Customer choice of retail banking in selected rural communities in Agona West Municipality of the Central Region of Ghana

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Abstract

Some researchers have investigated why customers choose different retail banks. These studies have focused on urban communities, with limited evidence from rural communities. This study, therefore, sought to examine customers' preference for banks in a rural setting. Data for the study was collected, using cluster and proportional sampling methods from three rural communities in the Agona West Municipality in the Central Region of Ghana. In all, 315 retail customers of three commercial banks, one development bank and a rural bank were sampled. A Chi square test was used to analyze the data collected. Factors that influence customer choice of retail banks include interest charges, service delivery, customer relationship, number of bank branches, proximity and convenience to customers. The results also revealed a strong relationship between occupation type and choice of bank. Age and sex of customers, however, did not influence customer preference for banks. The paper offers policy recommendations that will enable banks to attract more customers in the rural communities to enhance the financial inclusion agenda. Banks need to educate their customers about what go into interest rates and are also encouraged to create market niches for people in rural areas.

Keywords*: Retail Banking, Customer choice, Agona West Municipality.*

Introduction

The emergence of new banks and expansion of existing ones have given customers the opportunity to choose from a wide range of banks in modern times. This is as a result of a number of interrelated factors such as competition and deregulation of the financial sector, changing international market environment, the adoption of information technology throughout the world and the dawn of the phenomenon of "global village". There is, therefore, the need for banks to understand and adapt to customer motivation, attitudes and their ultimate selection decisions (Blankson, Ming-sung & Spears, 2007). Bank business models have traditionally been built on information obtained from repeated interactions with customers, or "soft" information (IMF, 2006). In this respect, customers are seen as the centre of banking businesses around the world today. Customers in the 21st century are familiar with new banking products and services as they move away from the traditional commercial banking products.

Currently, banks offer savings and credit of different types that are tailored to a variety of client needs. It includes electronic banking, Automated Teller Machines (ATM) cards, telephone banking, and different saving accounts for different purposes such as education, health, retirement, funeral, and marriage. They also facilitate transfer of money from one person to another in different places. Furthermore, banks have different loans that serve different purposes. Some of the products make banks accessible to consumers for twenty-four (24) hours and also bring banking services to the doorstep of the customer. Banking hours have also been extended, waiting time for accessing bank facility has been reduced, interest rates on savings and borrowing are competitive and customer-banker relation seem to have been improved (Owusu-Frimpong, 1999). In spite of these benefits, most customers, like 'Oliver Twist', still want more. With this in mind, therefore, customers have the power to choose whatever retail bank they might want to transact business with. What is interesting today is that banking is being carried to the door-step of customers. This has given the customer more power to take a decision on the choice of bank, unlike in time past when the few commercial banks treated customers anyhow. Bank executives themselves are aware that customers are very important in banking. For example, a recent Ghana Banking Survey by PricewaterhouseCoopers (2012) confirms the customer's role to be critical in banks' businesses as it has an impact on revenues, costs and therefore profits or losses. Thus, the decision the customer makes as to which bank to choose affects the business of most banks.

Since the work of Owusu-Acheampong (1999), few studies have been published on customer choice of retail banks. It is, therefore, important to examine why customers decide to transact business with one retail bank or the other. In other words, the main objective of the study was to identify specific banking characteristics and demographic factors that influence customers' choice of retail banks in selected rural communities in the Central Region of Ghana. The paper presents the argument that rural folks make rational choices and they choose banks that serve their needs.

The rest of the paper is structured as follows: the next section reviews theoretical issues and related studies on customer preferences. Section three discusses the methodology, while sections four and five present the results and discussion and conclusions of the study respectively

Literature Review

Theoretical Issues

The theoretical foundation of this paper is the neo-classical framework, the market demand theory and perfect competitive theory. Three fundamental assumptions underpin the neo-classical theory. These are: (1) consumers of a product or service are rational; (2) consumers seek to maximize utility from the consumption of a product or service and (3) individuals behave independently and with full information. Thus, when individuals are rational, they tend to make choices that are well informed and these choices are made within the parameters of every available information. Thus, in a world of limited information the rationality of consumers will be hampered. In the banking system, it is only when bank staff open up to customers that information sharing is enhanced. Rational choices are, therefore, made within the context of available information.

The demand theory assumes that demand for a product or a service depends on several factors. For example, demand for a physical commodity will depend on the price of the good itself, income of the consumer, prices of other related commodities or services, among others. The usual assumption of the price theory, for example, is that at a higher price less of the commodity will be demanded and vice-versa assuming all other factors remain the same. Logically, assuming retail banking is a product, demand by customers will depend on several factors, including cost of doing business and other qualitative factors, such as staff relationship and quality of services offered by the bank.

In the perfect competitive market where numerous buyers and sellers are assumed, there is freedom of choice, free entry and exit as well as free flow of information. Customers are, therefore, not restrained by doing business with a particular producer as pertained in the monopoly market. What will make one producer attract more customers than the other is by offering high quality of undifferentiated products or maybe reducing price to offer competitive package to its customers. Banking today can be likened to the perfect competitive market where almost all banks offer similar products so that it is the bank that can offer high quality of the presumed similar product that can attract more customers. Similarly, interest rates are virtually the same but the bank that can reduce its rate by a percentage point, for example, is likely to attract more customers. This has made the banking industry more competitive than it used to be decades ago, and it is, therefore, a 'survival of the fittest.

Information asymmetry models have been used widely to explain a variety of concepts including those in different market situations (Mishkin, 1991; Constantiou, 2002). The central concerns underlying these models are that information asymmetry causes markets to become inefficient and forces market participants to take risks because it is assumed that information is always inadequate. The argument is that one way of improving information sharing is good staff-customer relationship. When bank staff open up to customers, information about the banks and their products are made available to customers and this helps them (customers) to make informed choices.

Related Empirical Studies

Several empirical studies have investigated the factors that influence choice of retail banking by customers. Ogenyiejye (2007) did a study on Gender-Based Retail Bank Choice Decision in Nigeria. It was an attempt to evaluate the criteria used by Nigerians in choosing retail banks and explore gender differences in retail banks' patronage by considering the consumption of retail bank services among males and females. Five retail banks with the largest market share, namely: First Bank (FB), United Bank for Africa (UBA), Intercontinental Bank (ICB), Zenith Bank Limited (ZBL) and the Union Bank (UB) were used. The study focused on retail customers who were randomly selected as they entered the bank, or waited at the banks for their banking transactions. The study stressed that banks should not be ignorant of the barriers that may confront consumers wishing to buy their services. It was revealed that both male and female customers value their waiting time and expect their banking transactions to be completed as quickly as possible. However, there were a few differences between the male and female customers. Males were seen to be more confident in managing money and taking greater risks while their female counterparts looked for immediate gratification through spending, more security-oriented in money handling and fear engaging in large negotiations. Customers were also concerned about long queues in banks, unoperational tellers during banking hours, unattended enquiries and delay in making decision. Another factor that influenced a customer's choice of a bank was the manner in which personnel handled customers' complaints. Customers expect quality service to go beyond just a smile or a passing greeting to customers. Dress code, customer relations and answering of phone calls were all important. Customers also rated banks that give travellers cheque, overdraft and housing loans, irrespective of gender higher in terms of preference than the other banks. It was recommended that banks should invest in advertising campaigns to create awareness for their services.

Safief, Hazimah and Hayatul (2008) in an attempt to identify pertinent factors which undergraduates perceive as relevant to their selection of banks, revealed that secure feeling, ATM services and financial benefits are the important factors that undergraduates consider in their selection of a bank. The study, however, revealed that undergraduates are not homogeneous in their bank selection process.

Similarly, another interesting study on determinants of bank selection by Hafeez and Saima (2008) was based on Pakistani customers of private, privatized and nationalized banks in the city of Lahore. Factors such as convenience, on-line banking facilities, profit rate, branch accessibility, and banks internal environment and external appearance of bank staff were important to customers in their selection process. Banks that are closer to the people attracted more customers as compared to distant banks. Most customers, for the sake of time, preferred online and off-site banking to on-site banking or physical banking. Proximity does not only offer benefits to the customer but the bank as well. This is because proximity breeds higher levels of social connection even in the informal sector, which reduces default and increases savings rate (Karlan, 2007).

Cicic, Nenad and Emir (2004) used about 300 students between the ages of nineteen (19) and twenty four (24) to determine bank selection criteria employed by students in southern European countries and revealed that young customers place more emphasis on factors like reception at the bank, friendliness of bank personnel, low service charges, ease of opening bank current account and confidence in bank management in their bank selection criteria. Delvin (2001) also conducted a study in Malaysia using wide scales survey of financial service customers, estimating 6700 to investigate variation in choice criteria with respect to customer financial knowledge. He revealed that all customers rely on simplistic cues, or choice criteria in retail banking. And those customers with low financial knowledge tend to choose banks near home or by recommendation, while those with higher financial knowledge consider service features, rate of return and low fees in their choice.

Kennington, Hill and Rokowska's (1996) study on consumer selection criteria for banks in Poland indicated reputation, interest rates, service quality and convenience as factors customers consider in their choice. Respondents gave these descriptions below for their answers. In terms of service, they mentioned "nice", "good", "friendly", "lack of queues", "speed of service" and "efficiency of transactions". Reputation includes safety, security and trust, possibly referring to continuing concerns with the Polish banking industry's problems of scandal and fraud. Convenience included closest to home or work, good location, good working hours and many branches. There is virtually no mention of automated teller machines (ATMs), tele-banking or online banking services because these services are either in their infancy or non-existent. Interest rate was considered the most important factor in influencing choice of retail banking.

According to Jamal and Kamal (2002), customers' satisfaction depends on their educational level and income group. As customers' expertise goes up, they are less likely to be satisfied with service providers and show less preference for such banks. This is because expert customers might have raised their expectation about service quality. Also, customers' satisfaction is based not only on the judgment of customers towards the reliability of the delivered service, but also on customers' experience with the service delivery process.

Sakalya and Vunyale (2007) also surveyed 1000 bank customers, using questionnaire as the research instrument. Informal interviews of the customers and information available on the internet were also used. Factors such as safety of deposits, size and strength, accuracy, general service quality, speed of delivery, proximity, security of environment, cordiality of staff, price and service charges, product packaging, general public impression, peer group impression, staff relationship and advertisement and publicity were crucial in choosing a particular bank. According to their findings, the first six factors exert the greatest influence, the next four have moderate importance, and the last five have relatively lower influence.

Owusu-Frimpong (1999), in a research on the patronage behaviour of Ghanaian bank customers, reveals that customers look out for efficient services and attractive deposit rate when opening bank accounts. The study also reveals that though banks are perceived to be conveniently located, they have a reputation for offering slow services and discourteous employees, which have a negative effect on the bank's interactions with its target market. According to him, the importance attached to functional quality in many developed countries and interaction with staff appears to be rather less evident among Ghanaian customers in the survey.

Martenson (1985) used 558 structured questionnaires to obtain evidence on how customers choose retail banks in Sweden. The study concluded that customers' choice is a match between bank image and consumer interest. However, bank location, availability of loans and payment of salary through a certain bank are reasons for customers' choice of a particular bank.

Levesque and McDougall (1996) pointed out that customer satisfaction and retention are crucial for Canadian retail banks. The findings from their study showed that service features, service quality and problem recovery are very important in choosing a bank. However, they emphasized that, though problem recovery was important in maintaining customers' satisfaction, it does not actually bond the customer to the service provider. At best, satisfactory problem recovery leads to the same level of satisfaction as if a problem had not occurred.

The empirical review so far indicates that consumers' choice of a retail bank is not based on a single factor but on various factors, including quality service, convenient location, competitive interest rate, low service charges, safety of deposits, recommendation by friends and relatives, speed of service delivery, good interpersonal relationship and availability of on-line banking service. The study thus formulates the following hypotheses:

H_0: Age of bank, speed of delivery, number of branches, proximity and convenience, public impression, advertisement and publicity, safety of deposit and customer-banker relationship do not influence customer choice of retail bank.

H_A: Age of bank, speed of delivery, number of branches, proximity and convenience, public impression, advertisement and publicity, safety of deposit and customer-banker relationship influence customer choice of retail bank.

H_0: There is no relationship between age, sex and occupation of customers and choice of bank.

H_A: There is relationship between age, sex and occupation of customers and choice of bank.

Methodology

Study areas

The study was conducted in three major towns (Nyakrom, Bobikuma and Abodom) all in Agona West Municipality in the Central Region of Ghana. The three communities are all rural areas with an estimated population of less than 5000 inhabitants each. The population and housing census classify communities with less 5000 as rural communities (Ghana Statistical Service, 2000). Customers of the selected banks travel between 15 to 20 kilometres to transact business with the commercial banks at Agona Swedru, the municipal capital. The only community with a rural bank is Agona Nyakrom where the first rural bank, Nyakrom Rural Bank, was established in 1976. Agona Bobikuma and Abodom do not have banks, except credit unions and small scale microfinance institutions (MFIs). Even though quite a number of the inhabitants transact businesses with these informal financial institutions, a greater percentage of the people prefer opening accounts with commercial and rural banks.

The main occupation of the people in the area is farming, with a few of them engaged in trading and artisanal work. Agona Swedru serves as the trading centre for the surrounding communities, including the selected communities for the study. The target population, therefore, consisted of all customers of: Agricultural Development Bank (ADB), Ghana Commercial Bank (GCB), International Commercial Bank (ICB), Barclays Bank and the Nyakrom Rural Bank (NRB) all of

Agona Swedru. Table 1 shows the number of customers obtained from the banks.

Table 1: Banks and their number of customers

Bank	Number of customers
A.D.B	13000
G.C.B	1700
I.C.B	3400
BARCLAYS	4000
N.R.B	6692
Total	28792

Source: Field Survey, 2010

Sample and Sampling Procedure
Agona West Municipality has the following major towns: Agona Swedru, Nyakrom, Abodom, Bobikuma, Kwaman, Nkum, Kukurantumi, Otsenkorang, Mensakrom, and Odom (http//Ghana-net.com/swedru.aspx). Out of the 10 communities that the banks serve, three towns (Nyakrom, Abodom and Bobikuma) were randomly selected, representing 30% of the total communities. Table 2 shows the composition of clients in the three communities.

Table 2: Composition of clients in the three towns

Name of Bank	Nyakrom	Abodom	Bobikuma	Total
ADB	320	72	150	542
GCB	34	17	20	71
ICB	62	30	50	142
Barclays	76	32	59	167
NRB	142	40	97	279
Total	634	191	376	1201

Source: Field Survey, 2010

From Table 2, it can be inferred that 634 people from Nyakrom own accounts with selected banks in Swedru, with ADB having the highest number of customers. The least number of customers that commute to Swedru to transact banking business come from Agona Abodom. In all cases, ADB has the highest number of customers whiles GCB has the least.

A sample of 300 customers was selected from the three towns and were categorized into naturally occurring clusters as customers of Agricultural Development Bank, Ghana Commercial Bank, International Commercial Bank, Barclays Bank and Nyakrom Rural Bank. In each cluster were heterogeneous elements such as teachers, traders, artisans, religious leaders, security personnel and farmers. Statistically, the sample was calculated following Yamane's (1973) formula for calculating the sample sizes:

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

where N = population for the study and e^2 the probability of error. In this study, since the population (N) of interest is 1201 with 5% level of significance, the estimated sample size can be calculated as follows:

$$n= 1201/1+1201(0.05)^2 =300$$

Table 3 presents the sample size after clustering the customers from the various banks.

Table 3: Sample size

Name of bank	Sample size
A.D.B	135
G.C.B	18
I.C.B	35
BARCLAYS	42
N.R.B	70
Total	300

Source: Field Survey, 2010

The sample size chosen for each bank was calculated proportionally. Banks with higher customer base tend to get more representation in the sample than the banks with the lower customer base. Customers were reached at the banks' premises through exit interviews. In addition, some customers were contacted at their work places such as schools, markets, lorry parks, and offices after consultation with the banks. For the sake of non-responses, 5% of the sample was added to make the final sample 315.

Data and data collection

The study used cross-sectional data obtained from the respondents in the study areas. The main instrument for data collection was structured questionnaires. Information about what customers perceive to be the main reasons why they choose to transact business with one bank or the other was sought. The questionnaires were administered to the customers at the exit of the banking hall at the selected banks. Before the actual data collection in July, 2010, a pilot study was conducted at Agona Swedru to examine the suitability of the instruments. After the pilot study the revised instruments were finally administered with assistance from four research assistants from the University of Cape Coast.

Data Analysis

The study adopted the descriptive approach of data analysis. The Chi^2 test of significance was used to analyze the factors that significantly influence customer choice of retail banking. Traditionally, the Chi^2 (χ^2) tests whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. With degrees of freedom (n-1) the Chi^2 is given by:

$$\chi 2 = \frac{(O-E)^2}{E}$$

where O^2 = observed frequencies
E^2 = expected frequency

In addition, the basic statistics such as mean and frequencies are computed to determine the factors that influence customer choice of retail banking. Data analysis was carried out, using STATA 11 software.

Results and Discussion

A**s** indicated earlier in the theoretical framework, customer choice of a retail bank is underpinned by rational behaviour to maximize utility. The results of the chi square test in Table 4 revealed that the number of branches, proximity of banks, customer-banker relationship and speed of delivery are significant in influencing the customer's choice of a retail bank.

Table 4: Factors that influence choice of retail bank

Choice of Retail Bank		(χ^2)	P> (χ^2)
Age of bank		3.437	0.488
Speed of service delivery		15.579*	
Number of branches	0.03		
Proximity and convenience		16.939*	0.002
Public impression		10.606*	
Advertisement and		0.013	
publicity		7.124	
Safety of deposit		0.129	
Customer-banker		5.483	
relationship	0.241		
Interest charges		4.077	
		0.391	
		86.917**	0.000
		18. 67*	
	0.002		

Source: Field Survey, 2010. ** (significant at 1%), * (significant at 5%)

Number of branches

Number of branches refers to the number of agencies that are available within a particular community. Table 4 shows that the number of branches is significant at 5% with Chi^2 value of 16.939. The null hypothesis that the number of bank branches is not significant in influencing customer choice is rejected and there is evidence to suggest that, indeed, customers choose banks with more branches. Customers think that a bank with more branches is popular and a bank with many branches is expected to have limited number of customers at a time and thus can process transactions faster. This confirms the findings of Ogyenyiejye (2007) that both females and males value their time most and expect their banking transactions to be completed as quickly as possible in order to have time for other pressing activities. In addition, a bank with more branches is also likely to extend services to the peri-urban and rural communities which, in a way, may reduce transaction cost.

Proximity and Convenience

Proximity in this study was measured as the distance that customers travel to visit a bank. On the average, customers cover between 15 to 20 kilometers to cash or deposit money with their banks at Swedru. This variable is also significant (Chi^2 10.606, P> Chi^2=0.00). There is, therefore, evidence to conclude that many customers are likely to join banks that are closer to their communities. Hafeez and Saima (2008), Kennington et al (1996), Sakalya and Vunyale (2007) and Owusu-Frimpong (1999) in their studies confirm that proximity and convenience are vital ingredients in customers' choice of retail banks. Customers want to choose a bank whose location from their homes and workplaces is either within a walking distance or, if it will involve transportation, it has a lower cost and minimum risk. The economic reason behind this is that longer travel distances have higher opportunity cost and, since customers are rational and want to maximize utility, they tend to reduce the opportunity cost associated with bank transaction by choosing a bank closer to their residences. This also explains why rural folks are unable to open accounts with commercial banks. This is because in Ghana most commercial banks are located in the urban areas for the sake of profitability and economic viability.

Interest charges

Interest charges, especially on borrowed amounts, are costs to clients. Like a normal good, as the price increases less of it is bought and vice versa. In the same vein, bank charges, interest rates, processing fees and all other costs are transferred to customers. Customers, therefore, look for banks with low transaction costs in order to do business with them. At 5% level of significance the study fails to accept that relationship between customer choice and level of interest charges is not significant. The reported statistics (Chi^2 =18. 67*and P>(χ^2)=0.002) indicate that customers attach importance to interest charges in choosing retail banks. Table 5 also supports the above analysis. The mean perception value of 3.72 indicates that customers, on the average, rank interest charges as high. The mean is calculated as the sum of all the responses of a particular category divided by the number of respondents in the same category. In this case the mean value for respondents who indicated that interest charges are high is 3.75. Since this is close to 4, we assign it to 'high' meaning relatively customers perceive interest charged by the banks as high.

Table 5: Customer perception about interest charges

Level	Frequency	Percentage	Mean
Very low (1)	6	2.2	
Low (2)	6	2.2	
Moderate (3)	95	34.1	
High (4)	123	44.1	3.72 (High)
Very high (5)	49	17.6	
Total	279	100.0	

Source: Field Survey, 2010

One implication of this finding is that customers, no matter where they are, no matter their level of education, are very sensitive to interest charges. Probably this is because the use of the media has educated the populace on the activities of financial institutions. The 21st century customers are also aware of basic financial literacy. Customers can, therefore, not be taken for granted. Banks that charge exorbitant rates are likely to be competed out of the industry. Another implication is that as the clientele base reduces due to higher rates and service charges, the bank's revenue will also reduce. Furthermore, undocumented source confirms that higher rates and higher service charges would reduce repayments by exacerbating information asymmetries. Kennington, Hill and Rokowska's (1996) confirm our finding that interest charges are key in choosing a bank. This is also in line with the traditional price theory which assumes interest charges to be the price one pays in doing business with a bank. Customers rationally will prefer opening account with a bank with low interest charges compared with a bank with high interest charges.

Speed of service delivery

'Time is money', says the old adage. With regard to speed of service delivery and choice of retail bank, 165 (59.1%) of clients stated that it takes between 1 to 3 weeks for loans to be approved by their banks. They also said they spend between 1 to 3 hours at the bank premises for transactions. However, 118 (42.3%) remarked that the speed of delivery of their banks is satisfactory although there is more room for improvement. Whiles it must be acknowledged that banks need to be very careful in processing customer transactions, there is also the need to process transaction faster in order not to congest the banking hall. In most banks in Ghana there is high level of waiting time, thus keeping customers in long queues. This happens when you are told ‘the system is down’.

At 5% the research fails to reject the null hypothesis that the choice of bank is not significantly influenced by speed of service delivery. The test statistics of (χ^2) = 15.58 and P> (χ^2) = 0.03 **s**hows that banks that attend to customers faster are likely to attract more customers in the study areas. This supports the earlier assertion that customers who travel longer distance to banks would want to return to their destination on time and as such would choose those banks that will not delay them at the banking hall. Empirically, the study by Owusu-Frimpong (1999) in Ghana confirms that Ghanaians are interested in doing business with banks that provide faster services. As customers wait in long queues to be served, it increases the opportunity cost of doing transaction.

Customer-banker relationship

One factor that seems to promote good banking practice is customer-bank relationship. The study sought to find out if staff relationship really affects the type of bank that customers choose. We found that customer-staff relationship is significant at 1% (Chi^2 = 86.917). All other things being equal, there is a strong relationship between customer-banker relationship and choice of bank. This confirms Cicic, Nenad and Emir (2004) in a study on students in southern European countries that found that students chose to do banking business with banks whose staff are more friendly. Our findings confirm another study by Ekumah and Essel (2003); these authors concluded that though friendly and cordial attitudes of bank staff with customers are very important, they must go beyond the office of the manager and the front desk of the banking hall to disseminate information to the public. The implication is that good customer-banker relationship enhances information dissemination, which is crucial for banking business. Maybe, it is in response to this that banks today call their managers ‘relationship managers’. It is high time that banks recognized their customers as ‘kings’ and ‘queens’.

Demographic factors and choice of bank

The paper also sought to assess whether age, sex or occupation influence the choice of a retail bank.

The results of the study in Table 6 show a Chi^2 value of $\chi 2=75.925$ with P> Chi^2 of 0.000. This indicates that there is a strong relationship between choice of bank and occupation of customers. Workers in the formal sector, such as teachers and those on government payroll, are assumed to be more enlightened and have more information about banks than those in the informal sector, such as farmers and traders. The latter group of people are, therefore, able to make well informed choices about banks to open account with. Workers in the informal sector usually rely on information about banks from friends and relatives.

Table 6: Relationship between bank type, sex, occupation and age

	Sex	Occupation	Age
Type of bank	$\chi^2=3.495$ (ά=.479)	$\chi^2=75.925$* (ά=.000)	$\chi^2=2.908$ (ά=.293)

Source: Field Survey, 2010 *significant at 1%

The study failed to reject the null hypothesis that age and sex of customers have a relationship with the particular bank customers choose. Being a female or otherwise does not influence a particular bank one chooses. In the same vein, being old or young has no relationship with the choice of bank.

Conclusions

The present study sought to investigate the factors that influence customers in choosing one retail bank over the other. The results revealed that customers are selective in the banks they do business with. In addition, it came to light that the opportunity cost of doing business with a bank in rural settings includes travel cost and time. Banks that are located far away from the public are, therefore, not likely to attract customers. The financial inclusion policy may be undermined given that only those in the urban communities are likely to have regular access to financial institutions. Since majority of the population reside in the rural communities, commercial banks are encouraged to create market niches closer to those in the rural communities.

Customers are sensitive to interest charges and as a result might not choose banks that charge high interest rates and service fees. This may reduce their customer base and, consequently, their revenue. It is, therefore, important for banks to charge reasonable prices to clients no matter where they are located. Banks also need to educate customers on what goes into the pricing of their products to debunk the notion that some banks are expensive. Customer-banker relationship is also important in determining the choice of retail bank. It is, therefore, important for bank staff to relate well with their customers in order to promote information sharing. Moreover, in order to be more competitive in the banking industry, Ghanaian banks should place customers at the centre of their businesses. With over 25 universal banks and 120 financial institutions, the customer has a choice; hence, banks must demonstrate that they are meeting customer expectations.

A study of this nature should have compared gender differences in the choice of banks to explain why women and men choose different banks. This would have given a broader picture about the subject matter. Besides, the study concentrated on three rural communities, ignoring urban locations. A comparison between urban and rural settings would also have been useful for policy implications. It is, therefore, recommended that future studies consider these factors.

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