

BANK SELECTION DECISION:
FACTORS INFLUENCING THE SELECTION OF
BANKS AND BANKING SERVICES

A thesis submitted to the Graduate School in partial fulfillment of
the requirements for the degree of Master of Science
(Management), Universiti Utara Malaysia.

By:

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ABSTRAK

Sejumlah 250 borang soal-selidik diedarkan kepada pelanggan-pelanggan bank di tiga bandar utama di Kedah iaitu Jitra, Alor Setar dan Sungei Petani. Bank-bank yang dipilih ialah **Maybank**, Bank Bumiputra (M) Bhd, Sime Bank, Public Bank, Ban Hin Lee Bank, DCB Bank dan EON Bank. **Soal-selidik** direka bentuk untuk menentukan faktor-faktor yang mempengaruhi keputusan pelanggan memilih sesebuah bank. Tesis ini juga direka bentuk untuk menentukan: perhubungan di antara keputusan memilih bank dengan karakteristik individu; penilaian pelanggan terhadap prestasi semasa bank yang dipilih; kriteria yang diambil kira semasa membuat keputusan memilih bank; dan perbandingan antara prestasi semasa bank dan keputusan memilih bank.

Sejumlah 178 borang soal-selidik dianalisa dengan menggunakan kaedah Min dan Korrelasi Pearson untuk menentukan perhubungan signifikan dan perbezaan di antara 6 hipotesis-hipotesis pada tahap signifikan 5%. Hasil kajian ini menunjukkan bahawa: terdapat perhubungan yang positif dan signifikan di antara keputusan memilih bank dan faktor-faktor karakteristik individu, kualiti perkhidmatan, imej/reputasi bank, produk-produk dan kemudahan lokasi. Pelanggan memberi penilaian yang lebih baik pada imej/reputasi dari kualiti perkhidmatan terhadap prestasi semasa, bagaimanapun mereka lebih gemar untuk berurusan dengan bank-bank yang mampu memberikan perkhidmatan yang berkualiti seperti cepat dan cekap, ketepatan staf bekerja, kakitangan yang peramah dan layanan yang memuaskan.

Secara keseluruhan, pelanggan gemar kepada perkhidmatan yang berkualiti, Umumnya, perkhidmatan yang cepat serta cekap dan imej/reputasi bank menjadi faktor-faktor pilihan pertama dan kedua. Dengan itu, bank-bank seharusnya lebih menumpukan kepada memberi latihan kepada semua kakitangan, terutama di barisan hadapan, untuk menentukan kualiti perkhidmatan yang akan menaikkan imej bank dan menarik pelanggan baru. Lokasi dan kemudahan tempat **meletak** kenderaan berhampiran adalah signifikan semasa memilih bank. Dengan itu, pembukaan **pusat** perkhidmatan **pada** lokasi yang strategik akan memudahkan pelanggan. Keyakinan **pada** pengurus, keadaan di bahagian luar yang menarik, pengiklanan media **massa** dan introduksi oleh rakan dan keluarga adalah faktor-faktor kurang penting di dalam memilih bank.

ABSTRACT

Two hundred fifty questionnaires were distributed to customers of several banks in three major towns in Kedah: Jitra, Alor Setar and Sungai Petani. Maybank, Bank Bumiputra (M) Bhd, Sime Bank, Public Bank, Ban Hin Lee Bank, DCB Bank and EON Bank were selected. Questionnaires were developed to examine factors that influence customers in selecting a particular bank. This thesis was also designed to examine: the relationship between bank selection decision and customers personal characteristics; customers rating on the current performances of the selected banks; customers' bank selection criteria; and comparison of banks' performance and bank selection decision.

One hundred seventy eight questionnaires were analysed using Mean and Pearson Correlation to determine the significant relationships as well as distinctions among the 6 hypotheses at 5% level of significance. The findings revealed that there are positive significant relationships between bank selection decision and personal characteristics, service quality, bank image/reputation, products and convenience location. The results also suggest that customers rated bank image/reputation better than service quality for bank performance. However, they prefer to deal with banks that can provide quality services such as fast and efficient service, staff work accuracy, friendliness of bank personnel and warm reception.

In general, customers prefer quality services than the other factors mentioned. They rank fast and efficient services and bank image/reputation as their first and second preferences, respectively. Therefore, banks should emphasise on providing training to all staff, especially front-end, to ensure quality services that would project good image and attract new businesses. Convenience location and the availability of parking space nearby were found to be significant in bank selection decision. Thus, opening of more service centres at strategic location would be to customers convenience. Confidence in bank manager, external appearances of bank, mass media advertising and recommendation from friends and relatives were found to be less significant factors in bank selection decision.

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ABBREVIATION

ABM	Association of Banks in Malaysia
ACTS	Banking Acts
ASW	Amanah Saham Wawasan
ATMs	Automated Teller Machines
BNM	Bank Negara Malaysia
GNP	Gross National Product
IFBS	Interest Free Banking System
M1P1	First Malaysian Industrial Plan
M1P2	Second Malaysian Industrial Plan
NST	New Straits Times
PIN	Personal Identification Number

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter presents the context of the study, statement of the problem, research objectives, research questions, research hypotheses, significance of the study and scope and limitation of the study.

1.2 Context of the Study

Commercial banks are the largest and the most important group of financial institutions in Malaysia. They are responsible for the smooth functioning of payment mechanisms in the country. Financial services provide by the commercial banks have enable them to mobilise idle funds and savings, as well as, effectively channel these resources for the production of goods and services. As at 1984, the commercial banks accounted for nearly 75 per cent of the total deposits placed with the financial system and 65 per cent of the total credit extended to the private sector (BNM, Money and Banking in Malaysia).

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