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**ASSESSMENT OF BANK SELECTION CRITERIA: THE
CASE OF SELECTED COMMERCIAL BANK
CUSTOMERS IN ADDIS ABABA**

BY

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OCTOBER, 2020

ADDIS ABABA, ETHIOPIA

**ASSESSMENT OF BANK SELECTION CRITERIA: THE CASE OF
SELECTED COMMERCIAL BANK CUSTOMERS
IN ADDIS ABABA, ETHIOPIA**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF
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DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)
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DECLARATION

I, **Woinshet Kebede Ebsa** the under signed, declare that this thesis entitled: “Assessment of bank selection criteria: the case of selected commercial bank customers in Addis Ababa,” is my original work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

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STATEMENT OF CERTIFICATION

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This is to certify that the thesis prepared by Woinshet Kebede, entitled “Assessment of bank selection criteria: the case of selected commercial bank customers in Addis Ababa, Ethiopia” and submitted in partial fulfilment of the requirements for the Degree of Masters of Business Administration (MBA in Financial Services: Banking) complies with the regulations of the university and meets the accepted standard with respect to originality.

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List of Abbreviation

ATM – Automated Teller Machine

CBE - Commercial bank of Ethiopia

NBE - National bank of Ethiopia

POS – Point of Sale

SPSS - Statistical Package for Social Science

Abstract

It is important to understand bank selection criteria upon which customers choose between providers of financial services in order to shape their services delivery and to build a robust growth strategy that focuses on products and services valued the most by customers and motivate them to deal with their bank. This study focuses on assessing customer bank selection factors at the selected commercial banks in Addis Ababa as a major objective of the paper. In order to answer the research questions and to achieve the research specific objectives the researcher has been used quantitative methodology by using responses given by the respondents employed in the analysis. The primary research data is collected from the total of 369 respondents and analyzed based on Likert five point scales on nine factors including 32 attributes to determine the criteria of selecting banks by the customer. A non-probability convenience sampling was used and the collected data analyzed based on descriptive statistical tools like frequency, mean value, and percentage to analyze demographic data and relative importance indices is applied to rank the relative important of each factor on the table. The findings of the relative importance indices indicate among top ten factors three factors are identified as the top most important factors in bank selection decision by most respondents are price, accessibility and availability of resource, whereas promotion, provided information and innovative process and product are considered as the least important factors by the customers when they make a bank selection decision. The result of this suggested that the banking industry needs more focus on customers to access loan and forex facility with reasonable interest rate and the service is better to be convenience to the customers. From the findings the researcher would like to recommend that banks better to focused segmentation business strategy, familiarize their customers with the borrowing products, emphasize more on increasing the service of foreign exchange, high service quality and more investment on the e-banking service which helps to maintain the competitive position on the current banking industry.

Key Words: Banks, Bank selection criteria, Selection factor, Customer

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Banks play a key role in improving economic efficiency by channeling funds from resource surplus unit to those with better productive investment opportunities. It also facilitates trade and payment system by significantly reducing transaction costs and increasing convenience (NCA2006). The banking industry has characterized by increasing competition since the early 1980s (Blankson, Cheng & Spears, 2007). This has been the result of a number of interrelated factors such as competition and deregulation that have revolutionized the distribution of many financial services. In other words, an increased competition resulting from a decade of deregulation of the financial services industry has meant that banks find themselves with the task of differentiating their organizations and their offerings as a means of attracting customers. To enhance the role of banks in an economy, competition is an important driving force; without competition, it is improbable to bring about efficiency and foster financial sector development (Davidson, 2011).

The banking sector in Ethiopia has passing different structure in different government regimes since its establishment. Following the demise of the Derge regime a new market economy was launched which has increased the size of the market drastically as private banks were established. According to Tesfaye (2014) since 1991 Ethiopia has been taking various liberalization measures which are intended to enhance the service, product and the overall performance of banks in the industry. Currently the sector comprised of a central bank (The National Bank of Ethiopia or NBE), one state owned development bank, and government owned commercial bank and sixteen private banks.

The banking sector Providing simple deposit accounts, loans, guarantees, and letter of credit for importers have become more common in recent years, including ATMs, POS, online banking, and mobile banking other recent innovations include interest-free banking, consumer/diaspora loans (for mortgages, vehicles, personal use), and online payment service. The sector faces tight regulations in relation to minimum deposit rates, lending, and foreign exchange. Banking activity in relation to electronic banking, agent banking external borrowing and banks' equity investments governed by NBE.

On the financial sector of Ethiopia different banks most of them are newly established local banks are recently start to join the industry due to the new government policy change on the sector. Furthermore some foreign banks have showed their interest to join the sector by opening liaison offices in Ethiopia. Some of them are like Chinese, German, Kenyan, Turkish, and South African banks have opened liaison offices in Ethiopia.

The banking industry becoming increasing customer dictated that led banks to improve their service quality and follow new technologies. The rising competition in the banking sector and the similarity of services offered by banks in Ethiopia makes it critical for the banks to find the important factors in customers' bank selection criteria. And also is important to understand bank selection criteria upon which customers choose between providers of financial services in order to shape their services delivery and to build a robust growth strategy that focuses on products and services valued the most by customers and motivate them to deal with their bank.

This study focuses on assessing bank selection factors to be demonstrating high influence on customers' bank selection criteria through considering selected commercial banks in Addis Ababa. In this regard, the basic aim of the study is to examine what factors most important for customer in bank selection decision on selected commercial banks in Addis Ababa. This research undertook factors from empirical evidence that determine customer's in choice of a bank as well as use of a representative sample size to allow full representation of the population.

1.2 Statement of the Problem

The similarity of service and product offered by banks make the switching choices of customer unlimited besides that increase the computation in banking industry. Hence it becomes important that banks identify the factors that determine the basis upon which criteria customers choose between banks. In addition, understanding customers' banks selection criteria has been argued to be helpful to banks in identifying the appropriate marketing strategies needed to attract new customers and retain existing ones.

Eshete, Teshome & Abebe (2013), indicated that the Ethiopian banking industry is characterized as highly profitable and concentrated while moderately competitive. They

further claimed that the banks performances are governed largely by macroeconomic performances than competitive parameters.

On the other hand, Kifle (2016) suggested that commercial banks in Ethiopia are feeling the competitive pressure which led 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 broad limiting differentiation.

Nowadays, the Banking industries have been growing rapidly in Ethiopia. Hence in such growing industry where stiff competition exists in terms of market sharing which requires knowing the major factors that customers value to select bank is worth studying.

This study attempts to assess determinant factors on the selection of banks by the customer to fill the previous research gaps in terms of population and sample size in existing research done by Dawit (2013) identify Customers Bank Selection Criteria in the case of selected private commercial banks in Addis Ababa. This study is limited only to customer of private commercial banks excluding the dominant bank on the banking industry, commercial bank of Ethiopia. In the other study Endale (2016) also explored the major selection criterion customer's uses for selection among multiple bank users categorization limited to businessmen and employee excluding other demographic information.

Therefore, this study is attempting to assess factor that influence customer bank selection criteria with respect to different demographic information using the factors that considered from prior literatures, including commercial bank of Ethiopia and all types of customer category. The findings of the result provide additional value for service providers engaged in the banking industry by assessing which factors that determine customer's commercial bank selection criteria on the current business environment.

1.3 Research Questions

- What factors are customers consider as a bank selection criteria
- What are the most important factors?
- How demographic variables are related to selection factors?

1.4 Objectives of study

1.4.1 General objective

The general objective of this study is to assess the major factors that customers are considered in bank selection criteria in the case of Addis Ababa customers of selected commercial banks.

1.4.2 Specific objective

The specific objectives of the study are

1. To identify the major factors used by customers as a bank selection criteria
2. To determine most importance factors used by customers in choosing their bank.
3. To examine the demographic nature of the customers that influence on the selection of banks

1.5 Significance of the Study

The research has look at assessment of customer bank selection criteria in selected commercial bank in Addis Ababa. The findings of this study will help primarily banking service providers to improve their service and product from customer perspective in order to win the market competition. Secondly, help financial policy makers just to know what policies are best for the banking industry to make better decisions. The banking service providers both government and private banks needs to improve the banking operation by identifying the major factors that customer consider as a selection criteria. Moreover, it also helps the management of banks in formulating appropriate business strategies for reaching and attracting new customers and retaining existing customers. The study provides valuable recommendations about ways through which the bank can be effectively utilized in corporate decision making. Such information also benefit new entrants in the industry in findings on what the consumers look for in bank service and products. It serves as an industry analysis to enable them to know how consumers make their choices for banks.

The findings may also be of great benefit to future researchers in providing relevant literature in building up the course of study as a source document.

1.6 Scope and Limitation of the Study

1.6.1 Scope of the Study

The research is delimited only to the five oldest commercial banks, and four respective branches due to large number of branches the bank have and so as to difficult to address all of them in Addis Ababa. The study assessed customer bank selection factors in commercial banks with their relative importance of each factor. However, conceptually, the scope of this research is only limited to identification of customer bank selection factors in commercial banks from empirical evidence and a test of suitability of models or development of a unique model was not undertaken. Lack of cooperation of the respondents and their commitment to complete the filling of the questionnaires will limit the full acceptance of the result to the total population.

1.6.2 Limitation of the study

The most significant limitation to this research was the lack of resources (time and money) that has limited the research effort to remain within Addis Ababa. The resource limitation was also impact the researcher's ability to deploy a structured sampling mechanism. Further, the analysis depends on the quality of the data to be gathered. Experience has showed that some participants show willingness to complete questionnaires however the genuineness of their responses is still questionable and some respondents are not willing or cooperative to participate on the study and their commitment to complete the filling of the questionnaires will limit the full acceptance of the result to the total population.

In addition to the above limitations, the time was unfavorable for the collection of data due the global COVID-19 pandemic time which makes everything is uncomfortable to collect the data from respondents.

1.7 Definition of Terminologies

Banks - are the major types of deposit taking institution; they make their living predominantly by taking deposits which represent their liabilities and loaning these funds to borrowers which represent their assets. They loan out funds at a higher interest rate than the funds, and the difference represents their gross profit margin before expenses and tax. In addition, banks can earn commissions and fees by selling various products such as foreign exchange services, safe custody services, advice, account management charges, credit card facilities, insurance and so forth (Pilbeam, 1998).

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 their assets (Pilbeam, 1998).

Customer- A customer is someone who has an account with a bank or who is in such a relationship with the bank that the relationship of a banker and customer exists..... These services may include offering Credit Cards, bank loans or general financial services to a person who does not have a deposit account.

1.8. Organization of the Study

This thesis is organized in to five consequential chapters. The first chapter deals with the introduction part comprising statement of the problem, objectives, and other relevant introductory issues. The second chapters focus on Literature review. An eye bird view on all of the relevant literature in relation to the topic under discussion has been made. The third chapter, deal with the research design, approaches use to go through with the data collection and analysis.

The Fourth chapter presents the analysis and presentation of the data collected from different sources. The last chapter, chapter five, encompasses the conclusion and recommendation part. An attempt has been done to draw conclusion from the previous chapters' presentation and analysis. Based on that, recommendations forward to ease the already existing problem.

CHAPTER TWO

LITRATURE REVIEW

This chapter presents a literature review covering basic topics in the subject area beginning with the general concept of customer's selection/decision making for a service followed by particular topics covering determinants of customer's bank service selection. Discussion of relevant empirical work in the area of customer's bank selection will also be presented.

2.1 Theoretical literature review

Various theories have tried to explain and model the choice and process of decision making by individuals. Theories explaining choice look at it from two perspectives, particularly what affects choice and the process of choice. Those theories assume that choices do not happen randomly and certain logic of factor determines the outcome. Some of the prominent theories that discuss what affects choice and process of choice are discussed below.

A. Rational Theory

Rational choice refers to the process of determining what options are available and then choosing the most preferred one according to some consistent criterion (Levin and Milgrom, 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. The theory is based on the idea that all humans base their decisions on rational calculations, act with rationality when choosing, and aim to increase either pleasure or profit. As it is not possible for individuals to achieve all of the various things that they want, they must also make choices in relation to both their goals and the means for attaining these goals (Scott, 2000). Rational choice theory also stipulates that all complex social phenomena are driven by individual human actions. The rational choice theory provides useful insights on the choice or selection behavior of individual customer.

However, critiques of rational choice theory argue that individuals do not always make rational utility-maximizing decisions. Others also argue that individuals will not be able to make rational decisions due to the fact that they will not obtain all the information they would need to make the best possible decision.

B. 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. Direct competition exists where organizations produce similar products that appeal to the same group of consumers. Indirect competition exists when different firms make or sell items which although not in head to head competition still compete for the same money in the customers pocket. Both direct and indirect competition cause commercial firms to develop new products, services and technologies, which would give consumers greater selection and better products (Aregbeyen,2011). 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.

C. Nicosia Consumer decision-making Model

Nicosia's model of buyer behavior (Nicosia, 1966) is credited as the first comprehensive model of buyer behavior (for example, see Jones, Shaw, & Mc Clean, 2011). Nicosia's model consists of four 'fields', beginning with the communication of information to affect the consumer's attitude (influenced by firm attributes and consumer attributes, notably consumer predispositions), followed by a search and evaluation process, a decision, and outcomes in terms of behavior, consumption, storage, experience and feedback. Nicosia's formulation of the process to include an iterative, or repurchase cycle is important for conceptual framework development and very relevant to the services context. However, a major limitation of the Nicosia model is that it is from the marketer's perspective rather than the consumer's, with consumer activities only very broadly defined.

D. Consumer Behavior

Consumer behavior refers to the buying behavior of final consumers. It is the behavior that consumers display when searching for, when purchasing, using, evaluating, disposing the product or the idea that they have for the commodity and if it will satisfy their need. The study of consumer behavior therefore seeks to understand how the consumers make decisions on how to spend their available resources in regard to purchase (Kotler, 2006).

Consumer behavior is of importance to the marketers as it helps them understand why and how individuals make decisions so that they can make better marketing decisions to have a great competitive advantage at the market place (Armstrong, 2006).

Consumers make many buying decisions every day. Most large companies' research consumer buying decisions deeply with an aim to find answers to questions such as what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy and how they dispose what they have bought and don't need. The central question for marketers is: How do consumers respond to various marketing efforts the bank might use? The starting point is the stimulus-response model of buyer behavior (Kotler, 2006). This model shows that marketing and other stimuli enter the consumer's mind and stimulate certain responses. Therefore, marketers must figure out what is in the buyer's mind.

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

Consumer behavior is not only influenced by external factors as financial benefits, but also by attitudes and expectations. These attitudes and expectations are constantly changing in response to a continuous flow of events, information and personal experiences.

2.2 Bank Selection Criteria

While the decision-making process appears quite standardized, no two customers make a decision in exactly the same way. As individuals, it may be inherited and learned a great many behavioral tendencies: some controllable, some beyond control. Further, the ways in which all these factors interact with one another ensures uniqueness. Although it is impossible for a marketer to react to the particular profile of a single consumer, it is possible to identify factors that tend to influence most consumers in predictable ways.

Banking sector in Ethiopia, according to Admassu Bezabeh & Asayehgn Desta, (2014), is undeveloped and delicate. They furthermore stated that the sector is very limited, relatively weak, closed and characterized by a large share of state ownership.

For them, the repressive policies imposed by the government are negatively affecting the performance of money and foreign exchange markets and weaken private commercial banks. Controlling interest rates on deposits and the loan policies are also other impinging factors for the development of the sector. Regardless of the aforementioned predicaments of the sector, the number of banks in Ethiopia is increasing from time to time. This is resulted with the increasing in competitions among banks. This in turn leads to dramatic effect on the performance of banks, particularly in financial and technological innovations. (Muhabie.M, 2015). Banks try to practice customer-oriented activity to persuade customer's decision. For this, banks need to have a comprehensive understanding of customers' attitudes, perceptions and behavior (Kaynak and Whiteley, 1999) and what matters to those customers.

In order to understand bank/banking choice or selection behavior of individual customer various studies have been conducted in different countries in different parts of the world. Determinants of bank section like any other service depends on preferences or needs as well as the attributes of the banking service attributes offered by the service provider. Research has shown that a combination of factors across individual and competitive factors influence selection of a bank 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.

Mokhlis (2008) sampled 350 undergraduate students in Malaysia to identify factors which influence their bank selection decisions and to examine whether undergraduates constitute a homogeneous group in relation to the way they select a bank. Using "factor analysis" they found that undergraduates secure feelings was the most important factor in influencing the students in selecting a bank. ATM service was the second prioritized factor followed by

financial benefits. The next three criteria, ranked fourth, fifth and sixth, respectively, were service provision, proximity and branch location that can be grouped as moderate factors.

Holstius *et al.* (1995) cited efficiency and courtesy as the most important attributes in determining overall customer satisfaction, while other important attributes were convenience of location, range of services, reputation and availability of innovations. Similarly, the importance of location decisions in satisfying customers is also emphasized in the previous studies (Kaynak and Kucukemiroglu, 1992; McCullough *et al.*, 1986). Laroche *et al.* (1986) conducted a survey in Canada and found that speed of services, and factors relating to the competence and friendliness of bank personnel and convenience of location were the major factors which consumers perceived as important in their selection of a bank.

Zineldin (1996) conducted a survey of 19 potential factors which customers consider as important in the selection of a bank in Sweden. These factors include reputation, recommendation by others, interesting advertisement, convenience of location, opening hours and high technological services. Each respondent was asked to rate the importance of each of the above-mentioned factors on a scale of 5 (very important) to 1 (completely unimportant). His study revealed that friendliness and helpfulness of personnel, accuracy in account/transaction management, and availability of loans and provision of services were the most important factors.

Another study on bank selection criteria by Yue and Tom (1995) was based on Chinese-Americans residing in Sacramento, California. The important factors of bank selection by the customers were found to be efficiency of services offered, bank's reputation, bank fees, location, and interest rates on saving accounts

In case of Pakistan, Jamal *et al.* (2003) took a survey of 300 customers of a specific bank and studied the determinants of customer satisfaction in the retail banking in Pakistan. Their results indicate a strong relationship between service quality and customer satisfaction. Thus, current literature on banking in Pakistan lacks studies on bank selection criteria and this study is an attempt to bridge this gap.

In India, Rao (2010) conducted research in the area of student banking focusing on factors that influence their selection of banks. A sample of 312 respondents took part in this study. The responses were shows reliability is a significant choice criterion, which includes employee's courtesy, parking facility, loyalty programs, brand name, security system and low

charges with the bank. Other factors, which have also increased in importance are the responsiveness, value added services and convenience.

Assurance factors, such as speedy services, good rate of interest and zero balance account facility are also significant in importance in motivating choice of a bank.

A study was conducted by *Abduhet et al.* (2010) on the Indonesian customer's attitude. They targeted the customers of Islamic banks. Finding of his study were that most customers prefer banks based on announcements of the country's council on interest rates is their first consideration in patronizing a particular bank and puts reason of safety of fund during the financial crisis, has greater possibility to patronize Islamic banks in Indonesia.

A study conducted by *Katircioglu et al.* (2011) investigates the bank selection criteria of undergraduate students who are future potential customers of banks from different regions of the world in a small island economy. They found that availability and convenient location of ATM services and speed and quality of services are the most important factors for considering banks and their services for both Turkish and non- Turkish undergraduate students. Afterward, they conclude that there are not massive differences in the bank selection factors between Turkish and non-Turkish international students in the case of a state University in North Cyprus.

Maiyaki (2011) in his survey in Nigeria obtained information about the factors determining the selection and preference of banks by retail customers. He used 417 sample bank customers using multi-stage sampling procedure and found that size of bank total asset, has the greatest influence on customer choice of banks, followed by availability of large branch network across the country, then reputation of the bank, personal security of customer, and then convenient access to bank location. On the other hand, recommendations of friends/relatives attractiveness of bank physical structure, opportunity of telephone banking, availability of assorted retail bank services and reasonable terms of credit/loans repayment were the factors that have the least influence on customer choice of banks. Finally he recommended banks management should pay attention to factors that have significant effect on the choice of banks.

Recently in Malaysia, *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

customers' 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.

Gerrard and Cunningham (2001) surveyed a sample of 184 Singapore's undergraduates to establish a ranking of the various dimensions which influence their bank selection decisions. Using factor analysis, seven bank selection dimensions were identified by the researchers, the most important being undergraduates should "feel secure", followed by "electronic services" and "service provision".

Lymperopoulos (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.

In Malaysia, Dusuki (2007) studied using self-administered questionnaires involving a sample of 750 respondents from four different regions. He used banking criteria ranking as perceived by the respondents are analyzed using Friedman Test. The most significant determinants perceived to be important for selecting banks were comprise: convenient location, friendly employees, large, profit minded, and efficient service.

Study conducted by Kumar et al. (2009) identified eight determinates- branding, Convenience, recommended by peers, required by the company, variety of products and services, rate charges, flexibility in accounts handling and customer-friendly environment are the most important factors affecting the decision of the customers on making the choice of the bank in Malaysia. This paper recommended to banks to be innovative in creating more types of channels by riding on technological advancement; reducing customers' waiting time and effort should be their main priority and objective.

Aregbeyen (2011) conducts a research about the determinants of banks selection criteria by business customers in Nigeria. A total of 1750 respondents on the importance of 25 different factors while choosing a deposit bank are sought and analyzed. The study reveals that the

safety of funds and the availability of technology based service(s) are the main reasons for customers' choice of banks.

Cicic et al. (2004) for example indicates that selection behaviors are determined by three market segments. Firstly, —task-oriented bank customers are considered as a consumer group who emphasizes on the bank's professionalism. Secondly, —security-oriented customers appear in the requirement for a bank with a good reputation and high reliability. Thirdly, —interaction-oriented customers usually prefer friendly and confidentiality service of the bank.

Parak (2011) suggests that selection of a bank depends on the focus and access on how customers perceive the banks and their competitors in comparison with various variables and attributes such as happiness, joy, cheerfulness and delightfulness that derived from a banking services and avoid bringing emotions of sadness, enraged and deceit to them. The fierce competition in banking industry has led to emergence in technology such as ATM and mobile banking electronic banking; consumers are expecting more demand for financial services (Hinson, Osarenkhoe and Okoe, 2013).

Safakli (2007) 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 different demographic characteristics of customers impact their priorities in customer's bank selection process.

Blankson et.al. (2009) tried to see commonalities in banking selection factors between developed and developing countries. He identified four key factors - convenience, competence, recommendation by parents, and free banking and/or no bank charges - to be consistent across the two economies.

Aregbeyen (2011) while noting the difference of geographic locations and status of economies between developed and developing countries, he identified factors in the context of developing countries. He identified safety of funds, quick/prompt service, minimum waiting time, good complaint handling, reputation /dependability, one stop banking, any branch banking, innovative products & services, low/reasonable service-charges, and friendly/pleasing manners of staff as the major factors in a bank selection by the sampled respondents. The number of branches, closeness to home/work place etc., transactions alert and regular communication with customers, availability of functional and secured ATMs all

times, and connectivity to other bank's ATMs are also considered one of the important choice determinants.

In Ethiopia Metasebiay (2017) conducted a study on Determinants of Bank Selection Choices and Customer Loyalty the Case of Ethiopian Banking Sector and the study aims to explore the critical bank specific and personal factors that have a bearing on the selection of banks by customers. It has employed an exploratory factor analysis on the 101 questionnaire having 38 component factors. The wide individual items in the questionnaire therefore are simplified and summarized in a gross component. The components are also run in a regression model that links the independent variables that describe bank selection factors with customer loyalty. The result on individual factors identified four critical factors that determine choice of commercial banks in Ethiopia: the speed of services is among the best in the industry, the extent of the branch network is adequate, the location of branches is appropriate and forex sources are easy to get in the bank. Component wise, the study finds that service quality and availability as well as the quality and accessibility of physical and human resources appear to be the major determinant factor in bank choice. The regression result also shows that the abovementioned factors not only influence customer bank choice but has also impact on their loyalty level.

Dawit(2013) collected data from a sample of 192 to identify the selection criteria used by customer to select commercial banks in Addis Ababa in which he gives more emphasis to customer of private commercial banks. Convenience, reliability and service provision are the determinant factors in customer selection of banks in private commercial banks w

Endale (2016) also explored the major selection criterion customer's uses for selection among multiple bank users by categorizing the customers into businessmen and employee which was very critical in this kind of research; Branch location and Availability of ATM are influential and significantly more important in prompting choice of multiple bank.

2.3 Bank selection factors

As Kotler and Keller (2006) observe, customers are becoming harder to please; they are smarter, more price conscious, more demanding, less forgiving, and they are approached by many more with equal or better offers. Hence, the challenge is beyond producing satisfied customers as competitors can do it too; the challenge is to produce delighted and loyal customers. This challenge is perhaps brought about by the increasing financial sophistication

of customers which is facilitated by efficient use of information technology, and the entry of new aggressive competitors in the marketplace (Owusu-Frimpong, 1999).

Customers employ a number of processes for product/service evaluation which will eventually lead to the choice and/or preference of a particular product or service provider. Thus, Zeithalm (2000) categorize the factor into three groups of quality characteristics. Search qualities are the features that customer can see, feel or touch and might be evaluated in advance of purchase.

Secondly, experience qualities are those qualities that may be evaluated during or after consumption. And finally, credence attributes are the features that customer find difficult to evaluate after purchase or consumption such as medical services provided by a doctor.

Financial services are characterized by high levels of credence and experiential features, therefore, making them difficult to be evaluated before consumption (Owusu-Frimpong, 1999). Therefore, to minimized the risk and uncertainty that is related to the purchase of service customer more or less rely on the tangible cues such as place, equipment's, people, symbols among others as the evidence of service quality (Morley,2004).

Various studies analyzed the question of why people choose a specific bank and reached to different results as selection criteria .After a literary study on these different sets of criteria the study distinguish two factors (bank and customer) specific factors of criteria of bank selection choices by customers which are coming back in most of the studies.

2.3.1 Bank specific factors of selection criteria

➤ Physical presence (convenience)

Gerrard and Cunningham (2001) found convenience factor was rated significantly higher by multiple bankers. Many studies in the literature also suggested that convenience of bank location had a significant positive influence for customers on bank choice (Kaynak and Kucukemiroglu, 1992).Therefore; it seems that convenience related factors like the location of the bank and opening hours of the bank are important in the decision-making process of the consumer.

➤ E-banking

According to Almosawi (2001) technology is one of the determinants of commercial bank selection. In his study of college students' bank selection in Bahrain, he found high ranking for e-banking services such as convenient ATM locations, availability of ATMs in several location and 24 hours availability of ATMs. Almosawi (2001) notes that the vast majority of young people prefer to use ATMs, not only for their speed and convenience, but also for the mental structure of today's young people who have been very much involved with computer-based activities. Gerrard and Cunningham (2001) and Kaynak and Harcas (2005) contend that electronic services are of relative importance. Even though they were not available for that long, the current well-educated generation has been exposed to modern technology in their higher education which will increase their drive to patronize banks that are regarded as technology leaders

➤ Service quality

As Julian and Ashen (1995) stated delivering quality services and products to customers had significant positive influence for success and survival of today's competitive banking environment. By using a survey of households Omar and Orakwue (2006) also evaluated the relative importance of bank selection criteria used by bank customers in Nigeria. The results suggest efficient service quality have significant positive influence on customers' bank selection decision.

➤ Availability of service

A number of studies have argued that efficiency of banking services are the main selection criteria of a specific bank (e.g., Holstius and Kayank, 1995; Yue and Tom, 1995; Mylonakis, 1998; Coyle, 1999; Driscoll, 1999; and Moosawi, 2001).

➤ Price related factors

Findings of Boyd (1995) reveal that interest paid on savings accounts, interest charged on loans, quick service, reputation and hours of operation are viewed as having more importance than other criteria. Schlesinger et al. (1998) in his study conducted in New York State found that the three most important factors in selecting a bank for small business customers were lending rates, accessibility of borrowing, and the number of services offered.

➤ Innovative products

A study conducted by Kumar (2009) found that innovative 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. The paper recommended to banks to be innovative in creating more types of channels by riding on technological advancement.

➤ Promotion

The findings of Mylonakis (2008) in Greece found that Bank customers may not be interested in advertising at first while choosing their bank, but this is the initial reaction of all those who are interested in achieving the most cost-beneficial and favorable terms. The point is that advertising 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. According to Gerrard and Cunningham (2001) 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).

➤ Staff and management

When selecting a bank, it is not only the price of the services or how fast a transaction can be done, but also friendliness of staff plays the major role in the bank decision process (Goiteom, 2011). In Ghana, Owusu-Frimpong (1999) has conducted a survey on patronage behavior of bank customer findings from 225 respondents discovered that friendly employees are the most important attributes determining the image of the banks for their selection decision pursued by size of the bank.

➤ Bank Reputation and Confidence

When choosing a bank customers considered bank reputation and confidence as one of their criteria. In his study, Patrson (1993) underscored a fact that consumers tend to give highly reputable firms the benefit of the doubt' during difficult economic times. This reliance on previous experiences with banks and other services is not surprising given the difficulties consumers face in evaluating services.

Because of the heterogeneity and inseparability of services, consumers have problems in making rational bank choices. Therefore greater reliance is placed on past experiences and perceived reputation of the bank (McKechnie, 1992).

2.3.2 Customer specific factors

➤ Gender

Gender segmentation has increased as marketers have recognized that women are a lucrative market. Specifically, they realize that decisions about financial services involve both men and women, and financial decisions are sometimes made as a couple (Plank, 1994)

➤ Age

Buying is also shaped by the family life cycle -the stages through which families might pass as they mature over time. People change the goods and services they buy over their lifetimes (Kotler ,2011) .A number of studies have devoted part of their analysis to the importance of selection factors relative to age of customers. For example, in part of their study, Boyd (1995) investigated the importance of bank selection criteria in terms of the age of the head of the household. Hence, understanding the differences between males and females about banking services is critical for the bank's success Mokhlis (2009).

➤ Income

A person's economic situation will affect his/her decision of bank selection. Marketers of income sensitive products watch trends in personal income, savings, and interest rates. Banks need to follow closely the economic conditions so as to avoid setting of rates that are too high above the average rates in the market. Having favorable rates may in itself be a customer attraction technique (John, 1995).

➤ Education

Kaynak (1996) reported differences in bank selected criteria based on gender, age, education background of bank customer in Turkey. According to educational segmentation, customers with more than primary education considered empathy, fast and efficient services, location of the banks more important than the uneducated group.Farooq (2010) studied the section criteria of Islamic customers in patronizing a particular bank. The result shows quite significance in the educational level and the degree of religious regulations in the selection of banks.

The examination of the results revealed that those respondents having graduate degrees in diverse avenues are more influenced from the Islamic teachings and principles in selecting bank in comparison with other respondents having other academic qualification. The results also show that the less educated respondents are comparatively more influenced form friends and family.

➤ Occupation

A person's occupation affects the bank a consumer chooses. For instance blue collar workers tend to buy more rugged work clothes, whereas executives buy more business suits. A company can even specialize in making products needed by a given occupational group. Therefore marketers try to identify the occupational groups that have an above average interest in their products. A bank can even create a bank account only appropriate for a given occupation group (John, 1995).

➤ Customer Loyalty

Customer loyalty is one of the most important indicators used to evaluate the quality of services offered by an organization. The vital issue for the continued success of an organization is its potential to retain its current customers and make them loyal to its brands. Therefore, gaining customer loyalty becomes a key objective for banking organizations which decide to adopt a relationship marketing perspective (Filip and Anghel, 2007).According to Dick and Basu, loyalty is a complex construction, which comprises both psychological and behavioral components; different loyalty types are supposed to form a combination of repeated purchasing and relative attitude towards business firms (Dick and Basu, 1995). Therefore, customer loyalty can be defined both in terms of customer behavior, which will be synonymous with customer retention, and in terms of customer attitudes.

2.4 Summary of Literature and Literature Gap

There are different factors that affect customer's bank selection, but the selection factors varies between different demographic nature of the customer like age, income, education, occupation and others. Even though they are not free of critics, the three major theories (Rational theory, Competition theory and Nicosia consumer decision making model) focus on what affects choice and process of choice. Customers choose a specific bank and reached to different results as selection criteria based on personal specific and bank specific factors.

The personal specific factors depend on demographic nature of the customer such as gender, age, income, education and occupation. Despite the demographic nature of the customer, it also needs to investigate or research whether the customers of the Ethiopian banks choose a bank based on proximity, effective service, bank's reputation, friendliness of bank personnel, or any other factors. As per the knowledge of the researcher, there appear to be very limited researches done so far in Addis Ababa in customer bank selection factors.

A study undertaken by Metasebiya (2017) identified four critical factors that determine choice of commercial banks in Ethiopia: the speed of services is among the best in the industry, the extent of the branch network is adequate, the location of branches is appropriate and forex resources are easy to get in the bank. Here the sample is small which cover one hundred fifty samples from eight selected commercial bank in Addis Ababa, as better sample size provides better data. Branch location and Availability of ATM are influential and significantly more important in prompting choice of multiple banks Endale (2016) the sample taken only from multiple bank users and on two categories of customer as business man and employee. However; in today's banking business customer are segmented in different segmentation based their preference to different banking service and product. And Dawit (2013) convenience, reliability and service provision are the determinant factors in customer selection of banks in private commercial banks which is limited to private commercial bank while commercial bank of Ethiopia which covers almost half of the banking industry business.

In this context, the purpose of this study is to assess customer bank selection factors or determinant selection factors of customer selection of commercial banking services in both private and government bank in Addis Ababa city by wider sample size and from all categories of customers. In addition, the Ethiopian financial sector in general and banking in particular has undergone a various changes in the last two years which needs further investigation to the change impact on the customer bank selection criteria.

2.5 Conceptual Framework Model

The conceptual frame work of the paper is mapped with bank specific factors and customer specific factors on the selection of banks by customers. In this context, the purpose of this study is to investigate the major factors as bank selection criteria by the customer.

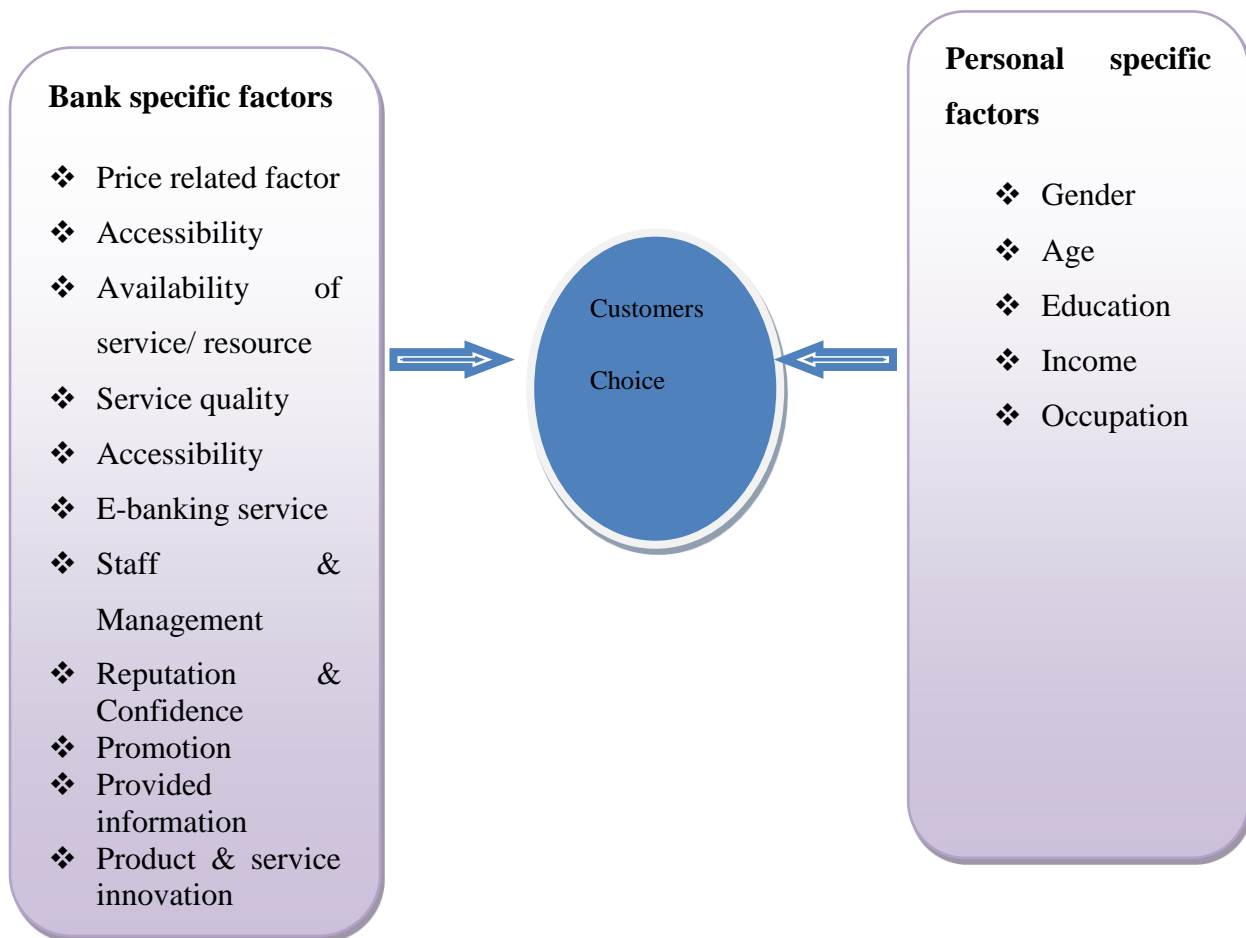


Figure 1: conceptual framework of the study

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Setting

This chapter deals with methodology part of the study whereby research approach and method, the source of data, the population of the study, sampling technique and sample size, method of data collection, method of data analysis and research ethics are discussed.

3.2 Research Design

According to Cooper and Schindler (2014), a research design constitutes the blueprint for the collection, measurement, and analysis of data. The main objective of this research is assessment of customer bank selection criteria in the case of selected commercial bank customers in Addis Ababa. The researcher used quantitative research design to be proper and suitable to collect and analyze primary data needed for the study. In order to achieve the specific objectives, the researcher has used both descriptive types of research designs and relative importance indices to measure the relative rank of each factor. Quantitative research approach is a systematic empirical investigation of observable phenomena via statistical, mathematical or computational techniques it is important for this study. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical evasion and mathematical expression of quantitative relationships.

According to Yin (2003) a descriptive case studies are used to describe an event/process in its natural ambit and the main objective is to answer how, who and what questions. Thyer (2001) also states that a descriptive research is one in which information is collected without changing the environment and it is used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation. This design is therefore suitable for the purpose of this research.

In order to analyze differences in the importance of bank selection criteria employed, a ranking table was produced showing the mean score of each factor. The relative importance indices is the proportionate contribution each predict or makes to relative importance considering both its direct effect (i.e. variables in the regression equation and its correlation with the criterion) and its effect when combined with the other variables in the regression equation. Jeff & James (2004)

Such an approach basically used in the mean-ranking analysis improves the quality of the analysis as well as provides an aggregate view of the selection criteria. In short, the Kothari C.R (2004) states that analytic research is research when a researcher has to use facts or information already available, and analyze these to make a critical evaluation of the material. This design is therefore suitable for the purpose of this research.

3.3 Population of the Study, Sampling Method and Sample size

3.3.1 Population of the Study

This research is aimed to assess bank selection criteria in the selected commercial banks in Addis Ababa. The researcher select customers from the oldest five Commercial banks in Ethiopia due to easy of accessibility of customer and branches regardless of whether they are doing their banking transactions like deposit, loan, guarantees, letter of credit, ATMs, POS, online banking, online payment service and mobile banking or utilizing other banking service and product. Accordingly, Commercial bank of Ethiopia, Awash bank, Dashen bank, Wegagen bank and Bank of Abyssinia selected. The population constitutes people of Addis Ababa who are customers of the five commercial banks in the city.

3.3.2 Sampling Method

Customers of commercial banks are very similar in their consumer behaviour but not easily manageable for data collection purposes due to large number of customer and collection of data from complete list of all five commercial bank customers is practically impossible. The selection of the sample taken from each bank is done by using convenient sampling which selects four branch customers from each bank selected. In selecting the branch the researcher considered the similarity of the service or product delivered to the customer on bank wide. Currently online banking makes all service is accessed at the same level of service in any branches such as international bank, loan, LC. Random sampling technique is used to collect data from each branch customers who are available at branch office during data collection.

3.3.3 Sample size

In conducting a research, Cooper and Schindler (2014) point out that it is not possible, practical and sometimes expensive to gather data by considering entire population. Therefore, smaller portion of the population that is assumed to be representative will be considered.

Using a 95% confidence level and a 10% acceptable margin of error (common in management studies), Krejcie and Morgan Table suggests a sample of 382 (Krejcie and Morgan, 1970) for a population more than 75, 000. This research, therefore, uses a sample size of 382. (See appendix 3)

3.4 Data Sources and Instrumentation

This study is based on primary source of data by using structured questionnaires for the respondents were prepared for data collection. The primary data is collected by using questionnaires which were distributed to the respondents by the researcher at the selected various branch offices.

For this study, the researcher is collected data using a structured close ended pre coded questionnaire for bank customers. A structured question format allows for the use of closed questions that require the respondent to choose from a predetermined set of responses or scale points. Questionnaires are data collection instruments that enable the researcher to pose questions to subjects in his/her search for answers to the research questions. The questionnaire is composed two parts. In the first part questions aimed at collecting information about the background of the respondents like sex ,age, educational background are presented to the selected customers. In the second part, questions directly related to the research objectives or are assumed to address the research questions are presented to the respondents. They were measured on a four point Likert-type scale of importance ranging from (1=Strongly Agree) to (5=strongly disagree).

Collection of data by itself is not a guarantee for the outcome, both the instrument and contents of the collected data should be checked for validity and reliability Babbie and Monton, (2002) point out that validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are validity refers to the ability of a research instrument to demonstrate that it is finding out what you designed it to and reliability refers to consistency in its findings when used repeatedly (Kumar, 2011). The research is used the following techniques to check the validity by the data panel of experts were consulted to evaluate the research instrument for conceptual clarity. Therefore, pre-testing is done on the research instrument in a pilot study; a sample of 30 questionnaires (10% of the sample) is prepared in English and translated in to Amharic and presented physically at each branch.

Based on the pre-test result some questions are re-phrased and corrected for easy of understanding by the respondents and some questions are deleted from the questioners by understanding their irrelevance for the research overall objectives.

3.5 Data Collection Procedure

After receipt of an official support letter from Addis Ababa University, the researcher presented to concerned bank customers in Addis Ababa. Subsequent appointments are secured with the concerned authorities to get permission to administer the questionnaire to selected respondents. Once approval from the authorities is obtained, the researcher were distribute the questionnaire with a covering letter to the respondent staff and is collected the filled out questionnaire after 21– 30 days.

3.6 Analysis of data

Once the data has been collected and organized, the data analysis is done using current and available SPSS version 20 software package. First summary of demographic factors are presented in tables. Then the analyses of the responses of the customers on the selection of banks are described. The results of the analysis are presented in the form of tables and graph. Descriptive statistical tools like frequency, mean value, and percentage shall be used to analyze demographic data and relative importance indices is applied to rank the relative important of each factor on the table. This statistical tool is helping to collect information without changing the environment and it is used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation.

3.7 Ethical considerations

Ethical considerations is identified in connection with this study includes the need to provide information about the purpose and confidentiality of the data collected, the protection of the anonymity of the respondent and their free participation, including the right to withdraw their consent to participate. The completed questionnaire will never share by me anybody within or outside the organization. Confidentiality and anonymity is reinforcing by the fact that the results are always presented – whether in these thesis or when discussing them with anybody in a collective manner.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

For this study, the researcher collected data using a structured close ended pre coded questionnaire for bank customers and the discussion is performed based on primary data. The primary data analyzed based on Likert five point scales were conducted using SPSS statistical software package version 20. First summary of demographic factors is described and presented in tables and charts and then the responses related to each factors analyzed accordingly.

As a final step, SPSS was used for the simple descriptive data to compute the mean score of the factors and to the advanced statistical used to evaluative criteria items based on relative importance indices for each factor and therefore; the result of the relative importance indices of each factor is ranked based on the comparative mean results of the analysis in order to identify the relative importance of which factor influence customer most on the selection of banks and the findings are presented with tables and percentage.

4.1 Response rate

In conducting this research primary data that are used for this study is a sample size of 382. Out of this 369 respondent questionnaires returned with non-response rate of 3%. Those who are not completed the questionnaires, unreturned questionnaires or not willing to participate on the research is considered as non-response. The table below shows that the overall questioner that returned from respondents was 97.00% completely returned and properly filled out. Such a response rate was considered sufficient for statistical reliability and generalizability (Mokhlis, 2009) and most satisfactory especially when compared with earlier research works on bank selection decisions (Khazeh& Decker, 1992-93 and Gerrard& Cunningham, 2001). This indicates that the returned questioners are enough to carry out the analysis without fear of spurious sample problem. The reason for high response of the questionnaires is by applying careful data collection procedure to maintain the overall data quality.

Table 1: Response Rate

Distributed questionnaires	Total respondents	Completed-return questionnaires	Percentage
382	375	369	97.00%

Source: SPSS output from field survey data, May 2020

4.2 Reliability Test

Reliability refers to the property of a measurement instrument that causes it to give similar results for similar inputs. Mathematically, reliability is defined as the proportion of the variability in the responses to the survey that is the result of differences in the respondents. Thus, to evaluate the internal consistency of each factor group obtained, a reliability analysis was carried out. In undertaking the internal consistency of the test a reliability coefficient is used as a measure of how well a test measures achievement. It is the proportion of variance in observed scores attributable to true scores. The Cronbach alpha was used to measure internal reliability. Alpha coefficient ranges in value from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/or multi-point formatted questionnaires or scales (i.e., rating scale: 1 = strongly agree, 5 = strongly disagree). The higher the score, the more reliable the generated scale is. Nunnally (1978) has indicated 0.7 to be an acceptable reliability coefficient but lower thresholds are sometimes used in the literature. Responses on this study evaluated based on the validation test which was performed by the selection of items coherence with the theoretical framework and the literature reviews; to evaluate the research instrument for conceptual clarity pre-testing is done the research instrument in a pilot study with a sample of 30 questionnaires and finally tested by the Cronbach alpha.

Table 2: Reliability statistics

Factors	Cronbach's Alpha	Cronbach's Alpha Based on Standardized	No of items
Price factors	.773	.788	3
Availability of Services/resources	.900	.994	3
Service quality	.902	.898	3
Physical Presence& accessibility	.845	.863	5
E-banking	.750	.782	5
Staff and Management	.974	.981	3
Reputation &confidence	.846	.789	4
Promotion	.826	.824	3
Innovative process in products/service	.661	.730	3

Source: SPSS output from field survey data, May 2020

The reliability of the materials used in this research produced alpha coefficients of .713 or 71.3% which is more reliable to accept the result. This indicating that questionnaires were understandable to the respondents and the internal consistencies and reliability of the data is also statically proven.

4.3 Demographic Profile of Respondents

Previous studies indicated that there were some similarities and difference findings in bank selection criteria based on demographics characteristics (Safakli, 2007; Mokhlis et al., 2008; Rahid & Hassan, 2009; Mokhlis et al., 2011). Customer's bank choices were also affected by demographic variables Denton & Chan (1991). In order to achieve the research objective, respondents were categorized according to their demographic characteristics which consist of Gender, Age, occupations, income level, and education level.

Table 3: Profile data of the respondents

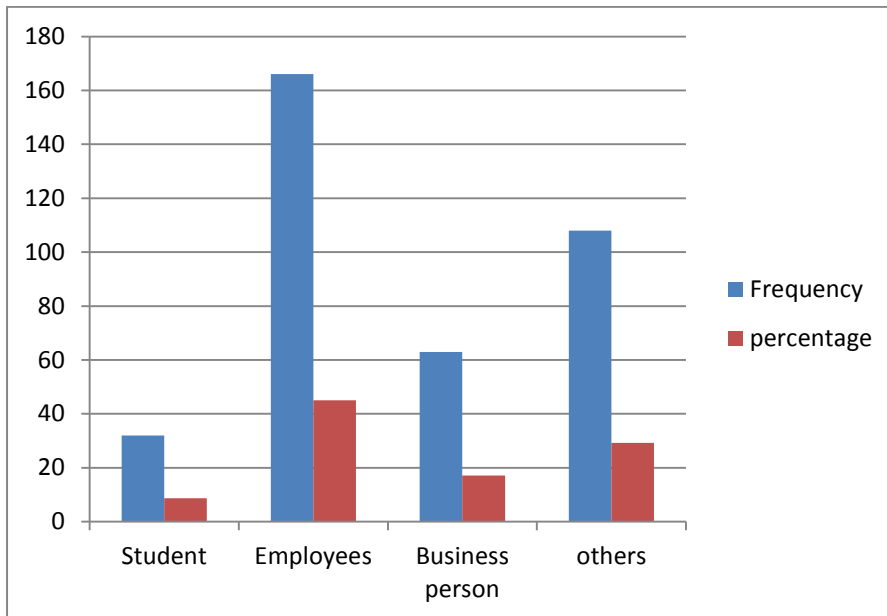
Variable	Descriptions	Frequency	Percent %	Cumulative %
Gender	Male	241	65.3	65.3
	Female	128	34.7	100
AGE	14-25	99	26.8	26.8
	26-35	99	26.8	53.7
	36-45	144	39.0	92.7
	46-55	9	2.4	95.1
	ABOVE 56	18	4.9	100.0
Educational level	Primary school completed or below	9	2.4	2.4
	Secondary school completed	9	2.4	4.9
	College diploma	47	12.7	17.6
	University degree	250	67.8	85.4
	Masters and above	54	14.6	100.0
Occupation	Student	32	8.7	8.7
	Public/non-public employees	166	45.0	53.7
	Self-employed/Business man	63	17.1	70.8
	Other	108	29.2	100.0
Customer relationship with the bank	<=5 years	117	31.7	31.7
	6-10 years	122	33.1	64.8
	>10 years	130	35.2	100.0
Income	Below 5000	36	9.7	9.7
	5000- 10,000	184	49.9	59.6
	10,000- 15,000	68	18.4	78
	Above	81	22.0	100.

Source: SPSS output from field survey data, May 2020

Examination of the respondents (N = 369) indicated a majority of 65.3% of respondents are male and 34.7 % of customers are female. The highest male respondents indicate that more males are engaged on formal financial activity than female despite the demographic of Ethiopia shows the highest percentage of female. The results of respondents of age shows that the majority of customers are at the age between 36-45 which accounts 39 % of respondents followed by 26.8 % with the age range between 14-35 and the third largest respondents fall in the age group above 56 years old having percentage of 4.5% while age group of 46-55 accounts a lowest percent which accounts 2.4% (9) respondents. This indicates that middle age group of 36-45 ages are more engaged on the formal financial activity than the other age groups that support the evidence of the young and dynamic work population of Ethiopia. It also indicates that the youth populations are superior users and more bank account holders than the aged population. The educational level of respondents 67.8 % of customers are first degree holders, 14.6% of respondents' masters and above and 12.7 % of respondents are diploma holders while primary and secondary school respondents account a similar lowest score of 2.4 %. The result indicating that the level of education more of related to the utilization of formal financial services more of by the higher educated customers. In a similar study in Bangladesh, researchers (Khan et al, 2008) also found a similar portion (only about 17%) of their sample falling below preparatory school category. The result shows that the differences in income of customer have an impact on customer bank engagement.

Almost half of the customer income which is 49.9% of the respondents income lay between 5,000.00 -10,000.00, followed by income earners who have above 15,000.00 monthly income 22% and 10,000.00-15,000.00 which cover 18.4% of the respondent. Below 5000.00 monthly income earners cover 9.7% of the respondent. This shows that the low income earners are smaller number in banking practice. In the same study Helen(2018) shows that customers whose monthly income between 5,000-10,000 cover the highest, and customers income less than 5,000 cover 12.5% of the total but in contrary to this study higher income earners are cover the least 11.4%, the monthly income range 5,000-15,000 cover 76% of the customers. These refers us that bank user combined with the income level and low income customers are less in number. This result also support that the main reason why Ethiopians rely more on informal institution for their financial needs is the lack of funds.

Figure 2: Characteristics of respondents' occupation



The above table explained that, in terms of customers' respondents of occupation majority of respondents (about 45.0%) are public and non-public employees 8.7 % are students, 17.1 % are business person and the rest 29.2% are other occupation.

Table 4: Customer relationship with the bank

Customer relationship	Frequency	% from the total respondents
Less than or equal 5 years	117	31.7%
6-10 years	122	33.1%
More than 10 years	130	35.2%

Source: - Questioner, 2020

The above table demonstrates that respondents with less than five years relationship with the bank accounts 31.7%, those with 6-10 years relation with the bank are 33.1% and 35.2% of respondents are greater than 10 years relationship with the bank. This indicates the number of customers who has relationship with the bank is almost similar along with different service relationship years. This shows that the number of service years as a customer with particular bank almost similar with different service years with the specific banks.

4.4 Bank Selection Factors

On this research customer selections of banks are analyzed based on thirty two factors which have an influence on the bank selection decision and those factors are ranked based on their relative important indices. The response in each factors are rated based on the five points Likert scale and respondents were given the chance to measure on the descriptive for the listed factors on the questionnaires.

In order to analyze and identify bank selection factors of customers on different commercial bank users a ranking table was used based on the relative mean score of each factor to show their relative importance. A much broader analysis based on the mean scores and standard errors for each multi-item scale identified and critical factors is determined on the choice of commercial banks selection.

4.4.1. Price factors

Table 5: Price related factor respondents

Price related factors	No of respondents agreed	%total respondents agreed
Interest rate for deposits	16	4.3%
Interest rate for loans	205	55.6%
Service charge and commission paid	148	40.1%

Source:-Questioner, 2020

Among the three questions selected to analysis on the price related factors whether bank customers to what inclined among the price related factors, Interest rate charged for loans is 55.6% of total respondents that considered as selection decision factors and Service charge and commission paid to bank services is accounts 40.1% while Interest rate paid for deposits is accounts only 4.3 % of respondents considered as selection criteria. The result reveals that more customers are attracted towards the interest rate charged for loans by the bank compared to

the other price factors due to most customers want to utilize loan opportunity provided by the bank.

This consistent with the study conducted by Haruna, Ibrahim and Sultana(2018) Nigeria found that price(low interest rate on loan) is the most important factor on customers' choice of bank with regard to service quality factors. Service charge and commission paid also the second most important factor by customers consider as a criteria to select a bank which almost similar with the study done by Tesfaye & Abdulrezak (2017) finds that banks efficiency level has observed a wide variation across various bank groupings in Ethiopia that efficiency can create the right goods/services of the right quality at the right cost.

4.4.2. Service quality factors

Table 6: Service quality factor respondents

Service quality factors	No of respondents agreed	%total respondents agreed
The information provided on services is among the best in the industry	144	39.50%
There is low network downtime	162	43.90%
The waiting time is low	164	44.00 %

Source:-Questioner, 2020

The findings of respondents revealed that waiting time accounts 44.4% which is the highest among the three factors on this category while the information provided on the service relatively lowest accounts around 39% of respondents. The result more indicate that customers are more prefer the quick service and no network downtime which also delay in transaction and risk than the information provided on the service. Gedifew(2014) Ethiopia, study show that speed has a significant effect on customers bank selection decision of Dashen, Abisiniya and Wegagen bank. Almosawi (2001) finding shows speed plays a significant role in bank selection process. Omar and Orackue (2006) suggest that safety of fund; efficient service quality and speed of transaction have significant positive influence on customers' bank selection decision.

4.4.3. Availability of service factor

Table 7: Availability of service factor respondents

Availability of service factor	No of respondents agreed	%total respondents agreed
Loans are easily accessible	190	51.5%
Forex resources are easy to get	192	52%
There are variety of products for customers	240	65%

Source:-Questioner, 2020

The availability of service or resource for the customer bank selection factors the availability of variety of products for customers (65.3%), the easiness of Forex resources to obtain 52% of respondents considered as a bank choice decision and availability of loan are easily accessible in terms of short requirement and short process considered 51.5% by the respondents for bank selection decision. The results of the respondents in general indicate that most customers considered availability of variety of product as important factor for the bank selection decision. Metasebiya (2017) found that among the factors service availability of forex resources has the high effect with a response rate of 85%

4.4.4. E-banking

Table 8: E-banking related factors

E-banking factor	No. Of respondents agreed	% respondents agreed
Number of ATM	286	77.5%
Mobile banking services	342	92.7%
Internet banking services	297	80.5%
The down time of E- banking	182	49.3%
POS terminals	135	36.6%

Source:-Questioner, 2020

Among the factors affecting customer selection of bank selection from e-banking category majority of respondents show interest on mobile banking services provided by the bank accounts the highest 92.7% followed by internet banking services is available by the bank (80.5%), accessibility and adequacy of ATM machines (77.5%) and point of sale terminals and down time of E-banking accounts are the lowest 41.5% (153) and 19.5% (72) respondents consecutively. This shows that majority of customers wants to access and monitor their bank accounts through mobile and internet banking services than the other e-banking services. However, availability of internet banking was also found to be an important bank selection factor in the survey conducted by Senyücel (n.d.) than the other aspects of e-banking service.

According to Gradachew Worku (2010) study, the electronic banking sector in Ethiopia, which includes ATM banking service, is facing many challenges due to lack of easy functionality, fear of risk and lack of trained persons in the key service provider.

4.4.5. Accessibility

Table 9: Accessibility factor respondents

Accessibility factor	No of respondents agreed	%total respondents agreed
The numbers of branches are adequate.	315	85.4
There are branches nearby	342	92.7
Branch Opening and closing hours are convenient	210	57.1%
The location of branches is appropriate.	314	85.09
Branches are in accessible location	261	78.0

Source:-Questioner, 2020

Nearby availability of branches considered the most important factor to influence customer bank choice (92.7%), the number of branches and appropriate location of branches are similar on the importance of bank selection decision which accounts (85 %) this show that in

addition to available no of branches customer needs alternative branch in near distance for special needs and branch suitability for customer use like parking, security, building ... etc & opening and closing hours (78.00%) and (57.1%) respectively. The result indicates customers look more on accessibility of the service through near branch networks. This result is consistent with study conducted by Owusu-Frimpong (1999) findings from 225 respondents discovered that convenient location is the most important factor. This finding is similar to Almosawi(2001) closeness of the bank, availability of branch and convenient location is the second most important factor for bank selection decision in Bahrain customer . In other study by Dawit(2013) Ethiopia, found that it's the first most important factor for bank selection.

4.4.6. Staff and Management

Table 10: Staff & Management factor respondents

Staff & Management factor	No of respondents agreed	%total respondents agreed
There are friendly and helpful personnel in the bank	274	74.3%
Management responds well to complaints and service failures	229	62.1%
The staff and management of the bank are expertise on the service they gave	256	69.4%

Source:-Questioner, 2020

In terms of customer choice on banking services on staff and management attributes of friendly and helpful personnel, management respondents to complaints and the staff and management of the bank are expertise on the service delivered, more customers prefer or attracted towards the welcoming banking environment or the impression of the bank (74.3%) which also ultimately influenced them to be a customer and ultimately help to increase the best experience at the bank while the staff and management of the bank are expertise on the service they delivered (69.4%) and management responds to complaints and service failure (62.1%). In general, all staff and management factors are the highest factors which are

majority of respondents agreed as the most important factor to choose banks and customers prefer a friendly service facility than the quality of the service provided. In the related research by Owusu-Frimpong (1999) friendly employees are the most important attributes determining the image of the banks for customer selection decision.

4.4.7. Reputation and confidence

Table 11: Reputation and confidence factor respondents

Reputation and confidence factor	No of respondents agreed	%total respondents agreed
The reputation in the market is good	324	87.8%
Safety and security of funds	270	73.2%
The bank is profitable	270	73.2%
There is no worry in financial standing of the bank	198	53.7%

Source:-Questioner, 2020

With regards to customer selection of banks reputation and confidence factors, the result shows that customer by large considered on their selection of banks reputation in the market 87.8% as selection factors while both safety and security of funds and the profitability of banks which accounts equal weight for attraction of customers towards the bank (73.2%), but more respondents not considered the financial standing of the bank which accounts 53.7% of respondents. Study undertaken in Nigeria by Aregbeyen (2011) and Maiyaki (2011) reputation of the bank ranked 3rd most important factor next to bank total asset and availability of large branch network across the country.

4.4.8. Innovation in product/service factors

Table 12: Innovation process in product/service factor respondents

Innovation in product /service	No. Of respondents agreed	%respondents agreed
Differentiated product	306	82.9%
Market segmentation	268	72.6%
New products/services	295	79.9%

Source:-Questioner, 2020

With regarding to banks innovation more customer choice if the bank has providing a differentiated product accounts around 82.9% of respondents, the bank is always first with new products/services (79.9%) and the bank has implemented a better market segmentation accounts a lowest among this category (72.6%). This indicate that more customers prefer the banks to choose who has providing a differentiated product, on the contrary less customers are attracted towards the bank to choose based on market segmentation approach of the bank, but surprisingly most banks are currently competed each other on the market segmentation approach based on gender, age, financial status, religion and other segmentation strategy.

4.4.9. Promotion

Table 13: promotion factor respondents

Promotion factors	No of respondents agreed	%total respondents agreed
Advertisement made on mainstream and social media made me choose the bank	268	72.6%
Personal contact by staff of the bank made me choose the bank	205	55.6%
Third party influences made Me choose the bank.	126	34.1%

Source:-Questioner, 2020

The promotion strategy is widely used strategy by most banks in the financial industry and the main target is attracted customers towards to choose them. Most customers are choose banks on the advertisement made on mainstream and social media by the banks (72.6%), Personal contact by staff of the bank considered to choose the bank (55.6%) and third party influences to choose the bank accounts 34.1% by the respondents. The findings of the result shows that promotion through main stream media like television plays an important role and seems to affect more customer bank selection decision. This is similar with Gedifew (2014) that show recommendation by other has no significant effect on customers' bank selection decision.

4.5 Ranking Importance of Bank Selection Factors

The ranking of customer selection of banks factors are analyzed based on mean scores and standard deviation for each multi-item scale identified based the five point Likert scale choices that have an influence on the selection of banks by the customers. In order to analyze and compare the differences in the importance of bank selection criteria a ranking table produced and presented below. In terms of overall factor means, ten factors are identified as the most important factors in bank selection decision by most respondents.

Table 14: Ranking importance of bank selection factors

Determinant Factors	Mean	Rank
Price factor	3.80	1
Accessibility/Convinces	3.63	2
Availability of Resource	3.44	3
Service quality	2.90	4
E- banking service	2.79	5
Staff & Management	2.76	6
Reputation& confidence)	2.71	7
Promotion	2.63	8
Provided Information	2.56	9
Innovative process in product/Service	2.50	10

Notes: mean values-scoring: 1= not important; 5= very important

The table in the above results reveals that more respondents are attracted towards a bank due to price factor and accessibility as a primary factor from the list (mean 3.80) and (mean 3.63) respectively. The significance of the convenience factor has been seen in previous studies by Almosawi (2001) ranked convenience as second most important factor for bank selection decision in Bahrain customers which is consistent with the above result. However, provided information and innovative process and product by the bank accounts the lowest among the ten factors on the list (mean 2.56) and (mean 2.50) respectively by the majority of respondents. This implies the price factor is the most sensitive factor for the customer on the selection of banks due to the fact that the interest rate charged for loan are the prime motivate factors for most customers while innovative process and product by the bank is the least sensitive to the majority respondents due to the current fact that most commercial bank product has almost similar innovative process and products and currently customers are aware there is innovation on the banking process and products.

4.6 Demographic Influences on Bank Selection Factors

4.6.1 Gender

The demographic data of gender analyzed separately to male and female customers ranked in order of mean importance of each factor. The distribution of bank choices by gender shows that male and female customers' analysis mean output provides different components than the result found in the above analysis for the total sample, but in some factors it seems almost similar order of mean importance rating factors. Despite some difference in both male and female price factor, accessibility and availability of resource ranked the same as the most important factor to bank selection criteria while the remaining factors are ranked differently by male and female respondents. Due to their low mean scores, the two factors that has the least important selection factors for both male and female are 'promotion' and 'reliability' respectively. The result shows that most male not considered advertisement made on mainstream and social media as a selection criteria, whereas, most female customers are not influenced by the availability of staff and management of the bank expertise as selection criteria.

Table 15: Ranking importance of bank selection factors by gender

Component factors	Gender			
	Male		Female	
	Mean	Rank	Mean	Rank
Price factor	3.57	1	4.23	1
Accessibility/Convinces	3.40	2	4.08	2
Availability of Resource	3.32	3	3.66	3
Service quality	2.73	8	3.22	4
E- banking service	2.97	5	2.47	7
Staff & Management	2.76	6	2.75	5
Reputation & Confidence	3.21	4	1.77	10
Promotion	2.59	10	2.21	9
Provided Information	2.65	9	2.22	8
Innovative process in product/ service	2.75	7	2.73	6

Notes: mean values-scoring: 1= not at all important; 5= very important

4.6.2 Age

The selection factors among age group customers show some variation across various age groups. Visual assessment of the table reveals that youth age group more influenced by ‘price factor’ and ‘e-banking service’ in the selection decision while the middle age group customers prefer ‘accessibility’ and ‘availability of resource’. The old age group considered price factor and reliable service as selection criteria. With related to prices, more sensitivity is observed among the old age groups rather than the youth and middle ages. In regarding e-banking service and promotion are also more important to the young than the middle and old age groups.

Table 16: Ranking importance of bank selection factors by age

Bank selection factors	Mean				
	14-25	26-35	36-45	46-55	56 and above
Price factor	4.18	3.36	3.85	3.00	4.87
Accessibility /Convinces	2.81	4.09	3.95	4.10	3.00
Availability of Resource	2.36	4.09	3.95	4.21	3.00
Service quality	2.45	2.63	3.50	1.00	3.00
E- banking service	3.36	2.54	2.67	3.00	2.00
Staff &Management	1.36	2.45	4.08	1.00	3.12
Reputation& Confidence	3.18	3.00	2.32	3.39	4.87
Promotion	3.39	2.81	1.00	1.87	2.04
Provided Information	1.00	2.81	2.04	2.89	3.32
Innovative process in product/service	2.44	2.60	3.51	1.10	3.10

Notes: mean values-scoring: 1= not at all important; 5= very important

4.6.3 Education level

The educational background of respondents has also a variation among respondents in the bank selection decision. Most of respondents who has diploma holders and above are sensitive to price factor, accessibility and availability of resource while lower educated customers are sensitive to promotion and reliability factors. However, there is a similarity in both higher educated and lower educated customers in the factors of price, convenience, provided information and innovative process and product factors on the decision of bank selection. The least important factor for higher educated and lower educated customers are promotion and availability of resource respectively.

Table 17: Ranking importance of bank selection factors by education

Bank selection factors	Mean				
	Primary	secondary	Diploma	Degree	Masters and above
Price factor	3.32	3.44	3.50	3.34	3.41
Accessibility/Convinces	1.21	1.00	4.57	3.54	4.16
Availability of Resource	1.00	1.00	3.38	3.28	4.16
Service quality	1.61	2.76	3.04	2.66	3.00
E- banking service	3.00	3.19	2.46	2.87	2.66
Staff &Management	2.9	2.91	2.95	2.89	2.91
Reputation &Confidence	3.76	3.62	2.32	3.12	3.41
Promotion	3.92	3.96	2.00	2.62	2.04
Provided Information	3.1	3.02	3.00	3.19	3.17
Innovative process in product/service	2.91	2.93	2.97	2.88	2.94

Notes: mean values-scoring: 1= not at all important; 5= very important

4.6.4 Income

The demographic variable of income data shows below there are variation among the group in their selection of bank decision by their financial status. Those customers with higher monthly income are sensitive to price factor and accessibility while customers with lower monthly income are influenced by convenience and promotion. Despite their differences, the price factor and service quality has similarity on both high and low income earners on the bank selection decision. Low income earners are less responsive to the factors e-banking service, reliability and innovative process and product. While high income earners are less sensitive to convenience and promotional factors of the bank.

Table 18: Ranking importance of bank selection factors by income

Bank selection factors	Mean			
	<5000	5000-10000	10000-15000	>15000
Price factor	3.34	3.12	3.21	3.11
Accessibility/Convinces	2.55	2.85	4.13	4.12
Availability of Resource	2.22	3.20	3.85	3.71
Service quality	3.88	3.76	3.98	3.84
E- banking service	1.11	1.50	2.95	3.87
Staff & Management	3.8	3.9	2.21	2.23
Reputation & Confidence	1.00	1.25	2.90	2.85
Promotion	3.61	3.50	2.19	2.50
Provided Information	2.33	2.50	2.80	2.59
Innovative process in product/service	1.17	1.51	2.96	3.88

Notes: mean values-scoring: 1= not at all important; 5= very important

4.6.5 Occupation

The demographic influence of occupation on the ten factors identified shows below that both business person and other occupation respondents are highly influenced by price and accessibility factors while employees and students both are influenced by reliability and promotion factors. Business person are less sensitive to promotion and reliability while other occupation respondents are less sensitive towards service quality and promotion factors. In the other hand both employee and student respondents are less influenced by accessibility and availability of resource. The overall findings of occupation reveals that student and employee respondents are similar pattern on the bank selection decision factors due to the fact there is likelihood of the former student to become current employee and therefore they might have similar preferences and interests on the bank selection decision.

Table 19: Ranking importance of bank selection factors by occupation

Bank selection factors	Mean			
	student	Employees	Business man	Others
Price factor	3.02	3.21	4.38	3.84
Accessibility/ Convinces	1.21	1.00	4.57	3.54
Availability of Resource	1.00	1.00	3.38	3.28
Service quality	1.61	2.76	3.04	2.66
E- banking service	3.00	3.19	2.46	2.87
Staff & Management	2.9	2.91	2.95	2.89
Reputation & Confidence	3.56	3.62	2.32	3.12
Promotion	3.62	3.56	2.00	2.62
Provided Information	3.1	3.02	3.00	3.19
Innovative process in product/service	3.22	3.31	4.48	3.88

Notes: mean values-scoring: 1= not at all important; 5= very important

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

In the growing competitiveness in the Ethiopia banking industry and the similarity of services offered by banks it has become increasingly important that banks identify the factors that determine the basis upon which customer choose between banks. In order to lead the competitive banking industry commercial banks must have more customer and service oriented business strategy. The key business strategy is to have unique marketing strategy based on serious marketing research which helps the banks to get competitive advantage on the banking industry. Therefore, the purpose of this study is to investigate the major factors to select bank in the selected commercial bank in Addis Ababa and which factors influenced most and also to see whether there is a differences between the demographic natures of customer on selection factor criteria

In this regard the research map conceptual framework identified important customer specific and bank specific factors that influenced the customer to choose banks. Customer specific factors such as age, education, income and occupation have an effect on customer bank selection criteria. Among the demographic characteristics both male and female gender influenced by price factor, accessibility and availability which are considered as the most important in bank selection criteria while there are slit difference with other factors. However, significant difference results founded between other demographic natures of the customers regarding to bank selection criteria. Factors largely fortified by age and lifecycle stage, economic situation (income) and occupation have an effects on customer choice of a bank. This has agreed to the argument that people change the products they buy over their lifetimes, and is largely determined by the occupation and the economic situation at that given moment (John, 1995).

Among the bank specific factor selection analysis results revealed that the top three ranking factors which relatively influence of customer bank selection criteria factors agreed by most respondents are price, accessibility and availability of resource. Likewise, promotion, provided information and innovative process in product& service are considered as the least important factors by the customers when they make a bank selection decision. Having access

to useful and affordable financial products and services that meet customers' needs on transactions, payments, savings, credit and delivered in a convenience and sustainable attract most customers of the selected bank.

5.2 Recommendation

On the current business environment banks have found themselves facing more aggressive competition, uncertainty and unlimited opportunities. A bank must examine its strengths and opportunities and take a competitive position in the competitive marketplace. In order to maintain the competitive position on the banking industry the following recommendations is forwarded for all stakeholders involved on the financial sector.

- The demographic data suggested that bank management should be aware that the bank selection factors differ from one demographic variable to the other and identify the importance of each attributes that affect targeted customer in bank selection decisions to ensure attraction of new customers towards bank products/service and which helps on the retention of existing customers by excluding the usual and uniform marketing strategy rather it's better to approach different target group in different marketing strategy.
- The banks better to consider their lending rate, as we can see in result the selected bank customers respond that the lending rate of the bank is the most important bank selection factor.
- Bank products and services have an effect on customer bank choices. Customers look for low-priced and convenient products / services, and how easy they can be access. Bank product designers and developers should appreciate up-to-date technology product/service on the customer's ability; understanding and affordability.
- Selected banks customer use traditional methods of accessibility like branch no, branch nearby and working hours of bank as selection criteria. Through adopting up-to-date technological products and build confidence on customer to use banks better to improve accessibility without physical limitation.
- Bank customer more attracted by bank that avails optional product & service. In this regard the banks should increase their integration to the unbanked population to have stable source of funds needed to meet credit needs, to improve their efficiency towards new technological products & service. Producing income through delivering

loan and advance so as to solve capital injection to enhance technology capabilities of the bank towards its product and services.

- Even if the foreign currency source, collection and allocation of the bank highly regulated by NBE Directives. Therefore; the banks better to increase their source by exploding their participation in international money transfer networks, make the remittance service more attractive and by providing financial service loan... etc. to exporter with reasonable price under the legal frame work help to increase their foreign currency source.
- Based on the study despite security issues and infrastructure problem (frequent network interruption) customers are interested in e-banking service. The bank better to improve their performance to reduce transaction cost, improve technology capacity and their image in customer mined (get trust).
- The study show selected bank customers are interested in technologically delivered product therefore commitment of the government to facilitate the expansion of ICT infrastructure and willingness among banks to cooperate in building infrastructure will be an opportunities to cover wide geographical area of the unbanked.
- The policy make better to revise the regulatory features on interest rate regulation, credit restrictions, and foreign exchange controls with the existing customer need.

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APPENDIXES

Appendix 1: Questionnaire Amharic version

በባንክደንበኞች የሚሞላ መጠይቅ

የተከበራቸው የጥናቱ ተሳታፊዎች፡-

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ከተማያውን የደንበኞች የባንክ አመራረጥ ሁኔታ ምን እንደሚመስል ለማጥናት እንዲሁም በአዲስ አበባ የኒቫራሲ ተባብሮ የሚገኙ የልሰረቢስ ትምህርት ክፍል የማስተፋት ስራ ግሪም መረቅ ያፀሁ ፍለማዘጋጀት ነው።

የጥናቱ ዋና ዋና ላማ የባንክ ተጠቃሚዎች በምንመመዘኛ ባንኮች እንደሚመርጡ እና የመፍተሙ አቅጣጫዎችን ማመላከት ነው።

የምትሰጡት ሐሳብ ከዚህ የዘለለ ሌላ ላማ አይደለም ስጥሩ ምንም ብቻ ሆኖ ለሌሎችም ሊያገለግል ይችላል።

አስር ደቂቃ ወይም ሌላ ጊዜ ለሰጠው ሐሳብ ምስጋና ይቀርባል። ለምታደፈጉልኝ ትብብረብኛል። ምስጋናዎን አመሰግናለሁ።

እባክዎን መልስዎን እንደ አስፈላጊነቱ በተሰጠው ሳጥን ምልክት ያስቀምጡ።

ክፍል አንድ፡ የተሳታፊዎች አጠቃላይ ምድብ

1. የታወቀው ጾታ

2. የትምህርት ደረጃ

የአንደኛ ደረጃ ወይም ከዚያ በታች ሁለተኛ ደረጃ ትምህርት

ኮሌጅ ዲግሪ ስም የኒቫራሲ ግሪም ማስተፋት እና ከዚያ በላይ

3. ዕድሜ፡

ከ14-25 ከ26-35 ከ36-45

ከ45-55 ከ56 በላይ

4. የሥራ-ሁኔታ:

ተማሪ ተቀጣሪ የራስሰራ / ነጋዴ

ሌላካለ

6. የወር ገቢዎ በአማካኝ

ከ-ብር 5,000 በታች ከ-ብር 5,000-10,000 ከ-ብር 10,000-15,000

ከ-ብር 15,000 በላይ

7 ለምን ያህል አመታት ከባንኩ ጋር በደንበኝነት ቆይተዋል?

ከ 5 ዓመት ያንሳል ከ 6-10 ዓመት ከ 10 ዓመት በላይ

ክፍል ሁለት:

የሚገለገሉበትን ባንክ እንዲመርጡ ምክንያቶችን ከተቀመጡት መመዘኛዎች አንፃር

ከ

በጣም ይጠቅማል አስከምንም አይጠቅም ከታች ባለው ምን ያህል እንደሚሰማሙ የ '√' ምልክት ከፊት ለፊት ተያይዞ ስቀምጡ

	መመዘኛዎች	በጣም እስማማለው	እስማማለው	መካከለኛ	አልሰማማም	በጣም አልሰማም
		1	2	3	4	5
	ዋጋ በተመለከተ					
1	ባንኩ ለተቀማጭ የሚከፈለው ወለድ					
2	ለብድር የሚጠይቀው ወለድ ዝቅተኛ					
3	የአገልግሎት ዋጋው ዝቅተኛ ስለሆነ					
	አገልግሎት					
4	ብድር ማግኘት ስለምችል					

5	የውጭምንዛሪስለማገኝ					
6	የተለያዩአማራጭግልጋሎትአገኛለው					
	የአገልገሎትጥራት					
7	ስለአገልግሎትበቂመረጃአገኛለው					
8	የኔትወርክበቆራረጥብዙአይገጥምም					
9	አገልግሎቱፈጣንነው					
	የባኩቦታመረጣ ና አመቺነት					
10	ብዙቅርንጫፎችአሉት					
11	የባኩንቅርንጫፍበቅርበትማግኘትመቻሌ					
12	የባኩየስራሰዓትአመቺነት					
13	የ ባንኩቅርንጫፍየሚገኝበትአካባቢ					
14	የ ባንኩቅርንጫፍየሚገኝበትቦታ					
	አንላይንባንኪንግልጋሎት					
14	በቂATMበየአካባቢውማግኘት					
15	የሞባይልባኪንግአገልግሎት					
16	ኢነተርኔትባንኪንግአገልግሎት					

17	በቂPOSአገልግሎት					
18	አንላይንባንኪንግልጋሎት-በዙመቆራረጥአለ መኖ					
	ሰራተኞች እና ማኔጅመንቱ					
21	ሰራተኞች ተግባርና ደንበኛን ለመርዳት ዝግጁ መሆን					
22	የባንኩ አላፊዎች ቅሬታ ተቀብለው መፍትሄ በቶ ሎይሰጣሉ					
23	ሰራተኞችና አላፊዎች ስራቸውን ጠንቅቀው ያውቃሉ					
	የባንኩ ገፅ ታእዛዝ ማሻሻል					
24	በገበያው ውስጥ ጥሩ ስም ስላለው					
25	ገንዘቤን በአስተማማኝ ቦታ ለማስቀመጥ					
26	ትርፋማ ባንክ ስለሆነ					
27	ገንዘብ ባስፈለገኝ ጊዜ ማግኘት እችላለሁ					
	ማስታወቂያ					
28	በመገናኛ ብዙሃን					
29	በባንኩ ሰራተኞች					
30	የሌላ ሰነድ ወገን ተፅኖ					
	አዳዲስ ስም ርቶችን					

31	ብዙአማራክጭክገልግሎትአለው					
32	የተለያዩአገልግሎትተለያዩደንበኞችያቀርባል					
32	በአዳዲስአገልግሎቶችሁሌምቀዳሚነው					

አመሰግናው

APPENDIX 2: Questionnaire English version

Addis Ababa University
College of Business and Economics
Department of Financial Services
MBA program

Survey questionnaire to be filled by customers of selected banks

Dear respondent,

The Questionnaire is designed to get your valuable inputs for a master thesis entitled ***Factors determining customers bank selection decision: Evidence from Addis Ababa city***. This is purely an opinion survey and used for academic purpose by maintaining confidentiality of response. Therefore, any suggestions, comments, and remarks are highly appreciated and are kept confidential. Therefore, please feel free to let the survey get your valuable input by spending not more than 10 minutes of your time.

Thank You in advance for participating in the survey!

The questionnaire is designed based on 5-point Likert scale. Please respond to the questions by placing a tick mark (√) based on your level of agreement: SA= Strongly Agree, A= Agree, N= Neutral D= Disagree and SD= Strongly Disagree. You can use the back of the questionnaire if you have further comments, suggestions, and remarks on pertinent issues related to the survey.

Using the following Rating Scales under the columns mark (‘√’) sign only once for the given variables depending on your level of agreement in front of it.

I. Background information

Please, put a mark in the boxes of your option.

1. sex Male Female

Educational level:

Primary school completed or below Secondary school completed

College Diploma University Degree Masters Degree or above

2. Age:

14-25 26-35 36-45 46-55

Above 56

3. What type of occupation/business are you engaged in

Student/not working Employed (public/non-public)

Self-employed / business man Other

4. Monthly gross Income level :

Below 5000 birr 5000- 10,000 birr 10,000-15000 birr Above 15,000 birr

5. For how many years you have been using this bank

Less than or 5 6-10 More than 10

II. Bank Choice Criteria

Please describe the reasons for you to bank with your current financial service provider (banks) (select the level of agreements on each factor). Using the following Rating Scales under the columns mark '√' sign only once for the given variables depending on your level of agreement in front of it.

No.	Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		1	2	3	4	5
	Price related factors					
1	Interest rate paid for deposits is high compared to other banks					
2	Interest rate charged for loans is small compared to other banks					

3	Service charge and commission paid to bank services is the lowest compared to other banks					
	Availability of Services/resources					
4	Loans are easily accessible					
5	Forex resources are easy to get					
6	There are variety of products for customers					
	Service quality					
7	The information provided on services is among the best in the industry					
8	There is low network downtime					
9	The waiting time is low					
	Physical Presence& accessibility					
10	The numbers of branches are adequate.					
11	There are branches nearby					
12	Branch Opening and closing hours are convenient					
13	The location of branches is appropriate.					
14	Branches are in accessible location					
	E-banking					
14	The number of ATMs is adequate and accessible					
15	The bank provides mobile banking services					
16	Internet banking services are available					
17	Point of sale terminals are available					
18	The down time of E- banking is not frequent					

Staff and Management						
21	There are friendly and helpful personnel in the bank					
22	Management responds well to complaints and service failures					
23	The staff and management of the bank are expertise on the service they gave					
Reputation and confidence						
24	The reputation in the market is good					
25	Safety and security of funds					
26	The bank is profitable					
27	There is no worry in the financial standing of the bank					
Promotion						
28	Advertisement made on mainstream and social media made me choose the bank					
29	Personal contact by staff of the bank made me choose the bank					
30	Third party influences made Me choose the bank.					
Innovative process in products/service						
31	The Bank has done a lot in providing a differentiated product					
32	The bank has implemented a better Market segmentation (strategy influencing my choice					
32	The bank is always first with new products/services					

THANK YOU

APPENDIX 3 Krejcie and Morgan Table

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970