increasing communication to foster brand awareness and often improved customer services using Social Media Marketing platform and participating in public affairs, building school and hospital.

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Appendix I

Jimma University

College of business and Economics Banking and finance program

Questionnaire to be filled by Banks customers

INTRODUCTION

Dear respondent, I want to inform you that this questionnaire is designed for the partial fulfilment of Banking and finance program. I am a graduate student in the department of banking and finance, Jimma University. Currently, I am undertaking a research entitled factors affecting customer's bank selection decision. Thus, it is fully for academic purpose and all the information provided will be treated with maximum caution and confidentiality. I thank you in advance, for your concern and time.

Regards

Henock Megersa

Instruction for filling the questionnaire

- ✓ Please read each questions carefully and put the **(X)** on each box
- ✓ No need of writing your name

Instruction for filling the questionnaire

- ✓ Please read each questions carefully and put the **(X)** on each box

1. **Gender : Male ☐ Female ☐**

2. **Age: 18-23 ☐ 24-28 ☐ > 29 ☐**

3. **Educational Background :**

Primary ☐ Diploma ☐ degree ☐ MSC/MB ☐

4. **Year of service at the banks**

0-1 ☐ 2-5 ☐ > 5 ☐

	The effects Of Location	Agree	Strongly agree	neutral	disagree	Strongly disagree
1	Banks Locational site encourage me use banks products far more easily.					
2	Banks Locational site motivates me to use banks product earlier than planned.					
3	I testified to friends and relatives about the banks location					
4	I prefer Banks by its location than other factors.					

5	While there is a good location site of banks my choice of pattern will be changed					
	The effects Of Technological factors					
6	I tend to prefer banks by ATM and POS Access.					
7	I Prefer banks by E- banking Facility.					
8	I prefer banks by its mobile banking products					
9	Technology is better for me than other criteria					
10	Technology makes me loyal and repetitive customer of the bank					
	The effects of Political Factor					
11	I am more likely to make more deposit and use new bank products by its political interfere.					
12	I prefer bank for the reason of political situation.					
13	Politics influence me to prefer banks.					
14	I prefer Local bank than other bank.					
15	I prefer banks which use local area language					
16	**The effects of Promotional strategy**					
17	Displays and Promotional offers informed in banks branches attract me.					
18	Attractive and clear point of display and promotion influences my pattern of choice and use of new bank products.					
19	I prefer banks by attractive TV advertising and promotion					

	affects what I use new bank products					
20	I often use bank products Promoted in the counter					
21	Sales promotion convince and makes me to be loyal customer					
22	Promotion in the social media attracts me to use banks product					
	Product and Service					
23	I am a repeat customer of the bank because of their service.					
24	I have become more loyal to the bank ever since.					
25	I acted as a referee to other customers who needed service and convince them to acquire the bank products					
26	I may use new bank products in the future.					
27	If I had the opportunity, I would commit to deposit more in this bank					
28	I prefer bank for the reason service quality and product features than others factors					
29	There is a priority for loyal customers in the banks					
30	All customers are provided the identical of product and services					
	Brand image					
31	Brand image influence me to be customer of the bank than promotional offers					
32	Promotional offers positively affect my brand choice					
33	I have a positive perception for bank because of its brand					
34	I prefer bank for the reason brand image than service					

	quality, product features.					
35	I want to switch brands if a bank has a good will					