Factors Influencing Customers' Bank Selection Decision in Ethiopia: The Case of Bahir Dar City

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Abstract
To plan a suitable marketing strategy, to keep existing customers and for attracting new customers, commercial banks need to identify the criteria by which customers determine their bank selection decision. The central objective of this study is to examine determinants of customers' bank selection decision in private and state owned Commercial banks in Ethiopia. The study employed survey type specifically questionnaire to collect data from sample respondents of 204 customers in five Commercial Banks. Results of the multinomial regression model indicated that friendly or pleasing manner of staff, ATM service, bank speed, service quality, external bank appearance and internal sitting arrangement, secured feeling, proximity to home or work place, availability of several branches and long operating hours were significant factors whereas others' recommendations, number of counter windows, safety of funds, good reception at the bank and low service charge were insignificant factors for bank selection decision. The implication of this paper is bank management, academicians and policy makers have to devote resources and evaluate and redesign current marketing strategies in order to attract (or retain) business customers in the competitive bank environment inside and outside Bah Dar city.
Keywords: Selection decision, Customers, Banks, Ethiopia

1. INTRODUCTION

The world economy faces an increase in the importance of service industry. The value added of services industry as percent of world gross domestic product was about 70% (World Bank, 2011). On the other hand, the importance of banking and financial services in the world services industry cannot be understated (Mishkin, 2001). New technologies and information systems forced these institutions to offer more sophisticated and technological services in the banking and finance industry. Today`s competitive financial atmosphere also led banks and financial institutions to improve their service quality and follow new technologies. Internalization trends in the banking industry as a result of higher competition between banking sectors enforces these industries to increase the level of customer satisfaction (Salih, et al, 2011).

Today`s competitive financial atmosphere also led banks and financial institutions to improve their service quality and follow new technologies. The issue of bank selection process attracted considerable attention in the bank marketing literature, by researchers (for example: Anderson et al. 1976; Evans 1979; Kaynack and Yavas 1985; Ross 1989; Kazeh and Decker 1993; Denton and Chan, 1991; Hegazi 1995; Metawa and Almossawi 1998; Omar, 2007; Kamakodi and Khan (2008); Rao, 2010) as cited in Aregbeyen, (2011).

Understanding customers' banks selection criteria has been argued to be helpful to banks in identifying the appropriate marketing strategies needed to attract new customers and retain existing ones (Kaynak and Kucukemiroglu, 1992). Indeed, the growing competitiveness in the banking industry (Grady and Spencer, 1990), and similarity of services offered by banks (Holstius and Kaynak, 1995), has made it increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services.

"As economic environment is rapidly changing and customers are becoming more demanding and sophisticated, it has become important for financial institutions to determine the factors which are pertinent to the customers' selection process (Boyd, Leonard & White, 1994). Therefore, for this sector, the quest lies in determining the basis on which customers, both depositors and borrowers make their selection process for a bank" (Hafeez, Reman and Saima, 2008).

To the best of the researchers' knowledge, there exists little study concerning the determinants of bank selection decision in Ethiopia. Goiteom (2011) examined the factors that influence customers banking choices in Addis Ababa city. However, this study used simple descriptive analysis and didn't include the most important variables in the study. But the present study examined the determinants of customers' bank Selection decision particularly in Bahir Dar City by including additional variables and using multi-nominal regression model.

2. REVIEW OF RELATED LITERATURE

2.1 The Theoretical Foundation

The relevant theoretical expositions underpinning the study are the rational choice theory and competition theory. The rational choice theory provides useful insights on the choice or selection behavior of individual customer, while the competition theory explains how firms try to win customers patronage and loyalty through service excellence, meeting customers' needs and providing innovative products. The choice theory otherwise referred to as rational choice theory or rational action theory is a framework for understanding and often formally modeling social and economic behavior. Rationality, which basically expresses the idea of wanting more rather than less of a good, is widely used as an assumption of the   behavior of individuals in microeconomic models. The theory, therefore, assumes that patterns of behavior in societies reflect the choices made by individuals as they try to maximize their benefits and minimize their costs. In other words, people make decisions about how they should act by comparing the costs and benefits of different courses of action. Rational decision making entails choosing an action given one's preferences, the actions one could take, and expectations about the outcomes of those actions. The relevance of rational choice, where people compare the costs and benefits of certain actions, is easy to see in respect of bank selection behaviour of customers. Since people want to get the most useful products/services at the lowest price/convenience, they will judge the benefits/significance of a certain banks services/offers (for example, how useful it is or how attractive it is) compared to similar ones from others banks (Aregbeyen, *2011).*

Competition in economics is best described as the existence within a market for some good or service of a sufficient number of buyers and sellers such that no single market participant has enough influence to determine the going price of the good or service. Competition occurs when two or more organizations act independently to supply their products to the same group of consumers.

Direct competition exists where organizations produce similar products that appeal to the same group of consumers. Indirect competition exists when different firms make or sell items which although not in head to head competition still compete for the same money in the customers pocket. Both direct and indirect competition cause commercial firms to develop new products, services and technologies, which would give consumers greater selection and better products. Thus, the competitive strategy of firms is dependent upon consumers' choice characteristics which tend to influence firms' productive decision towards the satisfaction of consumers preferences. In general, people will choose the bank that they perceive provides the greatest reward or benefits at the lowest cost, given their preferences (Ibid*).*

2.2 Customer Satisfaction

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

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

2.3 Prior Empirical studies

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

Personal Factors

When we consider personal factors, friendly/pleasing manner of staff is the major factor in a bank selection by the sampled customers of the bank (Aregbeyen, 2011; Almossawi, 2001 and Cicic, Brkic, & Agic, (2004)). According to the findings of Syed & Guruswamy (2007) the second most common reason for customers to leave retail banks in Mekelle city was due to staff attitude. In contrast, Rehman & Saima (2008) and Boyd et al., (1994) revealed that Employee's attitudes were found to be insignificant factors.

Regarding another personal factor, Tan and Chua (1986) in Singapore, found that advice of friends; neighbours and family members have a strong positive influence on customers' decisions, compared with other variables in selecting financial institutions. Anderson et al. (1976) findings supported by Kaynak (1991), Ta and Har (2000), Almossawi (2001) and recently by Rao (2010), show that recommendation by parents and friends, i.e. peers, was the most important criterion which had significant influence on customers bank choice.

Technological Factors

In the recent time, the development in technology has affected business organizations in several ways, most

especially in terms of management and control; marketing and research; operations and decision making. Many studies revealed that customers emphasized on the importance of technology factors to select banks (Cicic et al., (2004); Hedayatnia & Eshghi, 2011; Katircioglu et al., 2011 and Rao & Sharma, 2010). Availability of functional and secured ATMs all times, & number of counter windows and connectivity to other bank's ATMs are also considered to be the important choice determinants (Aregbeyen, 2011; Mokhlis et al., 2008; Mokhlis, 2009 & Almossawi, 2001). While studying the switching behavior of bank clients, availability of Technology based services is found to be a major reason for clients to switch banks (Kamakodi et al., 2008).

Bank customers in Iran and Pakistan emphasize on three common and important factors as bank selection criteria: customer services, convenient of ATM locations and on-line banking services (new methods of banking) (Rehman and Ahmed, 2008). Shevlin and Graeber (2001) explored the various factors that influence a customer in choosing a particular bank. They pointed out that ATM (Automatic Teller Machine) service had significant influence for a customer choice of bank. According to Senyucel (n.d.), the most important bank selection criterion for Turkish Cypriots is availability of internet. This factor implies positive influence on customers' bank choice and also indicating that they do not want to spend their valuable time waiting for their turn in a queue.

Speed and Service Quality

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

Bank Image and Reputation

Image and reputation is important factor for customers to patronize a bank. Almossawi (2001) conducted a study in Bahrain to examine the bank selection criteria employed by college students. He found that the key factors determining college students' bank selection were: bank's reputation, availability of parking space near the bank, friendliness of bank personnel and availability and location of automated teller machines (ATM). Aregbeyen (2011) revealed that the safety of funds is the major significant factor for customers' choice of bank in his study carried out in Nigeria.

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". Cicic et al. (2004) asserted that young customers place more emphasis on factors like good reception at the bank.

Convenience Factors

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

Promotional Factors

The findings of John 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. Banking advertising includes advertising availability of several branches, availability of parking space nearby, and long operating hours by banking institutions. According to Aregbeyen (2011) and Maiyaki (2011), any branch banking and number of branches is the major factor in a bank selection by the sampled respondents.

Financial Factors

Findings of Boyd et al. (1994) 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 such as friendliness of employees, modern facilities, and drive-in-service. Schlesinger et al. (1987) 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.

3. METHODOLOGY OF THE STUDY

3.1 Research and Sampling Design

This study employed explanatory research design since the objective is identifying the factors that affect customers' bank selection criteria. From four private banks which have large deposit shares (Dashen bank,

Abyssinia bank, Wegagen bank and United bank) and one famous state owned bank (Commercial bank of Ethiopia) equal number of customers were taken randomly. The non-probabilistic convenience sampling technique has been used.The target populations for the study were customers who have a bank deposit and loan account in five commercial banks in Bahir Dar City. The total population of this study was126,979 of which the sample size was calculated using the formula recommended by Yemane (1973) as cited by (Israel 2003).

$n = N/ (1+Ne^2)$

Where,

n   is sample size

N   is total population

e^2 is probability of an error

Thus, the sample size for this study can be determined as follows:

$n = N/ (1+N\ e^2)$

$n = 126979/ (1+126979 \times 0.07^2)$

= 204 customers.

With N = 126,979, e = 7% (at least 93% confidence level), thus the sample size is 204

3.2 Method of data collection

The study employed cross sectional survey data using questionnaire since it involves respondents from different banks as of a single point in time in the form of quantitative measures. The questionnaire was designed to enable rating the relative importance of seven bank attributes when choosing which banks to patronize. They were measured on a five point Likert-type scale of importance ranging from (5=very most important) to (1=not important at all).

3.3 Data Analysis Methods and Model specification

Since the dependent variable is a categorical one, the study used a multinomial logit regression model. In this study, customers' bank selection decision was dependent variable. So, in this study, the generalized linear modeling technique of multinomial logistic regression was used to model unordered categorical response variables. This model can be understood as a simple extension of logistic regression that allows each category of an unordered response variable to be compared to an arbitrary reference category providing a number of logit regression models.

In this case the researcher considered United bank as base category since this bank holds the low proportion of deposit and or loan account holders as compared to other banks based on the information gathered from each bank during the study period. For example, to model which of five commercial banks (there are five categories in the unordered response variable) is likely to be chosen by a customer, four logit models are computed; one comparing commercial bank (Commercial bank of Ethiopia=Y1) with the reference category (United bank=Y5), one comparing bank (Dashen bank=Y2) with the reference category (United bank =Y5), one comparing bank (Abyssinia bank=Y3) with reference to category (United bank =Y5) and final one comparing bank (Wegagan bank=Y4) with the reference category (United bank =Y5). The model of choice behavior between five commercial banks can therefore be represented using four (i.e., *5* -1) logit models.

$$Log\ \frac{Pr\ (Y =\ Bank\ Y1)}{Pr\ (Y =\ Bank\ Y5)} = \alpha +\ \beta_1 X_1 +\ \beta_2 X_2 +\ ... +\ \beta_k X_k$$

$$Log\ \frac{Pr\ (Y =\ Bank\ Y2)}{Pr\ (Y =\ Bank\ Y5)} = \alpha +\ \beta_1 X_1 +\ \beta_2 X_2 +\ ... +\ \beta_k X_k$$

$$\ldots\ldots\ldots\ldots\ Equation\ 1$$

$$Log\ \frac{Pr\ (Y =\ Bank\ Y3)}{Pr\ (Y =\ Bank\ Y5)} = \alpha +\ \beta_1 X_1 +\ \beta_2 X_2 +\ ... +\ \beta_k X_k$$

$$Log\ \frac{Pr\ (Y = Bank\ Y4)}{Pr\ (Y =\ Bank\ Y5)} = \alpha +\ \beta_1 X_1 +\ \beta_2 X_2 +\ ... +\ \beta_k X_k$$

The general multinomial logistic regression model is shown in Equation 2 below:

$$Log\ \frac{Pr(Y=j)}{Pr(Y= i)} = \alpha +\ \beta_1 X_1 +\ \beta_2 X_2 +\ ... +\ \beta_k X_k \ .... Equation\ 2$$

Where j is the identified commercial bank

and i is the reference commercial bank.

Therefore, the base line model had the following form:

$$Log\ \frac{Pr\ (Commercial\ bank\ of\ Ethiopia)}{Pr\ (United\ bank)} = \alpha +\ \beta_1 PRSFAC +\ \beta_2 TECFAC +\ ...\ \beta_3 SPDSRVQLTY +$$

$$\beta_4 IMGREP +\ \beta_5 CONVFAC +\ \beta_6 PRMFAC +\ \beta_7 FINFAC$$

$$\text{Log} \frac{\text{(Dashen bank)}}{\text{Pr(United bank)}} = \alpha + \beta_1 \text{PRSFAC} + \beta_2 \text{TECFAC} + \ldots \beta_3 \text{SPDSRVQLTY} + \beta_4 \text{IMGREP} + \beta_5 \text{CONVFAC} + \beta_6 \text{PRMFAC} + \beta_7 \text{FINFAC}$$

$$\text{Log} \frac{\text{Pr (Abyssinia Bnak)}}{\text{Pr (United bank)}} = \alpha + \beta_1 \text{PRSFAC} + \beta_2 \text{TECFAC} + \ldots \beta_3 \text{SPDSRVQLTY} + \beta_4 \text{IMGREP} + \beta_5 \text{CONVFAC} + \beta_6 \text{PRMFAC} + \beta_7 \text{FINFAC}$$

$$\text{Log} \frac{\text{Pr (Wegagan Bank)}}{\text{Pr (United bank)}} = \alpha + \beta_1 \text{PRSFAC} + \beta_2 \text{TECFAC} + \ldots \beta_3 \text{SPDSRVQLTY} + \beta_4 \text{IMGREP} + \beta_5 \text{CONVFAC} + \beta_6 \text{PRMFAC} + \beta_7 \text{FINFAC}$$

Where: α is the constant term, $\beta_{i's}$ are the coefficients, *PRSFAC* is Personal Factor, *TECFAC* is Technology Factor, *SPDSRVQLTY* is Speed and Service Quality, *IMGREP* is Bank Image and Reputation, *CONVFAC* is Convenience Factor, PRMFAC is promotional factors, FINFAC is financial factors.

3.4 Definition of variables and their measurement
3.4.1Dependent variable
In this study, customers' bank selection decision was the dependent variable and this variable is a categorical variable.

3.4.2 Independent variables
The independent variables are those which are expected to have relation with bank selection decision behavior of customers. The independent variables were measured on a five point Likert-type scale of importance ranging from (5=very important) to (1=not important at all). Based on theoretical and empirical results of different studies on bank selection decision, personal, technological, speed and service quality, bank image and reputation, convenience factors, promotional factors and financial factors have been considered as independent variables.

3.5 Research Hypotheses
Based on previous empirical studies regarding the factors influencing the choice of a bank, the following hypotheses have been developed and empirically tested.

H1: There exists significant relationship between personal factors and customers bank selection decision.
H2: A significant correlation exists between customer evaluation of technology-based banking service (ATM service provision & Number of counter Windows) and customers' bank choice.
H3: The quality and speed of banking services offered by banks has significant influence on its customer.
H4: Bank's reputation and its image have a relation with choice of banks by customers.
H5: convenience factor has effect towards customers' bank choice.
H6: Promotional factors have effect on customers' bank selection decision.
H7: There exists significant relationship between financial factors and customers bank selection decision.

4. Results and Discussion

In this section, data analyzed using multinomial logistic regression model is presented and discussed. In the econometric model estimation process to get unbiased, efficient and consistent estimators the variables were tested for satisfying econometric assumptions. Prior to the estimation of the model parameters, the presence of multicollinearity problem among the independent variables was checked using Spear rank correlation test. Based on the result of Spear rank correlation test the data had no serious problem of multicollinearity. Heteroskedasticity and multicollinearity are common problems in analysis of cross-sectional data (Gujarati, 2003). Therefore, to check the existence of heteroskedasticity problem Breusch-pagan test was used and data was found homoskedastic. The results of multinomial logit model are presented in Table 4.1as annex.

Personal Factors
The overall regression result has shown that friendly or pleasing manner of staffs has negative significant effect on customers' bank selection decision of Commercial bank of Ethiopia, Abyssinia bank and Wegagen bank compared to the reference bank-United bank. The findings of Anderson et al. (1976) on customers' bank selection decision in USA found that friendliness, friends recommendations, reputation of the bank, availability of credit were the major determinants for selecting banks. The negative effect may be due to less care in preserving good reception of customers starting from Guards to higher officials including managers and other factors in those banks compared to the reference bank. However, this factor has no any effect on customer's bank selection decision of Dashen bank relative to base category.

The model result has shown that recommendation by others has no significant effect on customers' bank selection decision. This is similar with findings reached by Senyucel (n.d.) & Awang (1997) that recommendation from friends and relatives were found to be less significant factors in bank selection decision. The findings of Katircioglu et al., (2011) also show that Romanian people give little attention to mass media

advertisement and recommendation by other people. This finding contrast with previous study of Tan and Chua (1986) in Singapore, who found that advice of friends, neighbors and family members have a strong positive influence on customers' decisions, compared with other variables in selecting financial institutions.

The findings of Anderson et al. (1976) supported by Kaynak (1991), Ta and Har (2000), Almossawi (2001) and recently by Rao (2010), who conclude that recommendation by parents and friends, i.e. peers, which was the most important criterion that had significant influence on customers bank choice also contrasts with this finding.

Technological Factors

The results also revealed that ATM service provision has a positive effect on customer's bank choice of Commercial bank of Ethiopia and Dashen bank at 1% significance level. It is consistent with the finding of Shevlin and Graeber (2001) who explored the various factors that influence customers in choosing a particular bank. They pointed out that ATM (Automatic Teller Machine) service had significant influence for a customer's choice of bank. It is also supported by the findings of Kamakodi et al., (2008) that while studying the switching behavior of bank clients, availability of Technology based services is found to be a major reason for clients to choose banks. Bank customers in Iran and Pakistan also emphasize on three common and important factors as bank selection criteria: customer services, convenient of ATM locations and on-line banking services (new methods of banking) (Rehman and Ahmed, 2008). However, the provision of ATM service was not an important factor for selecting Abyssinia bank and Wegagen bank compared to United bank.

The regression result has shown that having more number of counter windows has no significant effect for choosing Commercial bank of Ethiopia, Dashen bank, Abyssinia bank and Wegagen bank against United bank. This study contradicts with findings of Senyucel (n.d.), who found that the most important bank selection criterion for Turkish Cypriots showing positive influence is number of counter windows indicating that customers do not want to spend their valuable time waiting for their turn in a queue.

Speed and Service Quality Factors

The regression result has shown that bank speed has significant effect on customers' bank selection decision of Dashen bank, Abyssinia bank and Wegagen bank at 5% level of significance. It is in line with findings of Almossawi (2001) that speed plays a significant role in their bank selection process.

Service quality is also important criteria for selection of Dashen bank and Wegagen bank against United bank. This study is similar with the findings of Omar and Orakwue (2006) who evaluated the relative importance of bank selection criteria used by bank customers in Nigeria. The results suggest safety of fund; efficient service quality and speed of transactions have significant positive influence on customers' bank selection decision. Other research literatures also support this study. Lymperopoulos et al. (2006) by examining the importance of service quality in bank selection 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. However, service quality has no significant effect on the selection of Commercial bank of Ethiopia and Abyssinia bank as compared to United bank.

Bank Image and Reputation Factors

The results show that external appearance and sitting arrangement of the bank has significant effect on customers' bank selection decision. This contrasts with findings of (Awang, 1997 and Rehman &Saima, 2008) that external appearances of bank were found to be less significant factors in bank selection decision. It is not also consistent with previous results of Aregbeyen (2011) that sitting arrangements of the bank were found to be insignificant factors. Therefore based on this finding we can understand that external appearance of the bank and sitting arrangement has a positive effect for choosing Commercial bank of Ethiopia, Dashen bank and Abyssinia bank relative to United bank.

The regression results also showed that secured feeling (Confidentiality of a bank) is determinant factor for selection of Commercial bank of Ethiopia, Abyssinia bank and Wegagen bank relative to United bank. This is related with the findings of Gerrard and Cunningham (2001) who 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 identify "secure feeling", followed by "electronic services."

The result of the model has also shown that good reception at the bank has insignificant effect on customers' bank selection decision. This finding contrasts with the study of Cicic et al. (n.d.) that young customers place more emphasis on factors like a good reception at the bank.

Convenience Factors

The results have shown that proximity to home or work place is an important factor for selection of Commercial bank of Ethiopia and Dashen bank relative to United bank. This finding is supported by Schram (1991) in his article using American college students who found that convenience remains the primary reason why most college students choose their banks. Many studies in the literature also suggested that convenience of bank location had a significant positive impact for customers' bank choice (Kaynak and Kucukemiroglu, 1992; Riggal 1979; Laroche et al., 1986; Martenson, 1985; Reed 1972).

Promotional Factor

The regression result has revealed that availability of several branches is an important criterion for selection of Commercial bank of Ethiopia compared to United bank. This finding is supported by Aregbeyen (2011) and Ahmed (2011) who found that any branch banking and numbers of branches as the major factors in a bank selection by the sampled respondents. Availability of several branches was not important criteria for selection of Dashen bank, Wegagen bank and Abyssinia bank comparing with united bank. It is also found that long operating hour is important criteria for choosing Commercial bank of Ethiopia at 5% significance level.

Financial Factor

This study has found that low service charge has no any significant impact for customers to select their respective banks (Commercial bank of Ethiopia, Dashen bank, Abyssinia bank and Wegagen bank) as compared to United bank. In supporting this finding, Zineldin (1996) asserted that due to banks giving unique services compared to other industry, cost and pricing is not important in this field. In contrast with this finding, a study conducted by Sanyang (2009) in Gambia on "bank strategic positioning and factors for bank selection" discovered that customers highly regard low service charge and availability of ATM services to be the most important criteria in patronizing banks.

5. CONCLUSIONS

The growing competitiveness in the banking industry and similarity of services offered by banks necessitates a detailed understanding of the influential factors behind the bank selection decision. That is, banks should identify the factors that determine the basis upon which customers choose between providers of financial services. Therefore, the main objective of this study was to investigate the determinants of customer's bank selection decision. Based on the regression result, friendly or pleasing manner of staff, ATM service, bank speed, service quality, external bank appearance and internal sitting arrangement, secured feeling, proximity to home or work place, availability of several branches and long operating hours were significant factors whereas others' recommendations, number of counter windows, safety of funds, good reception at the bank and low service charge were insignificant factors for bank selection decision. Finally we recommend that the survey be carried out in other cities of Ethiopia for comparison purpose by taking adequate samples and including those banks that were not included in this study.

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Appendix

Model Fitness Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	606.302			
Final	189.783	416.519	72	.000

Pseudo R-Square

Cox and Snell	.884
Nagelkerke	.921
McFadden	.670

Table 4.1: Multinomial Regression Result

Parameter Estimates

bank selection decision		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
	CBE								
	Intercept	-37.936	3478.321	.000	1	.991			
	[Friendly or pleasing manner of staff]	-5.288	2.323	5.180	1	.023	.005	5.319005	.480
	[Others recommendation]	-2.449	1.709	2.055	1	.152	.086	.003	2.459
	[ATM service]	9.763	3.365	8.417	1	.004	1.7374	23.749	12717488.893
	[Number of counter windows]	12.115	254.583	.002	1	.962	182604.416	3.628E-212	9.191E+221
CBE	[Bank speed]	22.285	129.453	.030	1	.863	4765928	3.075E-101	7.387E+119
	[Service quality of bank]	-5.173	4.220	1.503	1	.220	.006	1.450E-006	22.145
	[External appearance & sitting arrangement]	-2.936	1.782	2.714	1	.099	.053	.002	1.746
	[Bank safety of funds]	11.030	3466.574	.000	1	.997	61681.334	.000	.c
	[Secure feeling of the bank]	-8.163	3.549	5.290	1	.021	.000	2.71007	.299
	[Good reception at bank]	2.179	2.572	.718	1	.397	8.841	.057	1368.050
	[Proximity of the bank]	4.994	2.404	4.314	1	.038	1.312	6.08	.755
	[Availability of branches]	1.523	0.804	3.591	1	0.058	4.584	0.949	22.141
	[Availability of Parking space]	1.974	1.635	1.458	1	.227	7.196	.292	177.210
	[long operating hours]	4.336	1.856	5.458	1	.019	7.6437	2.011	2905.496
	[Low service charge]	.629	1.612	.152	1	.697	1.875	.080	44.173
	[Low interest rate]	1.721	2.047	.707	1	.401	5.590	.101	309.055
	[High interest rate]	-2.328	2.123	1.202	1	.273	.098	.002	6.253
	[Bank total asset or size]	2.388	1.784	1.791	1	.181	10.891	.330	359.755

Dashen bank	**DASHEN BANK** Intercept	-6.542	1742.412	.000	1	.997			
	[Friendly or pleasing manner of staff]	-2.238	1.655	1.828	1	.176	.107	.004	2.734
	[Others recommendation]	-3.199	1.668	3.677	1	.054	.041	.002	1.074
	[ATM service]	6.228	2.380	6.850	1	.009	5.0692	4.778	53779.548
	[Number of counter windows]	12.879	265.945	.002	1	.961	392041.83	1.662E-221	9.250E+231
	[Bank speed]	10.359	2.783	13.852	1	.000	3.1144	134.812	7378406.407
	[Service quality of bank]	2.546	1.163	4.79	1	.029	2.007	.008	.766
	[External appearance & sitting arrangement]	2.816	1.507	3.489	1	.062	1.6706	.870	320.618
	[Bank safety of funds]	-11.016	1721.996	.000	1	.995	1.643E-005	.000	
	[Secure feeling of the bank]	-4.494	3.305	1.849	1	.174	.011	1.720E-005	7.268
	[=Good reception at bank]	1.079	1.973	.299	1	.584	2.941	.062	140.529
	[Proximity of the bank]	4.084	2.256	3.275	1	.070	1.700	.000	1.403
	[Availability of branches]	9.405	340.201	.001	1	.978	12149.859	3.199E-286	4.614E+293
	[Availability of parking space]	1.986	1.482	1.795	1	.180	7.285	.399	133.093
	[long operating hours]	1.816	1.585	1.313	1	.252	6.146	.275	137.258
	[Low service charge]	1.233	1.439	.734	1	.392	3.431	.204	57.557
	[Low interest rate]	3.243	1.870	3.009	1	.083	2.5612	.656	999.536
	[High interest rate]	-2.570	1.722	2.228	1	.136	.077	.003	2.236
	[Bank total asset or size]	2.111	1.617	1.704	1	.192	8.255	.347	196.422
AB	**ABYSSINIA BANK** Intercept	-3.846	3.358	1.311	1	.252			
	[Friendly or pleasing manner of staff]	-3.052	1.663	3.368	1	.066	.047	.002	1.231
	[Others recommendation]	-3.098	1.697	3.333	1	.068	.045	.002	1.256
	[ATM service]	2.465	2.107	1.368	1	.242	11.760	.189	731.092
	[Number of counter windows]	-1.320	3.043	.188	1	.664	.267	.001	103.953
	[Bank speed]	8.890	2.716	10.716	1	.001	7257.782	35.422	1487101.633
	[Service quality of bank]	-4.090	3.155	1.681	1	.195	.017	3.454E-005	8.114
	[External appearance & sitting arrangement]	4.268	1.676	6.485	1	.011	7.1342	2.673	1906.137
	[Bank safety of funds]	2.200	.000	.	1	.	9.021	9.021	9.021
	[Secure feeling of the bank]	-5.043	3.015	2.798	1	.094	.006	1.753E-005	2.378

	B	Std. Error	Wald	df	Sig.	Exp(B)	Lower	Upper
[Good reception at the bank]	.405	1.921	.044	1	.833	1.499	.035	64.748
[Proximity of the bank]	-4.237	2.238	3.586	1	.058	.014	.000	1.160
[Availability of branches]	10.743	340.200	.001	1	.975	46320.410	1.222E-285	1.756E+294
[Availability of parking space=.00]	3.105	1.452	4.573	1	.032	2.2313	1.296	384.146
[long operating hours]	1.337	1.600	.699	1	.403	3.809	.166	87.639
[Low service charge]	1.161	1.473	.621	1	.431	3.192	.178	57.263
[Low interest rate]	4.406	1.900	5.377	1	.020	8.1963	1.978	3397.194
[High interest rate]	-3.530	1.895	3.473	1	.062	.029	.001	1.201
[Bank total asset or size]	3.114	1.571	3.929	1	.047	2.2511	1.035	489.465
WEGAGEN BANK Intercept	-14.965	198.501	.006	1	.940			
[Friendly or pleasing manner of staff]	-3.128	1.633	3.670	1	.054	.044	.002	1.075
[Others recommendation]	-2.356	1.613	2.133	1	.144	.095	.004	2.238
[ATM service]	16.353	198.480	.007	1	.934	1265392	1.432E-162	1.118E+176
[Number of counter windows]	2.194	3.701	.351	1	.553	8.969	.006	12671.100
[Bank speed]	6.499	2.602	6.239	1	.012	6.6596	4.052	108964.889
[Service quality of bank]	-3.065	1.144	7.182	1	.007	1.045	.005	.439
[External appearance & sitting arrangement]	1.135	.1.228	.855	1	..355	.3.111	.281	34.506
[Bank safety of funds]	4.956	.000	.	1	.	141.977	141.977	141.977
[Secure feeling of the bank]	-6.126	3.176	3.719	1	.054	.002	4.323E-006	1.105
[Good reception at the bank]	-.491	1.995	.060	1	.806	.612	.012	30.549
[Proximity of the bank]	-7.482	2.529	8.752	1	.003	.001	3.959E-006	.080
[Availability of branches]	13.785	340.199	.002	1	.968	970125.79	2.563E-284	3.672E+295
[Availability of parking space]	2.427	1.432	2.873	1	.090	11.322	.684	187.292
[long operating hours]	.234	1.404	.028	1	.868	1.263	.081	19.805
[Low service charge]	-.417	1.325	.099	1	.753	.659	.049	8.841
[Low interest rate]	3.336	1.852	3.245	1	.072	2.811	.746	1059.439
[High interest rate]	-.956	1.657	.333	1	.564	.384	.015	9.898
[Bank total asset or size]	2.817	1.601	3.095	1	.079	1.673	.725	385.888

(Left margin label spanning the lower group: Wegagen bank)

a. The reference category is: United Bank.

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