

## Factors affecting bank selection: An urban customer perspective

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### Abstract

This paper studies the major factors that affect customers to choose their primary bank within the Gurugram city of northern India. A structural questionnaire was prepared and circulated among various sections of society having bank accounts with varied demographics within the geographic area of Gurugram. The respondents were asked to rate on 31 attributes with the relative importance while selecting a bank taken from literature review and expert survey. The responses were analyzed with the help of Factor Analysis. The study found that reputation and service products offered by banks are most important factor followed by reputation for the selection of bank.

### 1.Introduction

Banking is one of the oldest economic activities which has gone through many phases and similarly is the case with Indian banking. India being in the list of top 10 economies of the world has a huge potential in banking sector. On the digital platform Indian banking being a part of developing economy has come a long way and today and it has been claimed that by 2025 the banking sector of India will take third position in the world after USA and China (Tripathi and Poddar, 2011; Kant and Jaiswal, 2017).The role of banks are very important for the smooth functioning of any economy. With a CAGR of 5.1% and 3 crore fresh accounts opened every year and figures have risen and there is still a huge potential as 30% of the population is under the age group of 0-14 years which will increase the banking penetration exponentially (Census,2011).The efficiency of banks' service has improved due to privatization and financial sector reforms (Shanmugam and Das, 2004 ; Birt et al.,2016) and to win customers banks are doing their best whether it is by increasing number of bank branches or by opening

electronic mediums. In the race of gaining and retaining customers new innovations are introduced because of which customer, the end user, is on the advantage and the quality of service is given utmost importance by him. With the increased service quality market share of bank also increases which in turn brings profits (Siu and Mou, 2003). So it has been an area of interest for the researchers and hence the policy makers of the banks to understand what drives the customer to choose a particular bank so that they can retain the old customers instead of not only acquiring them because acquisition of new customers costs five times than retaining the existing one.

Study to find out factors effecting the selection of banks has received attention in the past also where landmark study of 1976 by Anderson et al. studied 466 bank customers in the United States and found five basic factors effecting their selection behavior towards banks ie friends' recommendation, friendliness of staff, reputation, credit availability and service charges but the research done in the same year countered the first study and proved location as a major factor for selection of banks (Dupuy & Kehoe, 1976; Anderson et al, 1976), however today as the time has changed with the increase of ATM network, anywhere banking and other electronic payment and billing systems physical presence of bank branches is no more a crucial factor for choosing a bank (Coomer & Gupta, 2017). Past studies have also found that different segments of the society have different factors for choosing bank ( Kaynak et. al, 1991). So the studies done in the past in various countries may not be applicable to the Indian setup. Indian customer with the advent of information technology and post 1990 with the entry of foreign banks is more demanding and his service expectation has also increased (Moorthi & Mohan, 2016).

Currently every bank policymaker is concerned for the banking behavior of customers and what can be done to retain them. This study will help them to get useful information about what kind of products and services should be offered to their customers. The present study is a unique study of its kind as the banking habits of the residents of Gurugram have been analyzed which has not been done in the past. Gurugram is the millennium city of Haryana having migrants coming from all over India working in various Indian and multinational companies. The sample collected from this city has diverse segment which has increased the authenticity of the study.

## **2.Literature Review and Hypothesis Formation**

Various studies have been done in the past worldwide with respect to the bank selection by customers. Kaufman in 1967 found that location of bank as the most important factors followed by quality of service and term of relationship with the bank for the selection of bank by USA retail customers and firms. Same factors were found influencing the choice of customers in the study made in USA in the

year 1974 by Mason & Mayor with other factors like staff friendliness, loan facility and recommendation. Fitts (1975) assessed the customer data in the USA and concluded banking experience, customer orientation and personal influence being important factors which appeals them to the bank. The pioneer study done by Anderson et. al (1976) in USA used determinant attribute analysis studies a sample of 466 customers and segregated customers in convenience oriented and service oriented and listed friend's recommendation, reputation, availability of credit as factors kept in mind for choice of bank. The study was questioned in the same year on sampling and measurement method (Dupuy & Kehoe, 1976). Most of the studies followed in USA found location being the top most priority while selecting a bank (Riggall, 1980). Martenson (1985) studied the factors in Swedish setup and also found location, availability of loan and payment of salary as the crucial factors in selecting bank apart from bank image and customer's own interest. With multiattribute model used the research done in Singapore found that courteous staff, influence of family members, friends and neighbours are the main points considered by customers (Tan & Chua, 1986). In 1991 multiple bank users were selected and studied their banking habits in Hongkong and convenience, friendliness and location were established factors. In the same year Turkey's customers were selected the factors found were advertisement, bank's image, bank parking facility (Kaynak et al., 1991). Later studies done in USA and Poland in the year 1994 and 1996 respectively gave weightage to reputation, price and convenience (Boyd et al., 1994; Kennington et al., 1996; Zineldin, 1996).

With the change in time and entry of online platform the selection factors have also changed. In 2001, India too witnessed 20 major banks entered online mode and within first year 17 % of the total internet users were ebanking users (Sawant et al, 2013). As the financial knowledge of customers increased their preferences also changed as the customer with low financial knowledge still gave weightage to the location aspect as compared to a knowledgeable customer for whom bank preferred by his family will be his bank (Devlin, 2002). Like knowledge tenure of term with the bank also plays a vital role in his choice criteria. Devlin & Garrard (2004) divided the tenure of relationship with bank in three parts short, medium and long term. From short tenure customers recommendation was important factor, medium tenure customers preferred recommended banks however existing family relationship with a bank attracts a long tenure customers. A similar study done for single and multiple bank customers in Britain and it was established that choice factors differs in case of primary bank and secondary bank. For primary bank customers looks out for a recommended bank whereas for secondary bank incentive offered by the bank plays an important role (Devlin & Gerrard, 2005). Italian customers were surveyed

in 2014 and new insights were drawn where it was found that duration of relationship with the bank and pricing attributes have increased with time (Ricci & Caratelli,2014).

Most of the studies in the past belong to developed countries. As far as India is concerned, the studies done worldwide cannot be implied directly due to the different geographical and demographic settings here. The Indian banking system is more complex and different for many reasons, firstly the population size, density of population and the composition of population makes it complicated for the banks to cater the demand of customers, secondly the mixture of big and small banks along with technology and deregulation (Arora & Kaur, 2019). Studies done for the factors affecting Indian customers to choose bank are very limited. The criteria used by MBA students in Delhi to select a bank were studied in 2010 and was found that the young generation needs high tech facilities offered by the banks and they are very particular about the display of counters at the bank. Recent study in 2017 was done taking sample from metropolitan city of India Bengaluru wherein benefits from the banks were divided in functional, emotional and self expressive benefits and found that self expressive benefits are most important for the customers (Moorthi & Mohan, 2017). After going through the previous studies and various parts of the world, major factors have been studied which have been briefly explained below.

- Service Quality- Every customer if served efficiently generates incremental profits every year (Storbacka et al., 1994). So it's important to serve the existing than to acquire fresh customers (Piha & Avalonitis, 2015). Parasuraman et al., 1988 gave a clear definition of service quality and said that it is the difference of customer's expectation and his evaluation for the service experienced. He also postulated SERVQUAL model to measure the quality of service (Narteh, 2015). Poor service quality not only changes the behavior of the customer towards the company but also changes his attitude (Zeithaml et al., 1996). Service quality impacts customer retention, customer purchase intention, loyalty, word of mouth, customer satisfaction (Piha, 2015; Meesala & Paul, 2018; Choudhury, 2018). Whether it is manufacturing or services sector the purchase intention increases with the better service provided (Meesala & Paul, 2018).
- Word of mouth- To decide on patronizing a service word of mouth plays an important part. It is the positive or negative perception backed by the influence of society (Lien et al., 2018). This spread of information can be personal or by any electronic media (Lien et al., 2018). Learning by observation what consumers are best at which can lead to large scale behavioral learning (Libai

et al.,2010). Word of mouth has a direct impact on reputation, brand switching and brand equity (Loureiro et al,2014 ; Murtiasih et al.,2014).

- Service Products-The products and services offered by banks have a direct relationship with the selection of bank as today customer needs variety and it is because the recent financial crisis and growing technology(Khaitbaeva et al.,2014).Banks need to ensure the products offered should be need based and can be differentiated (Tucker & Jubb,2018).As these days para banking products are being offered by banks to increase profitability like Mutual Funds, Life Insurance ,General Insurance and Bonds (Aggarwal & Futter,2019).The service products offered and the appeal used effects the reputation of the bank (Ruiz et al.,2016).
- Reputation-It is a source of perception for customers, internal and external stakeholders about the identity of the company (Zameer et al., 2015).Sustainability and profitability of banks depends upon how reputed it is in the industry and if the bank is negatively reputed it becomes a problem. Customer loyalty and word of mouth are directly impacted by bank's reputation (Ruiz et al., 2016).
- Switching Cost-It has been found in earlier researches that switching cost is linked to inconvenience. It is referred to sacrifices and penalties by changing service provider which can be monetary or non monetary like time, effort and other psychological costs .It has been proposed by Bell et al.(2005) that switching cost negatively effects satisfaction and loyalty (Dagger & David, 2012).Social exchange theory suggests that whenever a customer perceives that there is a cost involved and is exceeding the benefits then there are higher chances for them to leave ,However in case of banking it is not always easy as there are penalties involved (Laksamana et al.,2013).
- Price-In the words of Zeithaml (1988),price is the attribute sacrificed for obtaining some goods or services which in banking is more complicated as it not only involves interest or service charges but also the switching cost (Gerrard and Cunningham, 2004).Pricing depends upon the cost, market positioning and the quality of services. Prices have an impact on customer satisfaction, loyalty and company image (Calabrese & Francesco, 2014).
- Advertisement Communication-In financial services advertisement means the communicating medium by the banks to its customers directly or indirectly with an intention to attract them to use its financial services (Amoako, 2017).It makes customers to make choices out of various

alternatives which increases the wallet share of small banks and makes the competition more intense (Honka et al., 2017). Revenue, market value and share are influenced by advertisement.

- Adoption Intention-Adoption intention refers to the plan the customer makes to either use or not to use the services in future. It also includes whether he intends to refer the services to others based on his experience.

### 3. Methodology and Design

#### 3.1 Expert Survey

There have been a lot of studies done in developing countries for the selection of banks but most of them are lacking in two aspects. Firstly most of them have been done on student segment and secondly all the previous studies have relied only on previous researches for the factors. In the present study, previous studies were referred to take out major factors affecting selection of bank. Then Delphi technique was adopted and expert survey was done ( Okoli & Pawlowski ,2004). 18 Experts were selected using snowball technique (Biernacki & Waldorf 1981). Branch Managers with more 15 years of experience working with different banks in Gurugram were contacted by taking prior appointment and were approached during their lunch hours. They were asked to share 6 major factors affecting the selection of banks. The factors were later studied and collated on the basis of affinity perspective . Following Table (Table-1) is the factor given by the experts and then they were included in the heads.

**Table 1**

S No	Category	Factors mentioned by Experts	Count
1	Service Quality	Ease of Online Banking (2), Mobile Banking(2), Convenience of Location(2), Branch Network (2), Bank open hours(1), Attitude of bank staff(1), Quick complaint resolution(3), Availability of parking facility(1), Ease of applying Loans(2), Accuracy in Transactions(1), Branch Staff Friendliness(1)	18
2	Trust	Risk Perception (4), Safety of funds (3), Trust in the staff(2), Secure Feeling about Bank(1)	10
3	Reputation	Bank's Reputation (14), Brand Image(3), Popularity of Bank(1)	18
4	Perceived value	Low account maintenance charges(12), Low rate of interest on loans(4), High rate of interest on savings and deposits(5), Free cash incentives(1)	22
5	Service products	Student's Account(1), Credit Cards(5), Foreign Exchange products(4), Overdraft facility(2)	12

6	Word of Mouth	Referral by Family and Friends (4), Family relationship with the Bank(1)	5
7	Switching Cost	Loss due to Switching to competition bank(4),	4
8	Advertisement	effective promotions made by the bank(1)	1
9	Demography	Qualification(1),Income Slab(5),Occupation(1)	7
10	Perceived Enjoyment	Happiness(1),enjoyful experience(1)	2
11	Experience	Past experience with any Bank(2), Quality of experience with any bank(1)	3
12	Consumer Innovativeness	Attitude towards New Services(2), Affection towards Innovative services (2)	4
13	Job Relevance	Purpose for opening account(1), Relevance of account(1)	2
	<b>Grand Total</b>		<b>108</b>

On the basis of the factors on which more than 50% experts agreed were selected and others were rejected (Table-2).In the next step the experts were contacted again to rank(from 1 to 9,where 1 is least important and 9 is most important) the selected factors .The ranking is shown in Table 3.**Table-2**

Serial No	Category	Count	Selected/Rejected
1	Service Quality	14	Selected
2	Trust	13	Selected
3	Reputation	12	Selected
4	Perceived Value	11	Selected
5	Service products	10	Selected
6	Word of Mouth	10	Selected
7	Switching Cost	9	Selected
8	Advertisement	9	Selected
9	Demography	8	Selected
10	Perceived Enjoyment	6	Rejected
11	Experience	5	Rejected
12	Consumer Innovativeness	3	Rejected
13	Job Relevance	2	Rejected

**Table-3**

Ranking	Service Quality	Trust	Reputation	Perceived Value	Service Product	Word of Mouth	Switching Cost	Advertisement	Demography
Expert 1	9	8	7	6	4	3	5	1	2
Expert 2	7	9	8	6	3	3	5	2	1
Expert 3	8	9	7	6	3	4	5	1	2
Expert 4	7	9	8	6	3	4	5	1	2
Expert 5	9	7	8	6	3	4	5	1	2
Expert 6	8	9	7	5	3	4	6	1	2
Expert 7	7	8	9	5	3	4	6	1	2
Expert 8	9	7	8	6	3	4	5	2	1
Expert 9	7	8	9	5	4	3	6	2	1
Expert 10	9	8	6	4	5	3	7	2	1
Expert 11	7	8	9	4	5	3	6	2	1
Expert 12	7	9	8	6	5	2	4	3	1
Expert 13	7	9	8	5	6	1	2	3	4
Expert 14	8	9	6	5	4	3	7	2	1

The next step adopted was to validate the ranking by using quantitative testing with the help of Kendall's W coefficient of concordance where the value of w is .883 (any value more than 0.7 signifies strong agreement) as shown in Table 5 & 6.

**Table 4**  
**Descriptive Statistics**

	N	Mean	st. dev	min	max
Service Quality	14	7.79	0.893	7	9
Trust	14	8.36	0.745	7	9
Reputation	14	7.71	0.994	6	9
Perceived Value	14	5.36	0.745	4	6

Service prudence	14	3.86	1.027	3	6
Social Norm	14	3.21	0.893	1	4
Switching cost	14	5.29	1.267	2	7
Advertisement	14	1.71	0.726	1	3
Demerger	14	1.64	0.842	1	4

**Table-5****Kendall's W Test-Ranks**

	Mean Rank
Service Quality	7.79
Trust	8.36
Reputation	7.71
Perceived Value	5.36
Service prudence	3.89
Social Norm	3.25
Switching cost	5.29
Advertisement	1.71
Demerger	1.64

**Table-6****Test Statistics**

N	14
Kendall's W <sup>a</sup>	.883
Chi-square	98.921
Df	8
Asymp. Sig.	.000

a. Kendall's Coefficient of Concordance

**3.2 Data Collection**

400 residents of Gurugram were contacted and then online survey by google form was sent to them and only 274 customers filled the forms. Google form is a web based application used to take online surveys which is freely available on google drive and has become famous among educationists (Djenno et al.,2015).126 responses were dumped as they had missing data. The questionnaire was developed with demographic and 33 questions depicting customers' attitude towards factors which influence them to select a bank. The questions have been coded with scale 1 to 7 in which '1' coded as 'strongly disagree' and '7' as 'strongly agree'. The survey has been taken forward with an assumption that the respondents

filling the questionnaire are educated enough to understand the difference between the scales. Convenience sampling approach was adopted due to cost constraints and it has also been justified in past researches that this kind of sampling can be used in exploratory researches (Malhotra,2005;Rao & Sharma,2010). The questionnaire was forwarded to customers of banks in the lobby section of the branches post permission from designated authority during working hours while they were waiting for their turn on the respective counters. Also the questionnaire was forwarded by the contacts of the respondents. This type for data collection has been recommended in earlier studies as well by Balatar & Brunet (2012) ; Yeo et al.,(2018). There are almost 300 bank branches in Gurgaon but all of them could not be approached and visited as there were some branches where the survey was not approved by the branch managers. Hence total 24 branches were visited for four days each to collect the data from different customers. Out of the sample of 249 customers 203 were collected by visiting the branches and 46 responses were collected from the online medium. It took almost 65 days to collect the data from 274 respondents out of which only 249 responses were shortlisted for study basis the completion of responses.

### 3.3 Analysis

The data has been analyzed in two stages. In the first stage descriptive statistics was used to study demography and basic profile of respondents .In the second stage, exploratory factor analysis (EFA) was done to study the factors effecting the choice of customers to select their bank. As suggested by Kerlinger (1979), EFA is the resource which goes from complexity to simplicity (Henson & Roberts, 2006).It is used to find the structure of factors and their model. Sample adequacy has been checked by Kaiser-Mayer-Olkin and Bartlett test of sphericity (Refer Tabe-7).KMO value which is .891is exceeding the acceptable limit of .60 as said by Tabachnick & Fidell (2007). which validates that how well the variables can be explained by others. Bartlett's test of sphericity has been calculated with values Approx chi-square-4942.41;df-465 with sig level 00).

**Table-7**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.891
Bartlett's Test of Sphericity	Approx. Chi-Square	4942
	df	465
	Sig.	0.000

Table 8 represents the respondent's profile for the study. Half of the respondents were in the age group of 26-35 and very less percentage i.e. .8% was 61-81 years. The number of male respondents is slightly more than female respondents. Gurgaon being the hub of multinational companies in India has most of the population salaried and hence the respondent profile also shows that 63.5% of respondent were salaried followed by students and housewives. 64.3 % of respondents have been banking with their current bank for more than 5 years. Very less respondents i.e. 10% hold an account with their current bank from less than 2 years.

**Table-8**

<b>Item</b>	<b>Freq</b>	<b>%</b>
<b>Age (In years)</b>		
18-25	27	10.8
26-35	126	50.6
36-48	79	31.7
49-60	15	6.0
61-80	2	.8
Total	249	100.0
<b>Gender</b>		
Male	149	59.8
Female	100	40.2
Total	249	100.0
<b>Occupation</b>		
Salaried	158	63.5
Businessowners	20	8.0
Students	30	12.0
Housewife	27	10.8
Retired	3	1.2
Professional(Doctor/CA/Lawyer etc)	7	2.8
Other	4	1.6

Total	249	100.0
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<i>Aging with the bank</i>		
Less than 2 years	25	10.0
2-5 years	64	25.7
more than 5 years	160	64.3
Total	249	100.0

### 3.4 Reliability

Reliability of the selected factors have been validated using Internal reliability proves how strongly items are connected with a particular construct. The Cronbach  $\alpha$  score more than 0.70 indicates that the data is reliable. In the present study the internal consistency was evaluated using Cronbach  $\alpha$ . Table-9 shows the cronbach  $\alpha$  of individual factors is more than 0.70. Higher  $\alpha$  scores leads to more reliable data (Nunnally, 1978).

**Table-9**

<i>Statements</i>	<i>Mean</i>	<i>SD</i>	<i>Cronbach <math>\alpha</math></i>
<i>Service Quality</i>	<b>20.37</b>	<b>5.01</b>	<b>0.906</b>
Covenient bank opening hours	2.75	.831	
Convenient ATM access	2.86	.888	
service delivery as promised	2.71	.869	
Regular information on change of services	3.09	.909	
Polite and emphatetic staff	3.00	.935	
Bank staff response pocedure	3.04	.930	
Bank staff to solve problems	2.92	.901	
<i>Word of Mouth</i>	<b>11.14</b>	<b>3.182</b>	<b>0.826</b>

Preference influence by fellow mates, friends and family	2.65	.973	
Influence of social interaction group	3.25	.947	
Influence of family and friends	2.52	.980	
Influence expectation of others to follow me	2.73	1.023	
<b><i>Service Products</i></b>	<b>4.68</b>	<b>1.73</b>	<b>0.808</b>
Wide range of products offered	2.37	.921	
Need based satisfactory products offered by bank	2.31	.965	
<b><i>Reputation</i></b>	<b>11.97</b>	<b>2.028</b>	<b>0.906</b>
Reliability of bank	4.02	.740	
Trustworthiness of bank	3.97	.743	
Financial stability of bank	3.98	.727	
<b><i>Switching Cost</i></b>	<b>14.24</b>	<b>3.235</b>	<b>0.911</b>
Worry of not getting similar services in other banks	3.47	.929	
Hassle of switching to other bank	3.50	.951	
Hidden charges on switching the bank	3.55	.911	
Probable bad financial deal on switching the bank	3.71	.845	
<b><i>Price</i></b>	<b>16.00</b>	<b>2.241</b>	<b>0.848</b>
Low bank charges	4.03	.647	
Low interest on loans, credit	3.89	.704	

cards and mortgages			
High interest rates on savings account	4.14	.618	
Customer friendly pricing	3.93	.729	
<b><i>Advertisement Communication</i></b>	<b>11.46</b>	<b>2.073</b>	<b>0.871</b>
Influential advertising content	3.85	.768	
Influential advertising words	3.85	.778	
Influential advertising Humour	3.77	.779	
<b><i>Adoption Intention</i></b>	<b>15.47</b>	<b>2.556</b>	<b>0.891</b>
Intention to continue with the bank for next 6 months	3.76	.751	
Expectation to continue with the bank for next 6 months	3.95	.711	
Likelihood to continue with the bank for next 6 months	3.96	.731	
Plan to continue with the bank for next 6 months	3.80	.750	
<b>TOTAL</b>			<b>0.911</b>

### **3.5 Factor Analysis**

After the basic standards checked it was confirmed that the data is fit for factor analysis. Principal component analysis was employed to determine the relationship between the variables with varimax rotation (Hair et al., 1998) and confirmatory factor analysis was done to study the factors effecting the selection of banks. Out of 31 total items, 3 items were deleted as the factor loading was less than .40. Finally 28 items which were fully loading were retained for further study using varimax rotation method. Table 10 shows the factor loadings of all the items. All the seven factors are contributing to 73% of total variance. Service Quality has been loaded with 16.70% of total variance which has items like convenience of opening hours, ATMs, service delivery, politeness and competence of bank staff which

has also been considered in recent studies by Suki (2018), Tucker & Jubb (2018), Moorthi & Mohan(2016), Arora & Kaur(2016), Ricci & Caratelli(2014). Switching cost including items worry of cost attached on switching the bank and the same service by other bank and financial loss on changing the bank is loaded with 28% of total variance and has been discussed by Vyas & Raitani(2014). Factor adoption intention has been loaded with 39% whereas price which has been vastly studied in the past by Tucker & Jubb (2018), Arora & Kaur(2016), Ricci & Caratelli(2014), Narteh(2015), Hinson et al.(2009) has loaded 49.31 of total variance. Factor word of mouth is also evident in previous studies including Suki(2018), Arora & Kaur(2016), Hinson et al.(2009), Blankson et al.(2009), Tank & Tyler(2005), It has been accounted for 59% of total variance. Factor reputation including 3 items reliability, trustworthiness and financial stability accounts for reputation holds 67.55% of total variance. Studies undertaken for this factor are Tucker & Jubb(2018), Arora & Kaur(2016), Narteh(2015), Hinson et al.(2009), Blankson et al.(2009), Pass(2006). 73% of the total variance is occupied by service products which was used as the same dimension in the studies done in the past by Moorthi & Mohan(2016), Ricci & Caratelli(2014), Pass(2006).

**Table-10**

<b>Items</b>	<b>Eigen value</b>	<b>% of variance</b>	<b>% of total variance</b>	<b>Factor loading</b>
<i>Statements</i>				
<b><i>Service Quality (SQ)</i></b>	<b>4.670</b>	<b>16.679</b>	<b>16.679</b>	
Covenient bank opening hours(SQ1)				<b>.632</b>
Convenient ATM access(SQ2)				<b>.840</b>
service delivery as promised(SQ3)				<b>.721</b>
Regular information on change of services(SQ4)				<b>.719</b>
Polite and empathetic staff(SQ5)				<b>.830</b>
Bank staff response procedure(SQ6)				<b>.863</b>
Bank staff to solve problems(SQ7)				<b>.720</b>
<b><i>Word of Mouth(WOM)</i></b>	<b>2.710</b>	<b>9.677</b>	<b>58.990</b>	
Preference influence by fellow mates, friends and family(WOM1)				<b>.774</b>
Influence of social interaction group(WOM2)				<b>.767</b>

Influence of family and friends(WOM3)				<b>.800</b>
Influence expectation of others to follow me(WOM4)				<b>.723</b>
<b><i>Service Products(SP)</i></b>	<b>1.608</b>	<b>5.744</b>	<b>73.302</b>	
Wide range of products offered(SP1)				<b>.831</b>
Need based satisfactory products offered by bank(SP2)				<b>.867</b>
<b><i>Reputation(REP)</i></b>	<b>2.399</b>	<b>8.568</b>	<b>67.559</b>	
Reliability of bank(REP1)				<b>.835</b>
Trustworthiness of bank(REP2)				<b>.821</b>
Financial stability of bank(REP3)				<b>.804</b>
<b><i>Switching Cost(SW)</i></b>	<b>3.169</b>	<b>11.319</b>	<b>27.998</b>	
Worry of not getting similar services in other banks (SW1)				<b>.762</b>
Hassle of switching to other bank(SW2)				<b>.837</b>
Hidden charges on switching the bank(SW3)				<b>.823</b>
Probable bad financial deal on switching the bank(SW4)				<b>.839</b>
<b><i>Price(P)</i></b>	<b>2.888</b>	<b>10.316</b>	<b>49.313</b>	
Low bank charges(P1)				<b>.814</b>
Low interest on loans,credit cards and mortgages(P2)				<b>.791</b>
High interest rates on savings account(P3)				<b>.761</b>
Customer friendly pricing(P4)				<b>.752</b>
<b><i>Adoption Intention(AI)</i></b>	<b>3.080</b>	<b>10.999</b>	<b>38.997</b>	
Intention to continue with the bank for next 6 months (AI1)				<b>.802</b>
Expectation to continue with the bank for next 6 months(AI2)				<b>.921</b>
Likelihood to continue with the bank for next 6 months(AI3)				<b>.920</b>
Plan to continue with the bank for next 6 months(AI4)				<b>.825</b>

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 6 iterations.

#### **4. Concluding discussion**

The basic idea of this research has been to study the factors affecting the selection of bank by customers. The top three determinants are service products, reputation and word of mouth. A market oriented banker has to understand the customer's perception while serving him. For a customer it is important for the bank to be highly reputed and competitive products. As postulated by Kotha et al.(2001) there is a great bond between reputation and perceived service quality that customers often depend upon reputation of banks in order to evaluate the products and services offered by them (Ruiz et al.,2016).A major portion of customers go on the words of their family and friends so it is most important for the banks to serve their customers well so that the well served customers are in the capacity to recommend the bank to others. Price too plays an important factor. Today when the customers are financially literate and are rational they want cost efficient banking. In the landmark study done by Devlin (2002) for the customer's banking choices with respect to his financial knowledge and it was discovered that customer with high degree of financial knowledge needs incentives from banks as the most important factor for him is cost while selecting a bank. Although service quality shares least space in the factors however the factor loading of items like bank employee's response to customer's problems and convenience of ATMs have a great importance in shaping the choice behavior of customers.

#### **5. Limitations**

Although this google forms are convenient source of data collection however they are limited to the customers having an access to internet user customer only. The study couldnot cover the lower strata of the population having bank accounts and their choice behavior. The data has been collected from 249 respondents so the results cannot be generalized to the whole population of India as different regions of India have different perceptions.

#### **6. Scope for future research**

The present study gives two opportunities for future researchers. Firstly, the study can be taken to another level by taking it to other states of India. For example, Rural India can be studied and will increase the financial inclusion .Secondly after going through the literature review and studying the factors affecting selection of bank there are certain hypothesis which can be formed and can be studied in future research.

*H1: There is a positive relationship between service quality and word of mouth.*

*H2: There is a positive relationship between service quality and adoption intention.*

*H3: There is a positive relationship between positive word of mouth and reputation.*

*H4: There is a positive relationship between service products offered and reputation.*

*H5: There is a positive relationship between pricing and reputation.*

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