Determinants of Bank Selection Criteria: The Case of University of Zambia Students

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Abstract: The study attempted to investigate the determinants of commercial banks selection by students at the University of Zambia. The specific objectives of the study included the following: to determine the criteria which university students use in selecting commercial bank; to establish the rank of importance of determinants of the choice of commercial banks by university students in Zambia; and to recommend marketing strategies for commercial banks based on the needs and wants of university students. Data was collected through a self-administered questionnaire, and convenience sampling was used. A sample of 100 respondents was selected and 60 questionnaires were received back, but only 55 were suitable for analysis. The sample area was University of Zambia. Descriptive and inferential data analysis was conducted. According to the findings, out of forty determinants of student bank selection criteria, the top ten in ascending order included the following: bank proximity to the university; recommendation by a friend; many tellers in bank; bank has a branch on campus; university uses the same bank; convenient location; reputation of the bank; staff courtesy; proximity to student’s home, and innovative e-banking services.

1.0 Introduction

1.1 Brief Overview of Zambia’s Financial Services Sector

Zambia’s financial sector is relatively small and is dominated by banking. The sector, however, has one of the most liberal banking regimes in southern Africa. Zambia’s banking sector consisted of 17 operational commercial banks as at December 2006, including several foreign-controlled banks. Concentration is high, with the five largest banks controlling the bulk of assets in the system. The Zambia National Commercial Bank, Zambia’s only state bank and the country’s largest domestic bank, which was privatised in 2006, alone controls 24% of the retail banking market (Aston and Pen, 2007). The industry has recorded ten new entrants since 2006. There are currently 18 commercial banks operating in Zambia one of which was in the last quarter of 2017 had its operations suspended due to insolvency problems. However, the Bank of Zambia in February 2017 announced that the bank will reopen in March 2017 as it has become solvent having found new equity partners. Therefore, the bank would not be put under liquidation. The coming of the new entrants and the advancement of technology that is making banking easier has brought competition to the Zambian banking sector. Most customers now look to banks that are efficient in the provision of all the services that they need. This competition and saturation and the presence of Information Communication Technologies (ICTs) in the banking sector requires banks to be more customer-oriented than before. Customers and prospective customers like students that banks might have never paid attention to are now their main focus.

The technological wave across the globe and the new entrants in the banking industry in Zambia have generally affected the delivery of financial services. The Key technological developments include Automated Teller Machines (ATMs), Electronic Funds Transfer at Point of Sale (EFTPOS), mobile and Internet banking, and other stored value electronic cards. These cost-effective innovations and products reduce the pressure on over-the-counter transactions.

In the last six years, three banks have opened branches at various college and university campuses in Zambia. At the University of Zambia, three banks have opened branches. These are Finance Bank, Barclays Bank, and Zambian National Commercial Bank. Banks have realized that the student market is rising at a very fast rate as can be evidenced by increased enrolment rates in all colleges and universities. The University of Zambia’s student population is currently at 13,000. According to the Ministry of Education Science Vocation Training and Early Education, there are three public universities and over fifteen private universities. The information above shows that the student market is expanding.
1.1 Background of the Study

There is a wealth of literature on how customers select their banks. However, this study is focusing on university students’ bank selection criteria and their perceptions of innovative banking products. Exploring such information will help banks to identify the appropriate marketing strategies that are needed to attract new customers and retain existing ones. Sharma and Rao (2010) point out that one promising segment, which has not been given enough attention, is the younger age group, especially university students. University students are usually first time account holders and if nurtured properly, could evolve into profitable retail clients to banks in the future (Hinson, Dasah and Owusu-Frimpong, 2009). The younger age group, especially university students mark the test of future lucrative market for banks and financial institutions. It is of extreme importance for banks to cultivate this vibrant market segment in order to understand how individuals in this segment select their banks. Moreover their loyalty to banks needs to be developed before they become earners or employees. According to Kaynak and Harcar (2005), the traditional belief that only businesses and wage earning customers will bring income to the bank is now becoming irrelevant. Students need banks to handle their transactions. University students, not surprisingly, represent a critically important target market for banking services. The ability to value, understand and address the specific needs of this segment is now a critical market reality.

One important feature of the student market is the potential for above-average profitability in the future. Lewis (1982:63) commented that “the banks believed that it might well be in their interest to attract these young people to open accounts as they started college in the anticipation that they would remain, after graduation, with the bank and be profitable, in the long term, to that bank”. The underlying logic of this comment is that college student is a segment of the population that has the potential of earning a greater income than any other segment of the population. As asserted by Duncan, Smeding and Rodgers (1992), only college educated individuals have a significantly higher than average chance of rising from the low income group into the middle class. Specifically, as compared with non-graduates of the same age, graduates should normally secure more highly paid employment, to have a more progressive career and hence, develop a need for a wider range of personal financial services as they pass through their own life cycle. The ability to develop a presence in the student market through appropriate acquisition and retention strategies is therefore likely to have an influence on banks’ future market share and profitability (Thwaites and Vere, 1995).

Despite the fact that the majority of undergraduate students are unemployed and their ‘earning’ comes mainly from educational loans, they provides an excellent business opportunity for commercial banks. First, in terms of its buying power, the student market is expanding and has become lucrative. With the expansion of educational services in Zambia, which resulted in the upgrading of five colleges of education into public universities, there is need for banks to pay attention to this market segment and establishment of many more private colleges and universities. The population of students has been increasing rapidly over the years (See Appendix 1). The major reason for the establishment of upgrading of colleges into universities and liberalisation of the education sector, as the establishment of private universities, is to decongest the largest two main public universities – the University of Zambia and the Copperbelt University.

Commercial bankers can no longer uphold their traditional belief that only business and wage earning customers will bring income to the bank. They must realize that student customers too are potentially profitable market segment and future market share gains will be realized by banks that target this emerging segment and win them. Banks that would seize student segment must understand the critical factors that determine the basis upon which students choose between financial service providers. Bank marketers must be able to discern what is important to student customers in their market and how their strengths compare with those of their competitors.

1.2 Motivation for the Study

The banking sector in Zambia has been growing rapidly and competition has become stiff especially that most Zambians, culturally and as a result of the decline in the access to formal jobs, are part of a huge unbanked population. However, those in tertiary learning institutions are expected to be in formal employment or in meaningful and viable business ventures, so banks are also tailoring products that would capture their future savers. In the last ten years colleges and universities have witnessed banks opening branches at their campus. For instance, Zambia’s four leading banks (i.e. Zambia National Commercial Bank, Barclays Bank, Standard Chartered Bank, and Finance Bank) have branches at the University of Zambia, Great East Road Campus. Those without branches have at least made their presence known by planting ATM machines on campus. It is against this background
that this young population at Zambia’s largest, oldest and top notch university was the focus of the study.

1.3 Statement of the Problem

Studies done in developed countries have contributed immensely to the literature on bank selection and customer perception of innovative banking products, but their findings may not be applicable to developing countries like Zambia, because of differences in political, economic, social, cultural and legal environment. Although the findings of such studies undoubtedly have made a significant contribution to the literature on bank selection criteria of retail customers, the Western focus of the studies raises critical questions as to the transportability of their findings to other countries due to differences in cultural, political, economic and legal environments (Almossawi, 2001). A set of determinant factors that have a significant role in bank selection in one nation may prove to be insignificant in another. One of the regions which lacks such studies is sub-Saharan Africa to which Zambia belongs. A few studies such as Almossawi (2001) and Mokhlis et al. (2008) have focused on commercial bank selection in developing countries. No known study has investigated the determinants of commercial banks selection and perceptions of innovative banking products by university students in Zambia. This study seeks to fill that gap. Furthermore, the relevant literature indicates that a great deal of research effort has been expended to investigate bank selection criteria for broad categories of customers (Yue and Tom, 1995). One promising segment, which, arguably, has not been given enough attention, is the younger age group in colleges and universities. Presently, in the banking industry that is very competitive, financial institutions, especially banks that need to tap into this vibrant market segment should understand factors that influence students in their selection of banks. The variations on the perception of choices with regard to determinants will also provide a useful insight to banks when selecting their marketing strategies.

1.4 Objectives of the Study

With the intent to explore the choice preferences of students at the University of Zambia with regard to bank selection criteria, specific objectives of this study were to:

1. Determine the criteria which university students use in selecting a commercial bank
2. establish the rank of importance of determinants of the choice of commercial banks by university students in Zambia; and
3. recommend marketing strategies for commercial banks based on the needs and wants of university students.

2.0 Literature Review: Introduction

Literature review is outlined as follows: Determinants of banks services selection; and bank selection criteria for the student segment.

2.1 Determinants of banks services selection

The major determinants of banks services selection among several include the following though not listed in order of priority or any order: First, it is service quality (Angur, Natarajaan & Jaheera Jr., 1999; Samli & Frohlich, 1992; Filotton, Tanzi & Saita, 1997; Stafford et al., 1994; Filotton, Tanzi & Saita, 1997; Bloemer, Ruyter & Peeters, 1998; Huu & Kar, 2000; Parasuraman, Zeithamel and Berry, 1988; Lewis & Spyrakopolous, 2001). The next is rates (Huu & Kar, 2000; Javalgi et al.,1989; Khazeh & Decker, 1992); convenience or accessibility is another bank selection determinant (Joseph, McClure & Joseph, 1999; James Poon, 1999; Galloway and Blanchard, 1996); reputation is also considered (Boyd et al., 1994, Haron et al., 1994; Javalgi et al., 1989; Kazeh and Decker, 1993; Yuen and Tom, 1995; and Erol et al., 1990, Mohammed, 2001), safety especially to funds is taken into consideration equally (Rugimbana & Iversen, 1994; Frimpong study, 1999 Martin, 2002; Joseph, McClure & Joseph, 1999); pricing or bank charges are taken into account as well (Mourinho & Meiden, 1989; Filotto, Tanzi & Saita, 1997; Kennington et. al., 1996; and Zneldin, 1996).

2.2 Bank Selection Criteria for Students

This part reviews literature that is specific to factors that influence students, especially college and university ones, in their selection of a commercial bank to bank with.

An investigation of student attitudes towards banking in the U.K reported convenience and parental influence to be the most important factors influencing British students’ bank selection (1977). Lewis (1982) also conducted a study on banking behaviour, in terms of loyalty to the bank, among British students, and found that 92 per cent of the first-year college students surveyed thought they would stay with their present bank until the end of their course while 44 per cent believed they would continue with the same bank. About 80 per cent of the final year students believed they would continue with the same bank even after graduation. In addition, it was found that convenience of location to
college and parental advice and influence were the predominant factors having a bearing on students’ choice of bank.

In his article about American college students, Schram (1991) pointed out that “convenience, family traditions … remain the primary reasons why most college students choose their banks.”

Khazeh and Decker (1992-93) surveyed the Opinions of 209 university students in Maryland, USA were surveyed to determine customers’ bank selection criteria and the five most important determinant attributes of bank selection decisions identified in the study were service charge policy, reputation, interest charged on loans, quick loan approval and friendly tellers (Khazeh and Decker, 1993).

In a study by Poh (2001) which sampled Singapore’s university and polytechnic students, found that factors relating to ATMs and speed of service were of the most important criteria affecting their bank selection. Criteria relating to third party influences were found to be so unimportant during the pilot test and therefore were excluded from the actual study (Poh in Gerard and Cunningham, 2001).

A study by Thwaites and Vere (1995), also conducted in a British setting, showed that proximity of an ATM to college, free banking service and overall student offer were the top three selection criteria employed by college students in selecting which banks to open an account with.

Huu and Karr (2000) sampled 198 undergraduate students in Singapore to identify factors which influence their bank selection decisions. Using “analytical hierarchy process”, they found that undergraduates place high emphasis on the pricing and product dimensions of bank services. The third party influences were found to be the least important selection criteria.

In another study carried out a year later in Singapore, 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”. Consistent with the findings of Huu and Karr (2000), the “third party influences” was found to be the least important dimension rated by undergraduates.

Almossawi (2001) conducted a study in Bahrain to examine the bank selection criteria employed by college students. A total sample of 1000 students from five colleges of the University of Bahrain was surveyed in the study. 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.

The literature presented above revealed that research studies conducted on bank selection decisions examined a variety of attributes as determinants of the bank selection process and unearthed a variance in the nature and importance of these attributes. It is worth noting from the review that no relevant published work to date has appeared concerning the banking behaviour of student segment in the Zambian banking industry. As indicated in the statement of the problem, this study attempts to partially fill the gap in the literature through an empirical analysis of bank selection criteria employed by undergraduates and postgraduates at the University of Zambia.

2.3 Customer Selection of Process of a Service Provider

There are two main stages of selecting a service provider by customers. These are first-cut and final-selection. The process, according to Day and Barksdale (1994), for selecting a service provider is outlined as follows: recognition of a need/problem; identification of the initial consideration set; refinement of the consideration set; selection of the service provider; evaluation of the quality of service delivery; evaluation of the quality of the outcome; and satisfaction or dissatisfaction.

The process above, is what generally, most customers go through when selecting a service provider such as banks, though there might be exceptions.

3.0 Research Design

3.1 Introduction

This section dealt with the decisions made concerning this research regarding what, where, when, how, by what means. In other words, it attempts to deal with: where the study was carried out; type of data collected and why; time for the collection of data; the sample design; techniques of data collection and analysis (Kothari, 2011). According to Selzitz (1962:50), “a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine
relevance to the research purpose with economy in procedure.” Kothari (2011:31) adds that, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data.

3.2 Research Instrument

A structured questionnaire was used in the survey based on objectives of the study. The questionnaire had three sections. Section one composed of background information of respondents. In section two the respondents were asked to rate the relative importance of 40 determinants of the choice of commercial banks. The third section had closed-ended questions and rank questions on usage of banking products; importance of drivers of financial products such as convenience, reliability security flexibility and ease of use; and respondents’ opinions about banking products using the five point Likert-type scale of importance ranging from 1 (not important at all) to 5 (very important). The list was based on previous similar studies (Thwaites and Vere, 1995; Almossawi, 2001; Gerrard and Cunningham, 2001; Chigamba, 2010; Marfo-Yiadom, 2011; Hedaytnia, 2011; Mokhlis, Salleh, and Mat, 2011).

To determine the potential effectiveness of the questionnaire and whether further revision is needed prior to conducting the survey, the questionnaire was pilot tested. The researcher distributed the questionnaire to 25 undergraduate and postgraduate students as a sample group. The subjects were asked if they had any problems understanding the questionnaire or had specific comments regarding it. The format for responding was through open-ended questions. The subjects were encouraged to be very free with their responses, make suggestions for improvement and delineate any difficulties they found.

After each questionnaire was completed, each subject was asked what he/she meant in checking various answers. Comments were solicited on the clarity of the questions and what changes should be done in order to make the questions simpler. These respondents also gave their comments on understanding the instructions about the scaling and the time taken to answer the questions. The test found no serious problems and minor amendments were made to the survey questions based on the verbal feedback received from the respondents. The final result of the pilot test finally indicated that the questions had face validity.

3.2.2 Research Instrument

3.2 Sampling and Data Collection

The sample for this study was selected from among 2012 academic year registered full-time and undergraduate and postgraduate students of the University of Zambia resident at Great East Road Campus (i.e. sampling frame and research site).

Given the nature of the study, a non-probability (convenience) sampling was chosen. To get a representative cross-section of the population, the sample was drawn from mainly from two biggest schools of the university (The School of Education and School of Humanities and Social Sciences)

A sample size of 70 university students was selected for this exploratory study. Self-administered questionnaires were distributed in June/July, 2011. Students were assured of the confidentiality of their responses and their names were not solicited. From a total of 70 questionnaires distributed, 61 were returned, out of which 55 were deemed usable (valid and completed), thereby yielding a response rate of about 78 per cent.

Such a response rate was considered sufficient for statistical reliability and generalisability (Tabachnick and Fidell, 2001) and most satisfactory especially when compared with earlier research works on bank selection decisions (Khazeh and Decker, 1992-93; Huu and Karr, 2000; Gerrard and Cunningham, 2001). This relatively high response rate was attributed to the self-administered approach undertaken in distributing questionnaires.

3.3 Data Analysis

Data analysis is essential for a scientific study and for ensuring that there is relevant data for making contemplated comparisons and analysis. Data Analysis was done using SPSS software to generate descriptive statistics which is mainly the study of distributions of one variable. Some inferential analysis will be done which is concerned with the various tests of significance for testing hypotheses in order to determine with what validity data can be said to indicate some conclusion or conclusions.

4.0: Presentation and Analysis of Data

4.1 Introduction

In this section presentation and analysis of data is given using mainly descriptive statistics. In some cases, inferential statistics will also be used.
4.2 Demographics of the Respondents

The results show that out of 55 respondents 85.5 per cent were males and the remaining 14.5 per cent were females. The over-representation of male respondents is expected since the population of male students Zambia’s tertiary institutions such as colleges and universities is higher than that of female students. In terms of level of education, 63.6 per cent were undergraduates compared to 36.4 per cent who were postgraduates. Most of the respondents were in fourth year at 41.8 per cent. About 10.9 percent of the respondent were in third year. The results showed that first year and second year postgraduate students were 14.5 per cent and 16.4 per cent respectively.

4.3 Respondent’s Faculty or School

In terms of the school were the respondents belonged, the results showed the following: 32.7 per cent – School of Education; 49.1 per cent – School of Humanities and Social Science; 5.5 per cent School of Mines; Schools of Natural Sciences and Engineering had 3.6 per cent each; there was a tie of 1.8 per cent among the following schools and those who did not respond: School of Agricultural Sciences and School of Veterinary Medicine.

4.4 Respondents’ Sources of Income

The results indicate that 54.5 per cent most of the respondents were on Government Bursary. This proves that this is a public university were most students are sponsored by the government. There also about 29.1 per cent of the respondents whose source of income was a salary. The remaining percentage included those whose source of income was their families, other sponsors, businesses and others.

4.5 Monthly Income

It was revealed that most respondents had monthly earnings between K500,000 and K1,000,000 (47.3 percent), followed by K3,000,000 and above (18.2 percent), from K2,000,001 to K3,000,000 (12.7 per cent), between K1,000,001 and K2,000,000 (10.9 per cent). And about 9.1 students had monthly earnings below K500,000. The results also show that about 1.8 per cent of the respondents did not state how much they earned per month.

4.6 Bank

With respect to the banks were students held their bank accounts, most of the students had accounts with Zambia National Commercial Bank (ZANACO) and Finance bank at 32.7 per cent and 30.9 per cent respectively. The explanation for this is that the two banks have branches at the University of Zambia, Great East Road campus, and it is through these banks that the government sponsored students receive their monthly stipend through student accounts introduced by the two banks. Students also are required to make all payments to the university through the ZANACO. The other students had accounts as follows: Barclays Bank and Investrust had 9.1 per cent each; Standard Chartered Bank and Stanbic Bank had 7.3 per cent each, and the remaining 3.6 per cent of the respondents had accounts with other banks.

4.7 Determinants of Choice of Commercial

The most important university students consider when choosing commercial banks have highest mean. The determinants with the highest values are: proximity to university (20.5); recommended by a friend (20.1); many tellers (18.7); bank has branch at the university (18.2); bank offers grants to students (18.1); university uses same bank (18.0); convenient location (17.0); reputation of bank (16.9). The factors that had the lowest mean as an indication that they are less likely to be considered in choosing commercial banks include: pleasant bank atmosphere (6.3); financial stability of the bank (6.4); cell-phone banking (9.8); parents influence (12.5); availability of transport (12.5); easy of opening account (10.2); financial counseling services (9.7); ATMs at several locations (8.8); financial stability of the banks (6.4).

4.8 Awareness of banking products

In terms of awareness of banking products by respondents were most aware of the Automatic Teller Machine (96.4 per cent) while 4 per cent did not respond, followed by Internet banking (83.6 per cent); cell phone banking (72.7 per cent); credit card (69.1 per cent); swift transfer (65 per cent). Generally, the results indicate that the students were very much aware of the electronic banking products, especially the ATM that has been very successful in Zambia. At the University of Zambia there are three banks with about six ATMs and the university campus is located near shopping malls where a number of banks have several ATMs.

4.9 Usage of Banking Products

The study also attempted to find out if the respondents were using the banking products that they were aware of. The results show that about 95 per cent of the students used the ATM. This is followed by cell phone banking 46 per cent, credit card (44 per cent), swift transfer 38.2 (per cent), and was the least used at 33 per cent. Internet banking is
just in its infancy in Zambia, but students have been quick to embrace it. Cell phone banking is also popular among students for checking bank balances, buying mobile credit, sending and receiving money. Swift transfer is also used by students to send and receive money, especially for school fees.

4.10 Frequency of usage of Banking Products

Using the Likert-Scale, the respondents were asked how often they used the banking products. The results revealed that for the ATM 69.1 per cent used the ATM very often; Internet banking 44 per cent – not very often; cell-phone banking showed that 27.3 per cent and 26 per cent – often and very often respectively. As for the credit card, majority of the respondents 53 per cent stated either not very often or not often. This is because in Zambia, credit cards are not yet a very popular means of making transactions. For swift transfer on only an aggregate percentage of 20 per cent often or very often used the service.

4.11 Drivers of financial products

There are various banking products used by the respondents in determining their usage of banking products. This study limited itself to the following that respondents were asked to state how important each one of them was in their choice of commercial bank that provides such products: reliability, security, flexibility, ease of use. It is worth to note that these drivers of financial banking products were adopted from Marfo-Yiadom (2011) in his study of customer’s perceptions of innovative banking products in Ghana. As shown in Table 22, the respondents indicated that the drivers were very important as follows: reliability (65 percent); security (75 per cent); flexibility (38.2 per cent); and easy to use (67.3 per cent). Using the mean values, the results show that convenience had the highest mean (10.6) was highly considered as a driver of banking products. This result clearly show that most innovative electronic banking products are intended to bring convenience to customers in this fast moving world, especially for students who are busy with school work, so they need a service that will not distract them from their busy schedule. This was followed by reliability (8.8 ), ease of use (8.8), flexibility (8.3), and security (7.2).

4.12 Opinion about Banking Products

The five-point Likert scale was used to get the views of respondents’ assessment of banking products against attributes. The results show: 82.7 per cent (agreed and strongly agreed) indicated that the products were very reliable and reduced transaction costs; and 74.6 per cent (agreed and strongly agreed) showed that these banking products reduce queues and help to check bank statements easily. In terms of mean values, Table 24 shows the rankings were as follows: reduced transaction costs (17.5), very reliable (17.3), checking bank statement (16.3), convenience (16.1), flexibility (15.9), more secure (15.6) and avoiding long queues (14.5).

4.13 Feeling toward Banking Innovative Product

The study also attempted to get the feelings respondents had towards the banking innovative products (ATM, Internet banking, Mobile Banking, Credit Cards and Swift Transfer) the Likert five-point like-dislike scale was used. According to the findings, about 92 per cent of the respondents liked the usage of the ATM while the rest did not give an answer. Respondents who liked and very much liked the usage of internet banking (63.7 per cent), usage of mobile banking (78.2 per cent), credit card usage (56.3 per cent), and 60 percent. All the results showed a positive feeling towards the use of banking innovative products by respondents.

4.14 Bank Selection Factor Formation

Using version 16 of SPSS, a preliminary step, evaluative criteria items were factor analysed to reduce the variables to a manageable number of components. Factoring ceased when all Eigen values of greater than one were obtained and when a set of factors explained a large percentage of the total variance was achieved. An accepted method of interpretation of factor loadings is to regard as significant any variable with a loading of 0.4 or greater as associated with the appropriate factor (Hair, Anderson, Tatham and Black, 1998).

KMO and Bartlett’s Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | 818 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 6.212E3 |
| Df | 780 |
| Sig. | .000 |

Table 4.1: KMO and Bartlett’s Test

From the table above, factor analysis was deemed appropriate for the items because the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy test index equaled 0.818. Further, Bartlett’s Test of Sphericity (6.212) with significance level of less than 0.01 indicated that eh data were appropriate for the purpose of principal component analysis. Statistically, this means that there exist relationships
between the variables and that they can be appropriately included in the principal component analysis. Therefore, the results indicate, the two tests support the appropriateness of the factor analysis technique.

4.16 Rotated Factor Matrix

In order to analyse differences in the importance of bank selection criteria employed, a ranking table called the rotated factor matrix was produced showing the mean score of each factor. Therefore, the said table above presents findings with respect to relative importance of bank selection criteria factors.

It was noted from the rotated factor matrix as follows: the first ten factors, ranked according to their respective mean values, that are considered most by the respondents are as follows: proximity to the university (20.5); recommendation by a friend (20.1); many tellers (18.7); bank has a branch at the university (18.3); bank offers grants to students (18.1); the university uses the same bank (18); convenient location (17); reputation of the bank (17); staff courtesy (16.7); and proximity to home (16.6). It is worth to note that similar studies found that students attached the same importance to the determinants listed above (Thwaites and Vere, 1995; Gerrard and Cunningham, 2001; Almossawi, 2001). Proximity to university ranked highest compared to proximity to home. This is an indication that most students make their transactions on the university campus. Banks that offered grants to students would also have more students banking with them as shown by the results. One unique, finding is that students are more likely to open an account with a bank recommended by a friend. This finding is not in agreement with the results of Gerrard and Cunningham (2001) and Almossawi (2001) that indicated, when making their selection, undergraduates are more confident to act independently rather than relying on the recommendations of others.

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