

UNIVERSITY OF CAPE COAST

FACTORS INFLUENCING CUSTOMERS' CHOICE OF BANK  
IN THE CAPE COAST METROPOLIS

BY

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Thesis submitted to the Department of Management Studies of the School of Business of the College of Humanities and Legal Studies, University of Cape Coast, in partial fulfillment of the requirements for the award of Master of Commerce Degree in Marketing

OCTOBER 2015

## DECLARATION

### Candidate's Declaration

I hereby declare that this thesis is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's signature..... Date.....

Candidate's Name: Godfred Bugyei

### Supervisors' Declaration

We hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

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## ABSTRACT

Deregulation and various reforms in Ghana's financial sector have made the Ghanaian banking industry an intensely competitive proposition. Due to such competitive environment, it has become crucial not just to attract every potential customer but also to develop strategies aimed at maintaining the existing customers. This study, therefore, sought to explore the factors that influence customers' choice of bank in the Cape Coast Metropolis in Ghana. A descriptive cross-sectional survey research design was adopted for this study. Multi-stage sampling technique was employed. Data was obtained using self-administered questionnaires from 410 customers of five banks in the Cape Coast Metropolis. Multinomial logistic regression was used to examine the relationship between demographic characteristics, advertising, branding, distance to bank location, innovative products and customers' choice of bank. The results revealed a significant relationship between customers' choice of bank and the variables of interest including educational level, occupation, advertising, branding, distance to bank location and innovative products offered by banks. Therefore, the study recommends that, banks operating in the Cape Coast Metropolis should improve upon their brand image and reputation. Bank branches should be sited at areas such as business and market centers which have the propensity to attract potential and maintain existing customers. Banks should develop products that serve the needs of the average Ghanaian and also embark on intensive advertising campaign about the benefits of their current products and services to the general populace.

## ACKNOWLEDGEMENTS

This work would have been incomplete without the support and contribution of my principal supervisor, Mr. F.O. Boachie-Mensah, who did not only take time off his busy schedule to ensure successful completion of this work, but coached and inspired me to view this beyond an academic exercise. He was a father and an advisor to me and my entire family. God bless you and your family too.

I also thank Dr. Daniel Agyapong, my co-supervisor, for his constructive ideas and quick response which improved this work. God richly bless you and your family as well. I wish to express my sincere gratitude to my family, especially, my mother, Madam Paulina Arthur and all my siblings for their encouragement and financial support. I want to acknowledge all the lectures at the School of Business, University of Cape Coast, for imparting in me a great deal of leadership and management skills. I would also like to acknowledge Pro. Marfo-Yardom, Dr. Aikins and Dr. Essaw for imparting in me great deal of discipline and hardwork. Finally, my thanks go to Mr. Isaac Adobaw and Mr. Emmanuel Orkoh for their technical advice and diverse contributions to the success of this work.

## DEDICATION

To my lovely and sweet wife, Dinah Daa Asantewaa Aidoo and my beautiful daughter, Nana Yaa Amankwaa Bugyei.

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LIST OF ABREVAITIONS

ATM	Automated Teller Machine
CIB	Chartered Institute of Bankers
GDP	Gross Domestic Product
GCB	GCB Bank Limited
SPSS	Statistical Product for Service Solution
TBP	Theory of Planned Behaviour
GNB	GN Bank
NIB	National Investment Bank Limited
UTB	Unique Trust Bank Limited

## CHAPTER ONE

### INTRODUCTION

#### **Background to the Study**

The financial sector has been described as the foundation for society's infrastructure, stimulating the growth of an economy and providing services that are vital for both companies and households. They act as intermediary for payment, reallocate consumptions and funds effectively and handle risks (Konkurrensverket, 2009). Building long-term relationship with customers has become a vital strategy for most banks in today's competitive business environment. This is because a bank's profitability is closely associated with customer loyalty and retention (Farquhar, 2004).

According to Demircuc-Kunt and Klapper (2009), inclusive financial systems, allowing broad access to financial services, without price or non-price barriers to their use are especially likely to benefit the poor people and the disadvantaged group in every society. Without inclusive financial systems, poor people need to rely on their limited savings to finance their children's education or become entrepreneurs and small enterprises must rely on their limited earnings to pursue promising growth opportunities. Moreover, evidence from Global Findex database indicates that less than a quarter of adults in Africa have an account with formal financial institution and many adults in Africa use informal sector to save or borrow. Similarly, many small and medium enterprises in Africa lack access to bank line of credit as a

major obstacle to growth. This has contributed to persistent income inequalities and slower economic growth in Africa (World Bank, 2012).

In Ghana, the provision of banking services is regarded as significant as compared to other advanced and free market economies such as Germany, Britain, Japan, United State of America and Canada. A well-functioning banking industry in an economy such as Ghana serves a vital purpose; it offers savings, credit, payment and other innovative products to people with a variety of needs. A bank also mobilizes the savings of people for investment purposes and facilitates the exchange of goods and services. As such, modern trade and commerce would not be possible without the availability of suitable financial services. Without banks large capital of a country will remain unused (Levine, 2005).

Hinson and Hammond (2006) concluded that banking in Ghana has evolved from tightly controlled policies by the government during the post-independent era, through various phases of relaxation, to a present stage where it is market driven. With the passage of the universal banking law, all types of banking can be conducted under single corporate banking entity and this has greatly reorganized the competitive scopes of the several banking products in Ghana. The deregulation and the liberalization of the financial service sector as well as the enactment of the new banking law has led to the emergence of a number of financial institutions in the country by private entrepreneurs targeting different categories of savers and investors.

Blankson, Omar and Cheng (2009) stated that the banking industry in Ghana has been characterized by increased competition since the early 1980s. The increased competition resulting from decade of deregulation of the

financial service sector meant that banks are faced with the task of differentiating their organizations and products or services as a means of attracting customers. The intense competition that exists in the market for financial services presents a big challenge to the profitability of retail banks of all sizes (Mokhlis, 2009, p. 6). Banks have created many products in an attempt to satisfy their customers and to remain highly competitive and unique from their competitors. For example, banks now offer internet banking products which have positive impact on their performance and the satisfaction level of customers as well due to the significant role the internet plays in the lives of people in recent times (Ciciretti, Hassan & Zazzara, 2009).

Banks in Ghana are legally established to undertake operation in one of the following areas; commercial banking, development banking, merchant banking, universal banking or rural banking. By the end of 2014, the banking industry in Ghana was fairly saturated with 27 universal banks, 137 rural and community banks, 58 non-bank financial institutions including finance houses, savings and loans and mortgage houses (Bank of Ghana, 2014). In the Cape Coast Metropolis, there were nine (9) commercial banks, three (3) development banks, many rural banks and numerous savings and loans companies in operation.

The banks have therefore embraced the application of technological innovation aimed at improving service delivery to their customers to enable them remain competitive and to attract more customers. For example, in order to promote the increased use of electronic banking, banks have encouraged their customers to use the national e-zwich card, ATM card, mobile banking and other related biometric cards. This has demonstrated to the unbanked that

banking can be done almost at everywhere and at any time to enable the banks to penetrate to this market of the Ghanaian economy. International trade financing, corporate advisory services, commercial and corporate lending amongst others are also products offered by banks (Hinson et al., 2006).

“A competitive advantage can be reached by banks through product branding which can successfully lead to several benefits such as less sensitive customers, decreased perceived risk among customers and increased brand loyalty” (Keller, 2009, p. 142). Devlin and Mckenchie (2008, p. 168) observed that “in the marketing of financial institutions, corporate branding is essential”. Berry (2000, p. 130) further opined that “branding is important in the service sector because of its ability to create trust in the intangible service and reduce perceived safety and monetary risk in the purchase process”. Thus, changing the corporate brand name may lead to the modification of customers’ perception. Branding is considered as the procedure of creating a brand image which keeps consumers to a brand forever.

Kotler and Keller (2009, p. 800) pointed out that “advertising contributes more in the form of brand equity only when besides brand recall, it also produces favourable brand image and brand attitude”. Thus, people perceive, process, respond to, and use advertising information in making purchase decision about a product or service. It is, therefore, crucial to understand how the brand is perceived by consumers and the impact it has on them.

According to Roos and Gustaffson (2007, p. 101), “understanding customers’ consumption processes, their attitude to the services they receive, and their consequent behaviour is complex”. “Defections have stronger



impact on profitability than market share, unit costs, and many other factors usually associated with competitive advantage” (Kotler, Brown, Burton, Dean & Armstrong, 2010, p. 55). When firms lose a customer, they are not only losing a future earning and incur the cost of finding new customers, they are also likely to lose a loyal customer, which means giving up new margins. Banks, therefore, want a zero customer defection rate of profitability customers to reduce the churn rate and minimize the acquisition costs of new customers (Farquhar, 2004).

“To retain customers, organizations have to satisfy them, particularly, in service industry such as in insurance, banking, public services, medical insurance and telecommunication” (Oyeniya & Abiodun, 2010, p. 7). “If customers are satisfied with the service, this does not only enhance repurchase intentions but also address the switching intentions, where customer satisfaction is found to be the most common factor impinging upon switching intentions” (Fernandes & Santos, 2007, p. 100). “Understanding the switching intention of customers may help to avoid the adverse effects that may result due to customer switching” (Wan-Ling & Hwang, 2006, p. 59). Therefore, it is significant that banks do not only know the number of customers they are retaining or losing, but also understand the factors which determine their switching decision as well.

Customer decision making and choice have been emphasized in theories such as Azjen’s (1991) theory of planned behaviour and Goldratt’s (1990) theory of constraint. These theories specify that banks are constrained by competitive pressures and rapidly changing business environment coupled with the difficulty of attracting and retaining today’s ever sophisticated

customers. It is, therefore, important for commercial banks to understand the determinants of customers' bank selection decision so as to reduce the constraints of wealth maximization by the bank (Bramorski, Madan and Matwon (2002), This is because customers choose alternative financial services providers due to constraints, service quality and staff courtesy among other (Cleopas & Olawale, 2011). Therefore, human behaviour such as choice of bank that is dependent on certain skills, competent planning, co-operation of others, time, money, or the handling of certain external and internal hindrances and actions will thus be a product of both outcome and efficacy expectations (Bandura,1997, p. 46).

With the growing competitiveness in the banking industry, increasing customer sophistication and the similarity of products offered by other financial institutions, it has become increasingly significant for banks to build strong brands through advertising, offer innovative products and identify the basis upon which customers choose their financial service providers.

### **Statement of the Problem**

Financial systems in Africa generally lag behind those in other developing economies, despite the fact that many significant improvements were implemented within the past decades. An international comparison of private credit to Gross Domestic Product (GDP) - a main indicator of financial depth - shows a gap with other developing economies (World Bank, 2012). For instance, the ratio of private credit to GDP averaged 24 percent of GDP in Sub-Saharan Africa in 2012, and 39 percent in North Africa, compared with 72 percent for all other developing economies and 172 percent for high income countries.

According to the Bank of Ghana (2009) the formal banking system in Ghana has ignored the low end of the Ghanaian market which they perceive as risky and not viable. This has prevented banks to make inroads into major segments of the Ghanaian economy and has adversely affected government effort to raise the income level of low income households. Notwithstanding, the banking system in Ghana and in the Cape Coast Metropolis in particular, has experienced keen competition over the last five years. Many banks from Asia, America, Europe and other African countries have established their subsidiaries in the country making the banking industry grow into multi-player market where large numbers of banks are operating with different technologies. This is because banks prefer to have subsidiaries in countries where expected profits are larger because of higher expected economic growth and the prospect of benefiting from local banks inefficiencies (Focarelli & Pozzolo, 2005).

However, the Chartered Institute of Bankers (CIB), Ghana, argue that the unbanked population of about 70 percent of Ghana's adult population as at 2014 was likely to increase and potential customers would be discouraged from transacting business with the banks because of the charges customers have to pay on banking products and services. Airtel Ghana emphasized that, as at 2015, the unbanked population of Ghana's adult population has increased to 80 percent due to the inability of the banks to develop innovative products that meet the needs of Ghanaians (<http://www.grahic.com.gh>).

It is, therefore, important for banks to find out the causes and the factors that would help to attract potential customers and maintain the existing ones. A lot of studies (Kumar, Kee and Charles (2010); Dusuki and Abdullah

(2007); Colgate and Hedge (2001)) have been carried out in the area of factors influencing customers' bank selection decision in many countries such as Canada, USA, Britain and Australia (Sharma & Rao, 2010). However, limited empirical studies have focused on customers' choice of bank in Ghana and particularly, Cape Coast Metropolis.

Also, the review of the literature revealed that none of the studies done in Ghana concerning customers' choice of bank has included advertising, innovative products and branding as factors that influence customers' bank selection decision. This problem has formed the basis for which this study sought to fill such gap. The study, therefore, seeks to examine the extent to which advertising, branding, distance to bank location, innovative products and demographic characteristics influence customers' choice of bank in Ghana with specific reference to the Cape Coast Metropolis.

### **Objectives of the Study**

The general objective of the study was to explore the factors that influence customers' choice of bank in the Cape Coast Metropolis. Specifically, the study sought to:

1. determine the effect of advertising on customers' choice of bank in the Cape Coast Metropolis.
2. examine the effect of branding on customers' choice of bank in the Cape Coast Metropolis.
3. ascertain the relationship between distance to bank location and customers' choice of bank in the Cape Coast Metropolis.
4. assess the effect of innovative products and services on customers' choice of bank in the Cape Coast Metropolis.

5. determine the effect of demographic characteristics (age, occupation, education, income) on customers choice of bank in the Cape Coast Metropolis.

### **Hypotheses of the Study**

The following hypotheses were formulated for this study:

1. H<sub>1</sub>: Advertising has a positive effect on customers' choice of bank in the Cape Coast Metropolis.
2. H<sub>1</sub>: Branding has a positive effect on customers' choice of bank in the Cape Coast Metropolis.
3. H<sub>1</sub>: There is a negative relationship between distance to bank location and customers' choice of bank in the Cape Coast Metropolis.
4. H<sub>1</sub>: Innovative product has a positive effect on customers' choice of bank in the Cape Coast Metropolis.
5. H<sub>1</sub>: Demographic characteristics (age, occupation, education, income) affect customers' choice of bank in the Cape Coast Metropolis.

### **Significance of the Study**

The study would contribute to the body of knowledge in the field of consumer choice of bank and switching behaviour in the banking industry in Ghana. It would also bring to light the banker-customer relationship that exists in the Cape Coast Metropolis. The findings would provide branch management with information on the influence of branding, advertising, distance to bank location and innovative products on customers and that would enrich branch operations. The findings from the study will be important to the banking industry especially in improving on the factors that would contribute

to the improvement of customer satisfaction levels which in turn would enhance their attraction. The study would also address the lack of information with regards to the factors that affect customers' motivation to transact business with banks in Ghana.

It is expected that the outcome of this study will provide a platform for further research in the area of banking operations and how to increase banking penetration ratio in Ghana and Africa in general. The findings of this study will also guide policy makers when developing programmes and formulating policies aimed at improving the banking industry in Ghana and the world at large. Last but not least, it would contribute to existing literature and add to academic knowledge in the area of branding and banking advertising which will inform industry players in the formulation of appropriate marketing strategies to attract potential customers and retain existing customers.

### **Organisation of the Study**

The study is organised into five chapters. Chapter one is assigned to the background to the study, highlighting on the problem statement, objective of the study and research questions. Other sections contained in the Chapter one are significance of the study, scope of the study and the organization of the study. Chapter two reviews the relevant literature related to the study. Chapter three focuses on methodology, which describes the research design, population, sampling technique, research instruments data collection method and analysis procedures. Chapter four discusses the findings of the study, while Chapter five presents the summary, conclusions and recommendations of the study.

### **Delimitation of the Study**

This study was limited to only the commercial banks operating in the Cape Coast Metropolis even though there are many banks operating in Ghana as a whole. The scope of the study was narrowed because of the limited resources available to the researcher and the time-bound nature of this academic research dictated the narrowing of the scope. Moreover, out of the eleven commercial banks operating in the Cape Coast Metropolis only five of them were included in the study due to ethical considerations. Furthermore, the differences which exist between the five banks included in the study were not analysed due to the difficulty in obtaining the required information needed for such analysis.

The findings of this study were therefore more relevant to the selected banks operating in the Cape Coast Metropolis. However, the results of this study can be generalized for banks operating in other part of Ghana and poses similar characteristics as those operating in the Cape Coast Metropolis. Also, it is anticipated that significant inferences can be made to the findings of this study.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### Introduction

This chapter reviews the related literature on socio-economic determinants of customers' choice of bank from both global and Ghanaian perspectives. The aim of this chapter is to explore and make critical comparisons, critiques, contrasts and synthesizes views and opinions expressed by different authors on customers' choice of bank. This is aimed at getting support theories and empirical evidence for the study. This chapter consists of three sections: section one discusses the theoretical literature of the study. Section two is the discussion of the empirical studies on factors influencing customers' choice of bank. The last section presents the concluding part of the review.

#### Theoretical Literature Review

The purpose of this section is to review the theoretical expositions of the factors influencing customers' choice of bank. This section is organized along the following themes: theory of planned behaviour, theory of constraint, determinants of customers' choice of bank, consumer decision-making process and conceptual framework for the study.

#### Theory of planned behaviour

The theory of Planned Behaviour (TPB) is based on the assumption that people behave logically and in the most sensible manner. This theory

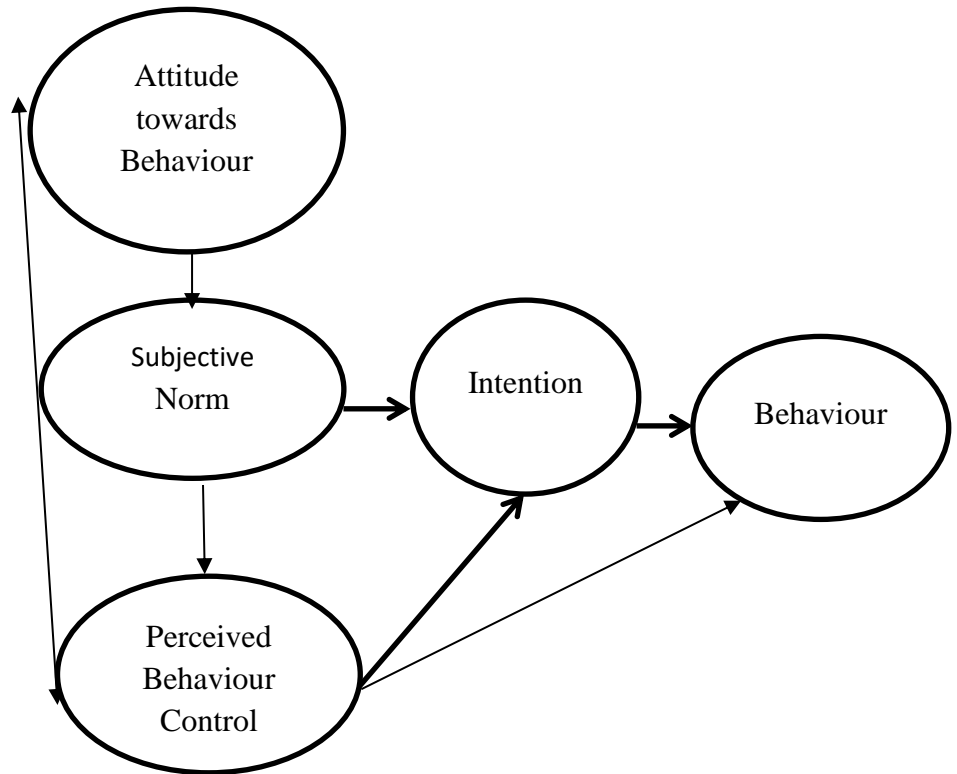


stipulates that a person's behaviour is followed by his or her perception or intention (Ajzen, 1991). The theory of planned behaviour is an extension of the understanding of the consumer decision-making process by considering how the concepts; attitude, subjective norm and perceived behavioural control influence specific behaviour including purchasing intent (Ajzen, 1991).

The theory of planned behaviour was proposed by Ajzen as a response to the criticism against the theory of reasoned action for its failure to include behavioural control which people have incomplete control of it. Thus, the concept of perceived behavioural control was added to the new model in order to take care of the numerous criticisms of the theory of reasoned action (Madden, Ellen & Ajzen, 1992). The model uses these three variables (subjective norm, attitudes, and perceived behavioural control) to demonstrate the direct influence they have on the behavioural intention of an individual. Thus, these predictors guide a person's behaviour and lead to one's intention.

Bandura (1997) opined that the theory of planned behaviour follows both cognitive and modified learning theory. Thus, even though a person thinks that a specific behaviour will produce positively valued outcomes, he or she will only be motivated to perform the behaviour to the extent that an individual is confident in the ability to perform it successfully.

Ajzen (1991) consequently, explained that the theory of planned behaviour consists of a framework showing how attitudes, subjective norm and perceived behavioural control influence planned intention and realized behaviour (Figure1).



*Figure 1: Theory of planned behaviour*

Source: Ajzen (1991)

According to Ajzen (1991), component of personal factors, social influences, economic factors and other control issues have great impact on a rational consumer's awareness, consideration and choice. Personal beliefs form either positive or negative attitude towards the intended behaviour. In Figure 1 personal factor is represented by attitude towards the behaviour. The theory further points to the fact that other factors rather than those mentioned above also influence one's behaviour. These other factors include normative expectation or social pressure. This is represented by subjective norm in Figure 1. Perceived behavioural control is related to how an individual is able to perform a desired action. The perceived behavioural control greatly

influences one's intention. It refers to a person's perception of his or her ability to perform a given behaviour. It also reflects beliefs regarding access to the resources and opportunities needed to perform the behaviour (Ajzen, 1991).

The more the favourable attitude and the subjective norm, and the greater the perceived control, the stronger should be the person's intention to perform the behaviour in question. Thus, the more resources and opportunities individuals perceive they possess and the fewer impediments they anticipate the greater should be the perceived control over the behaviour. For example, if an individual has money and has access to a bank, he or she would prefer to deposit it at a bank for safe keeping. On the other hand, if an individual does not have access to a bank, he or she would not choose a bank, let alone patronise the products and services offered by the bank.

In fact, customers will perceive banking services to be more feasible if access is improved while advertising campaign is increased to create the needed awareness of the products while innovative products are developed by the banks to attract potential customers and retain existing customers. On the other hand, the impediments would be long distance to bank location and inadequate information about the existence of banking products and services that can satisfy the needs of the customer. Notwithstanding, Ajzen and Driver (1992, p. 210) observed that "people tend to perform an action when they have positive evaluation about the desired behaviour, feel pressured to do it and have the capability to do so".

In general, the stronger the intention to behave in a certain way, the more likelihood one will perform an action given that there exist little or no

constraint. For example, if a customer's intention is to choose bank X, he or she will do so only if he realizes that his or her banking needs would be better served by bank X than bank Y or any other alternative bank. However, Beckett et al., (2003) argue that attitudinal factors such as involvement and uncertainty also influence consumer's behaviour. The more specific the result of the purchasing behaviour anticipated, the lower the degree of uncertainty and vice versa.

The consumer's ability to predict the result of his or her action is based on the availability of information and reasoning ability. If the information is widely available, accessible and the consumer is able to manage the available information, it can lead to lower degree of uncertainty to the consumer. The level of risk can be lowered if the degree of uncertainty is at a justifiable level. The other key determinant of consumer's behaviour is the interest of the consumer towards a product or a service. The degree, to which a product or a service can help a consumer to gain maximum satisfaction, increases the consumer's desire to patronise the product at a specified period of time (Beckett et al., 2003).

Bandura(1997, p. 46) stipulated that "for behaviours that are dependent on certain skills, competent planning, cooperation of others, time, money, or the handling of certain external and internal hindrances or actions will thus be a product of both outcome and efficacy expectations". Nevertheless, Ajzen (2002) argued that when perceived behavioural control is understood by an individual that when subjective probabilities of success and actual control are less than perfect the theory of planned behaviour is similar

to Bandura's concept of self-efficacy, but only when the latter is defined in relation to the performance of specific behaviours.

Rhodes and Courneya (2003) noted that despite the success of the theory of planned behaviour, its conceptualization has been controversial with regard to the perceived behavioural control. A symptom of this controversy is the disparity in the label used for the perceived behavioural control component. More importantly, there is a disparity in the definitions and the perception that perceived behavioural control is a multidimensional construct.

Leach, Hennessy and Fishbein (2001, p. 17) concluded that "when the perceived behavioural control is operationalized in terms of perceived difficulty, it is just a complementary way of measuring attitude". They further posit that it is not clear whether perceived behavioural control if measured as confidence or self-efficacy can really be differentiated from intentions.

It can be concluded that the basic assumption which underpins the theory of planned behaviour as suggested by Ajzen has some level of limitations. It can be said to provide imperfect information to consumers in their quest to make an informed choice. This is because the determinants of one's intention are not usually limited to the proposed factors by Ajzen. The theory of planned behaviour holds the assumption that only specific attitudes toward the behaviour in question can be expected to predict that behaviour. However, human behaviour is sometimes unpredictable. People do things with reasons for which they cannot even understand or explain them. People's decisions are influenced by things which are sometimes beyond their control. Graves (2010) affirmed that consumers do not sometimes know what they

want. They have unconscious needs and therefore advertisers are trying to make them want what they do not necessarily need.

### **Theory of constraint**

The theory of constraint is a versatile system's methodology that has been developed to help firms and individuals think about their problems, develop breakthrough solutions and implement those solutions successfully. This theory takes scientific approach to improvement and suggests that every complex system including service organisation such as a bank, consists of multiple linked activities one of which acts as a constraint upon the entire system. "The constraint activity is the weakest link in the system and a chain is not stronger than its weakest link" (Goldratt, 1990, p. 10). Thus, process organisations or institutions are vulnerable because of the weakest person or part which can always damage and adversely affect the output or the performance.

According to Mabin and Balderstone (2003), in financial institutions such as banks, the constraint begins when the firm loses its customers to its competitors or needs to attract more customers to sustain its profitability. The Theory of Constraint is used by firms to assess the causes of customer loss, or factors that aid customer gain and loyalty. Thus, banks should take keen interest on the factors that influence the attraction of potential customers and help to maintain existing customers. "Customers choose alternative financial services providers due to constraints, service quality and staff courtesy among other" (Cleopas & Olawale, 2011, p.5). However, distance to bank location, bad reputation of the bank, inadequate information about the operations and lack of innovation by a bank also affect customers' choice of bank. For

example, the youth and well educated are more likely to select a bank whose operations are highly technologically inclined and offers innovative products and services to serve the needs of its customers. Therefore, banks should be innovative so as to attract younger people who are regarded as future potential customers.

Banks should also be concerned about the behaviour of their employees aimed at pleasing management but hinder the smooth delivery of service to customers. Thus, banks should be much concerned about their brand image due to the competitive nature of their industry and the sophistication of the customers they deal with. This is because the actions of employees can greatly influence customers' decision to stay or switch to an alternative bank for their financial transactions in the future.

One of the best appealing characteristics of the Theory of Constraints (TOC) is that it inherently prioritises improvement activities. The top priority is always the current constraint. In an environment where there is an urgent need to improve such as the banking industry, the theory of constraint offers a highly focused methodology for creating rapid improvement to satisfy customer needs. "Customers expect higher products and quality of services than the price they are willing to pay in order to acquire those products and services" (Mabin & Balderstone, 2003, p. 591).

According to Bramorski, Madan and Matwon (2002), the theory of constraint is applicable to banks because they are faced with multiplicity of challenges including competition, increasing customer sophistication, legislative and regulative control and technological advancement because of the changing environment in which they operate. Banks therefore, need to

develop new strategies to attract and retain customers to survive, grow and increase their profitability for the current and the ensuing years. Understanding the determinants of commercial bank selection by customers is one of the ways to reduce or eliminate these constraints to achieve bank wealth maximization.

Bramorski et al., (2002) noted that due to globalization, the strategic factors used by service organisations such as banks to compete for customers include such dimensions as cost, flexibility, time and quality. To effectively compete on price, banks have to offer lower prices on transactions and offer higher interest on customers deposit than what competitors do. Flexibility involves the ability of the bank's system to introduce new products on cost-effective manner in order to meet and exceed the expectations of existing sophisticated and potential customers. The time aspect addresses how promptly new and innovative products can be introduced as well as how quickly products can be delivered to customers. Moreover, the quality dimension deals with product design, the processes that deliver the products to the customer and post-delivery services as well. In order to retain customers and to expand customer base, banks have to change their products and processes in order to meet and exceed customer expectations. These changes can be achieved through continuous improvement and innovations in all areas that are important to the customer.

In conclusion, the concept outlined by the Theory of Constraints can be effectively used to identify an organisation's goals, locate the challenges of achieving maximum performance and develop practical measurement to facilitate process improvements. However, it is sometimes not easy to identify



the challenges and the constraints that pose as a threat to the survival of an organisation as put forward by Goldratt. The Constraints in banks are usually found to be associated with the policies and procedures rather than capacity or equipment. Therefore, this study admits that both the theory of planned behaviour and the theory of constraint underpin it.

### **Empirical Review**

This section of the chapter reviews literature on advertising and its effect on choice of bank, branding and its effect on choice of bank, relationship between distance to bank location and choice of bank, effect of innovative products and service on customers' choice of bank as well as the effect of demographic characteristics on customers' choice of bank.

Financial industry, particularly, the banking sector is becoming competitive as each day passes due to product differentiation, service accessibility, product offering and technology used in service delivery. Customers usually select banks by considering various aspects of the service proposition. Thus, to choose a bank for financial transactions, customers have become more sensitive than ever. Therefore, to attract customers, banks need to know and understand the factors that best influence their decision-making and choice.

### **Advertising and its effect on choice of bank**

Advertising has always been used as the tool for connecting individuals or organisations who want to sell their goods and services and those who have the means to buy them. It has even become more effective tool for organisations to inform potential and existing customers about their

products and services due to the improvement in existing media and advancement in information and communication technology. Media types such as radio, television, newspapers, magazines, direct mails and internet have helped to promote the effectiveness of advertisement in the world. The advertising-effectiveness can be measured directly by observing sales volumes during campaigns or indirectly by conducting surveys (Rix, 2007).

Anon (2011) observed that newspapers, television and magazines have the biggest impact on consumer buying behaviour. When banks create the needed products and services they must find the most effective method to make their existing customers be aware of them and also inform the larger consumer market. Advertising provides the greatest opportunity for business organisations to inform people about their existence and to remain competitive. Suntherland (2008) also opined that television adverts usually tend to have more of consumers attention since not only do we hear what the advertisers have to say, we also see what we can get. The more we are of a need, the more focused we are.

However, many organisations assume that if they provide excellent products and services, potential and existing customers will come and buy them. On the contrary, winning new customers and keeping the existing ones in this competitive retail banking market is not an easy endeavor. Although advertising is considered as expensive, it provides the platform for banks and other business organisations to sell their products and build strong brands from the competing organisations. Advertising, therefore, promotes brand name (Rix, 2007). Hughes and Young (2008) affirmed that one of the significant roles of advertisement, particularly, with respect to its ability to reach large

group of clients and customers often very quickly, is to create awareness. This can be applied to new product launch where there is the need to create initial awareness, positioning and also establish brands where messages regarding repositioning is the main focus.

Kotler, Brown, Burton, Deans and Armstrong (2010) explained that advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. Advertising is used by organisations be it profit or non-profit to promote their products and services to the general public with the aim of creating awareness and increasing sales level. Through advertising, companies aim to attract customers by promising superior value and to maintain current ones and further develop ones clientele by delivering customer satisfaction (Kotler & Keller, 2009). The major aim of every organisation is to satisfy the needs, wants and demands of every customer. They further stated that demand is created when people want to consume products or services that will bring value for their money. Advertising is therefore significant to all banks in this highly competitive business environment and it seems to be the most popular way of marketing today. It is no surprise that almost every organisation starts operation by focusing its time, human and capital resources on meeting the needs of customers. Strangely, however, most organisations neglect the function of winning new customers.

According to Gerrard and Cunningham (2004), promoting the business through announcing various offers attract more customers. Attractions such as free gifts or lucky draw may help to reduce the switching behaviour of customers. Marfo-Yardom (2000) stated that products compete in the complex

environment of mass market with consumers exposed to hundreds of advertisement in the course of average day. It is, therefore, incumbent on organisations to clearly understand which of the channels of communication that can best be used to reach their target market. By exposing consumers to repetitions and images of products, it increases the likelihood of buying (Jansson-Boyd, 2010). Mokhlis (2009) stipulated that marketing promotions influence both male and females when selecting their preferred bank for financial transactions. Advertising efficiency has a direct positive effect on the image of a service, firm or business as well as customer expectation (Cengiz et al., 2007).

Pickton and Broderick (2005) concluded that advertisement is as effective as the mass media through which the message is communicated to the receiver. It is, therefore, crucial for organisations to carefully choose their mass media in advertising their products, services and operations to reach the desired target group and at the right time. Ackerberg (2003) stipulated that advertising performs various roles, among which the most important are: informing the target group about the appearance of new product or a company and persuading consumers to buy some specific goods or services. This makes advertisement in general an intricate and indissoluble part of everybody's life. He further noted that advertisement greatly impinges on customers' awareness and has the potential of affecting their thought, attitudes, feelings and decisions. Advertisement is a vital tool that if effectively developed and managed can help to increase sales level and ultimately, the profitability of business organisations. It provides the platform to present business

information to existing and potential customers. This information includes product quality and place of availability.

In their recent study, Shaher, Kasawneh and Salem (2011) evaluated the major factors that affect commercial banks performance by customers in the Middle East Region. They employed factor analysis technique in their methodology in order to extract the most essential factors that hinder the customers in their choice of banks and banking services. Their findings revealed that bank's characteristics and awareness of bank's performance through advertisement are considered as important factors in customers' bank selection decision.

Cengiz, Ayyildiz and Er (2007) studied the behaviour of bank customers' in Turkey. The finding of their study revealed that efficient advertisement may enhance bank customers' loyalty and help to retain customers. The study further pointed out that effective advertisement captures the attention of potential customers and advances customer loyalty. Moreover, professional service advertisement is positively associated with customers' expectations of benefit and guides their purchasing behaviour.

However, Mylonakis, Malliaris and Siomkos (1998) conducted a study on the determinants of customers' bank preference in Greece. They sampled 811 customers of banks operating in Athens. The finding of the study revealed that advertisement does not seem to influence bank customers at all. Hence, the hypothesis formulated for this study is:

*H<sub>1</sub>: There is a positive relationship between advertising and customers' choice of bank in the Cape Coast Metropolis*

### **Branding and its effect on choice of bank**

In today's clustered retail environment, consumers are overwhelmed with choice. However, consumers cannot weigh up all the options available to them but they must make their choice within the space of limited time and other resources. In order to make such fast decisions, consumers have no alternative but to make use of mental pictures, names and heuristics to guide their choices. Perhaps, branding has been recognised as the most powerful shortcut available to consumers to quickly and efficiently aid them to select from huge array of commercial banks.

According to Kotler and Keller (2006), a brand is "a name, logo, symbol, design or a combination of them, intended to identify goods or services of one seller or a group and to differentiate them from those of competitors". The brand is therefore intended to signify the goods or services of one seller or group of sellers and to differentiate them from those who produce the same or similar products in a given market. Rosetti (2005) also pointed out that a brand is a name, term, symbol, design or a combination of them, intended to identify goods or services of one seller or a group and to differentiate them from competition. Keller (2003) stipulated that within this observation, whenever a marketer creates a new name, logo or symbol for a product he has created a new brand. More importantly, a brand promises relevant differentiated benefits. Everything an organisation does should be focused on enhancing delivery in accordance with what its brand promises.

Bravo, Montaner and Pina (2010) observed that one way to differentiate one bank from the other in this retail bank market is by using corporate brand image. This has become important due to the deregulated

market and increased competition in the retail market. They further developed the scale for measuring corporate brand image in the banking industry from the customer perspective, as they found previous scales to be inadequate to the study of brand image in the commercial banking sector. Their scale measures brand image of an organisation in five dimensions: service offering, location, social responsibility, global and personal impression. They further opined that brand image is about the reputation and the personality of the corporate brand, as associated by the consumer, in the sense of trustworthiness, honesty, friendliness and general impression.

Wood (2000) observed that the common definition of brand in contemporary marketing literature is: “a name, term, design, symbol, or any other feature that identifies one seller’s goods or services as distinct from other sellers. Thus, the fundamental purpose of a brand is to differentiate a firm in a competitive market environment and also to promote the image of an organisation. Brand image is the consumer’s perception of a brand based on the association of the brand kept in memory. Strong brand image results in quality assurance, consumer preference, loyalty and makes a company credible. Notwithstanding, it is believed that branding or re-branding, with a new name or logo does not come cheap and should therefore be handled with utmost care and precision lest it amounts to a total waste of money and other resources.

Lead (2005) concluded that the value of a strong brand lies in the impression left with anyone who comes into contact with the organization. He further observed that the most compelling reasons for effective branding is to achieve customer loyalty and to support a premium price because customers

rely on experience and their long held attitudes about a brand; and that successful brands are often focused on one specific market segment. The most effective branding entails a memorable name and a ubiquitous slogan combined with an instantly recognizable and unique logo (Beyond Marketing Thought, 2007). Unlike products that are introduced, exist for a while and disappear, brands endure forever. They cannot be reduced to a symbol on a product or a mere graphic and cosmetic.

According to Lindstrom (2008), there are three pronged approaches to developing an effective branding strategy, namely, determine which audience to focus on, determine what message your brand should convey and finally, determine what creates the brand. He further opined that a brand must have a clear audience focus, value focus and tone-of-voice focus with which to deliver its well-honed message. Branding ultimately works as a signal. It acts as a memory cue, allowing consumers to retrieve relevant information from memory. The information consumers have stored about brands is crucial in guiding their decisions. Brands that are recognised more quickly and easily are liked more and ultimately chosen more (Winkielman, Schwarz, Reber & Fazendeiro, 2000).

In India, Rao (2010) conducted a research in the area of student banking. A sample of 312 respondents was selected to determine the factors that influence their decision to select the primary banks with which they perform financial transactions. The responses of the respondents indicated that brand name, staff courtesy and financial reliability of the bank influence their choice of bank. In this study, the reputation of a bank was also identified as a significant determinant of customers' choice of bank for Indian students.



In Malaysia, Kumar, Kee and Charles (2010) conducted a study to determine the factors that affect the decision of customers when making a choice of bank. The findings of the study revealed that branding is the most important factor considered by customers in selecting a bank for financial transactions. They further recommended that banks should innovative in creating more channels by riding on technological advancement and customers should be their priority and prime focus. However, the various individual variables which were used to measure branding were not indicated by the study. This makes it difficult for future researchers to identify the missing gap to fill.

Kamakodi and Khan (2008) surveyed and obtained responses from 292 bank customers on the factors that influence their bank selection decision. The study revealed that the brand image of a bank is one of the top parameters customers consider when choosing commercial banks and their services. In his research, Mylonakis (2007) studied customer preferences in the home loan market experience in Greece. He sampled 200 bank customers and collected the data using structured questionnaire. His findings disclosed that the bank's reputation, existing co-operation as well as the attitude of bank staff are the major factors that influence customers' choice of bank.

Almossawi (2001) conducted a study in Bahrain. The focus of the study was to examine the bank selection criteria employed by college students. He sampled 1,000 students from the University of Bahrain. The finding of the study disclosed that bank's reputation is a key factor which determines students' bank selection in that country. The study further revealed that it may be necessary to deal with male and female students as distinctive segments

with different priorities in their bank selection process. He also stated that in the retail environment branding serves as an important cue to guide consumer choice. Given the significance of attention on consumer choice, it is therefore important to identify how branding influences customers' choice of bank. This study concentrated on the reputation of the bank and ignored other equally important variables such as brand name, logo and financial stability of the bank in determining whether branding affect customers choice of bank.

Clemes, Gan and Zhang (2010) posited that reputation depends on three elements, namely the reliability of the bank, trust worthiness and financial stability of the bank. Therefore, corporate branding agenda should be pursued by banks seriously and with the right strategy to derive some of the enormous benefits associated with it. Kotler and Keller (2006) observed that although competitors can duplicate the manufacturing process and the product design, they cannot match the lasting impressions in the minds of individuals from years of marketing activities and product experience. Thus, in this study, it is hypothesised that:

*H<sub>1</sub>: There is a positive relationship between branding and customers' choice of bank in the Cape Coast Metropolis.*

### **Distance to bank Location and choice of Bank**

Convenient location is a critical factor influencing customers' evaluation of a firm's performance. Customers tend to switch to a new provider if the new provider is closer to their home or workplace because it directly determines whether the customer can access their banks on a regular basis (Gnash, Arnold & Reynolds, 2000). Therefore, relocation or other factors beyond the control of the customer or service provider can destroy

even the most satisfied relationship between the customer and the service provider (Taylor, Roos & Hammer, 2009). Thus, where to locate a bank has a significant impact on customers' bank selection decision. This is because customers usually prefer to have easy access to their bank for financial transactions.

Selleh and Hazimah (2009) stipulated that customers always try to select those banks which have more branches and are convenient in location. Location has a special meaning in the financial service industry because it is at the branch or office that a bank and its customers are connected; it where the customers have their accounts. Convenient location is a critical factor influencing customers' evaluation about a firm's performance. A convenient location can encourage customers to stay at their current bank and delay the idea of switching, even if the satisfaction rate is not high (Lee & Cunningham, 2001).

Maiyaki (2011) conducted a survey in Nigeria to obtain information about the factors determining the selection and preference of commercial banks by retail customers. He sampled 417 bank customers using multi-stage sampling procedure. He discovered that the availability of large branch network across the country and the convenient access to bank location were some of the greatest influence on customers' choice of bank.

In Afghanistan, Farooq, Ahmad and Jamil (2010) studied the decision criteria of Islamic bank customers when patronizing a particular bank. The result of the study revealed that access to bank is one of the most important factors leading to customer's choice of bank and for the selection of banking products and services.

Blankson et al., (2009) employed a comparative cross-national study aimed at revealing the factors that determine retail bank selection among students in different environmental settings. The findings of the study disclosed that convenient location is the most important factor that influences students' bank service selection in Ghana and United States. Similarly, Mokhlis, Mat and Salle (2008) conducted a research in Malaysia. They sampled 350 undergraduate students to identify the factors which determine their bank selection decisions and to determine whether undergraduates constitute a homogeneous group in relation to the way they select banks. Adopting factor analysis technique, they found out that proximity and branch location were grouped as moderate factors that influence student bank selection decision.

In Malaysia, Dusuki and Abdullah (2007) conducted a study on customers' bank selection decision. They used self-administered questionnaire as the main data collection instrument. The sample size for the study was 750 respondents. They also employed banking criteria ranking as perceived by the respondents and analysed the data using Friedman Test. The study revealed that the most significant determinant for choosing a bank as perceived by respondents is convenient location.

Kisser (2002) conducted a research and inferred that due to time and cost constraints many customers give value to the nearest bank branch and open their accounts in these branches. He further inserted that clients may prefer to select the nearby bank from either their residential place or work place, especially when there is narrow geographical ease of access to substitute banks. The distance to bank branches that are favourable plays major role to

attract customers' who are more interested about convenient location of banks, because its saves their time and cost as well. Therefore, the following hypothesis is proposed:

H<sub>1</sub>: *There is a relationship between distance to bank location and customers' choice of bank in the Cape Coast Metropolis.*

### **Effect of innovative products and services on choice of bank**

The emergence of new banking technology and service delivery has created highly competitive market condition. This has also brought an impact on consumer behaviour and has influenced banks to innovate so as to survive. Over the years, banks operating in Ghana have developed and, in some cases, have adopted various innovative products such as Automated Teller Machines (ATMs), Electronic Fund Transfer at Point of Sale (EFTPS), Internet Banking and Mobile Banking as a means of delivering convenient financial services to their customers and to remain competitive.

According to Kotler (2003), innovation is described as any good, service or idea that is perceived by someone as new. The primary drivers of innovation include, financial pressures to decrease costs and increase efficiency, increased competition, shorter product life cycles, value migration, stricter regulations, industry and community needs for sustainable development, increased demand for accountability, community and social expectations and pressures, demographic, social and market changes, rising customer expectations regarding service and quality, greater availability of potentially useful new technologies coupled with the need to keep up or exceed the competition in applying these new technologies, and the changing economy (Baker, 2002).

Jayawarhena and Foley (2000) pointed out that innovative service delivery such as electronic banking is the newest delivery channel in many developed countries and there is a wide agreement that the new delivery channel will have a significant impact on the banking market. Internet banking offers the traditional players in the financial service sector the opportunity to add a low cost distribution channel to their numerous different services (Nehzow, 1997). He further stipulated that internet banking also creates a threat to traditional banks' market share, because it neutralizes so many of their competitive advantages in having branches and as internet banking becomes more popular, it will be interesting to see what happen to traditional banks and their branches. However, Wah (1999) argued that traditional banks will not disappear in the future. Instead, the new technology will put them on a new level in the banking service.

According to a global survey conducted by Booz-Allen and Hamilton (1997), the establishment of internet banking requires United State of America \$1-2million which is lower than branch-based banking set up. The cost of electronic transaction is lower when done online compare to the one done at a branch network (Robinson, 2000). The single most important driving force behind the implementation of innovative service such as electronic banking is the need to create a power barrier for customer exiting and moving to a new financial service provider is significantly diminished (Sheshunoff, 2000).

Most recently, Maiyaki (2011) in his survey in Nigeria obtained information about the factors determining the selection and preference of banks by retail bank customers. The sample size used for the study was 417 bank customers. He adopted the multi-stage sampling procedure and found out

that opportunity of telephone banking, availability of assorted retail bank services; reasonable terms of credit and loans repayment were the factors that have the least influence on customer choice of banks.

In Turkey, a research was conducted by Katircioglu, Fethi, Unlucan and Dalci (2011) to investigate the selection criteria of undergraduate students who are considered as the future potential customers of banks in different regions of the world. Their finding revealed that availability and convenient location of Automated Teller Machine (ATM) services and speed and quality of services are the most important factors which are considered by both Turkish and non-Turkish undergraduate students when choosing and patronizing commercial banks and their services.

In Pakistan, another study was conducted by Raman and Ahmed (2008) to analyse the major determinants of customers' bank selection. The study was based on a survey of 358 customers of private, privatized and nationalized banks located in the city of Lahore. The finding of the study revealed that the most important factors influencing customers' choice of bank were customer services, convenience, online banking services and the overall banking environment.

Karjauloto, Mattila and Pento (2002) opined that internet banking helps the customer to avoid moving from one branch of a bank to another for his or her financial transactions. In this way, it saves time and money, provides convenience and accessibility and has a positive impact on customer satisfaction. However, price seems to be the only factor militating against electronic banking (Sathye, 1999). Banks were satisfying the needs of their customers with traditional products and services such as loans, savings

account, current account and fixed deposit account. Due to intense competition and customer sophistication needs banks have no choice than to develop innovative products and services to satisfy the needs of their customers and to remain competitive as well? Sweeny and Morrison (2006) noted that many innovations have recently modified the concept of retail banking due to the new forms of distribution of financial services as well as the evolution of the twenty-first century answers.

Joseph and Stone (2003) also stated that the installment of customer friendly technology (such as menu-driven automated teller machines, telephone and internet banking service) has become common place in recent years as a way of maintaining customer loyalty and increasing market share. This means that new products and services are used as important instrument even though they contain certain risks (Littler & Melanthiou, 2006).

Abor (2004) argued that the most revolutionary electronic innovation in Ghana and the world over has been the ATM. These innovative products and services have positive effects on banking growth and penetration ratio. Innovative products and services offered by banks can bring some gain only when the adoption by the customer is maintained. Hence, the hypothesis formulated for this study is:

*H<sub>1</sub>: There is a positive relationship between innovative products and customers' choice of bank in the Cape Coast Metropolis.*

### **Effect of demographic characteristics on customers' choice of bank**

Consumer choice can be advanced from the standpoint of conscious and non-conscious options. Quite many choice situations are outside of



conscious awareness and with limited information search it can be stated that many choices have both conscious and non-conscious reasons.

Omar (2007) conducted a survey to analyse the factors that affect the choice of retail banks by men and women in Nigeria. He sampled 128 men and 73 women for the study. He found out that the most important factors considered by male customers are the safety of funds, followed by efficient service and speed of transactions. The study further revealed that female customers consider speed of transaction as the most important factor, followed by safety of funds and recommendation by relatives and friends. However, the bank's products and services such as savings account, current account, fixed deposits, remittance, personal loan, overdraft, foreign exchange, business loan, housing loan, travelers' cheques, safe deposit boxes, and what was called other facilities were found to influence male customers' bank selection decision.

Lymperopolos, Chaniotakis and Soureli (2006) examined the importance of quality in bank selection and identified the distinct factors which serve as the main criteria for customers' choice of bank. The finding of the study revealed that bank service quality is the most important element that male customers consider in order to select their mortgage providers and establish a long-term relationship with them. Female customers consider factors such as product attributes, access to bank and communication.

Lee and Marlowe (2003) conducted a study on how customers choose financial institution using qualitative approach with focus group discussion technique. They found out that although most customers value convenience as one of the most important decision-making criteria, their decision of convenience vary across customers within different age categories. The results

indicated also that retail fees and minimum balance requirement, range of service, personal relationships and safety are the most important criteria considered by the US bank customers. Another important finding of the study is that participants facing new financial needs start their search process from the institution where they have their checking accounts.

Colgate and Hedge (2001) studied the process of defection in Australia and New Zealand through a mail survey. The study indicated three main problem areas which influence customers to switch banks, namely, service failures, pricing problems and denied services. They indicated that their finding is important because, a client may switch to another bank because his present banker may not provide a service, which the customer thinks most important. They further disclosed that female customers tend to complain more often about services failure prior to exiting a bank and male customers may be staying silent about the problems that are most important in their decision to exit the bank

Ta and Har (2000) in their research on bank selection in Singapore using the analytical hierarchy process (AHP) indicated that bank selection decision process is based primarily on nine determinant criteria. These are: high interest rate, convenient location, and quality of service, self-banking facilities, low charges, low loan rates, long operating hours, undergraduate privileges and recommendations. Their previous study listed gender differences as one of the few demographic characteristics that determine the selection criteria used by customers when choosing a bank.

Chen (1999) conducted a survey of 336 domestic-owned and 39 foreign owned banks in Taiwan to identify critical success factors when

adopting various business strategies in the banking sector. Data was analyzed using factor analysis technique which highlighted four factors, namely the ability of the bank to manage operations, bank marketing, developing bank trademarks and financial market management. Hence, the hypothesis formulated for this study is:

*H<sub>1</sub>: There is a positive relationship between demographic characteristics and customers' choice of bank in the Cape Coast Metropolis*

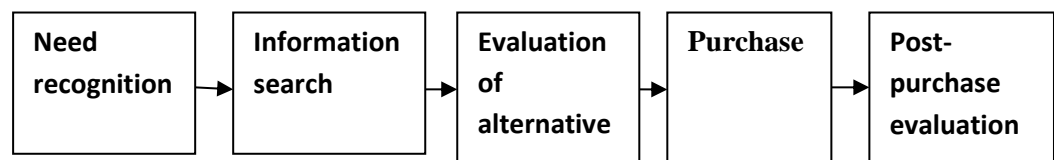
### **Consumer Decision-Making Process**

The question as to how consumers make decision is at the heart of the marketing discipline. As marketers manipulate the various principles of marketing, so do consumers seek to make choices that will satisfy their needs. Consumers choose which brands, goods and services to buy and which not to buy or ignore (Richarme, 2005). It is, therefore, incumbent on managers and marketing executives of business organizations such as banks to critically study the models, strategies, theories and behaviours of consumers that underpin their decision-making process and choices. This will help business organizations to determine the right mix of variables for their products and services to satisfy the needs of potential and existing customers.

According to Kotler and Keller (2009), the basic assumption in marketing is that organisations exist to satisfy customer needs. These needs can only be satisfied when the organisation and the marketer understand the consumer to whom the goods and the services are produced and sold. Consumers vary from different age group; therefore, it is important to have wide range of products and services to satisfy their various needs (Solomon, Bamossy & Askegaard, 2002).

Solomon, Bamossy, Askegaard and Hogg (2010) also observed that the consumer behaviour has been recognized as an ongoing process, meaning that it is not only the purchase or the exchange itself between two parties that is relevant to be investigated. It is the entire consumption process, thus, the influences on the consumer before, during and after a purchase are relevant to understand the actual behaviour of the rational consumer. Hanson (2005) stipulated that the consumer decision-making process can be used as the foundation for understanding the cognitive parts of the consumers' purchase decision.

Solomon et al (2002) pointed out that consumers sometimes purchase products or services which they do not necessarily need. Notwithstanding when the actual need arises, the consumer goes through a process before making the buying decision. The various steps recognised for this process are problem recognition, information search, evaluation of alternatives, products choices and purchase decision. However, Jobber and Fahy (2009) argued that a classical model of the decision-making process describes it as a composition of five consecutive stages. These include need recognition, information search, evaluation of alternatives, purchase and post-purchase evaluation of the decision.



*Figure 2:* The consumer decision-making process

Source: Jobber and Fahy (2009)

Need recognition; the consumer identifies a problem since there is a difference between current and desired state. This occurs when the consumer recognizes that a need has become dissatisfied (Solomon et al., 2010). The aim is to fill a gap with a product or service that appears to be attractive and with benefits that outweighs the cost of purchase. Jobber and Fahy (2009) opined that the relative importance of the problems affect the consumer's intent to resolve the problem which is usually regarded as the need. In the context of consumer's choice of bank, the desire to select a particular bank with which to transact one's business and financial transactions becomes ones need to be satisfied.

Information search; this is the process when a consumer starts to look for information about a product, a service or a bank as a whole. The aim is to discover which alternative solutions are available at the market place to be able to make a reasonable decision. The information can be internal, based on internal memory and external based on advertising and recommendations from friends through word of mouth (Solomon et al., 2010). Consumers are exposed to advertising incidentally or deliberately, depending on the desire to search for information (Solomon et al., 2002).

Evaluation of alternatives; the consumer processes different competing alternatives and appraises the value in consideration to their attractiveness (Craven, 2009). The evaluation is cognitive and rational, where the individual compares the benefit of the available alternative (Solomon et al., 2010). Thus, choices made by people are directly affected by the information available; in order for the consumer to consider different brands of service providers that they might be aware of them. The evaluation of

alternatives is processed through identifying the evoked set which are products our memory has registered, inept set which are the alternatives consumers are aware of but for some reasons consumers do not consider buying which are considered as inert set; products which are not considered to be purchased at all (Solomon et al., 2002).

Purchase; it consists of decision implementation made by the consumer. The consumer chooses the most attractive alternative based on the available information and the evaluation of the alternatives (Solomon et al., 2010). Factors such as mood, behavioural and perceptual situation can affect customers purchase decision. Moreover, a satisfied customer is likely to buy again but a dissatisfied customer is not likely to repeat the purchase of the same item. For example, an individual will select a specific bank from the numerous and competing banks when he or she is satisfied with the products and services of the bank but would not patronise the bank when he or she recognizes that his or her banking need cannot be met with the products and services available.

Post-purchase evaluation; marketers usually want to create a positive experience from the chosen products or services to create customer satisfaction (Jobber et al., 2009). Previous experiences of customers with their service providers affect their current and future behaviour. An individual will be comparing the services provided by his or her financial institution and other alternative financial service providers. This will help him or her to determine whether the right choice has been made or not. When an individual is dissatisfied with the services provided by his or financial institution, he or she is likely to switch to another service provider. On the other hand, if the

customer is satisfied with the services of his or her primary bank for financial transactions, the customer is likely to stay with the service provider for the foreseeable future. Bansal and Taylor (2005) acknowledged that customers' satisfaction with their current service providers has been found to influence their switching behaviour.

Solomon et al (2010) further argued that consumers sometimes do not go through all the steps extensively in the decision-making process before making the final choice. Moreover, the level of consumer's involvement in the purchase decision affects his or her motivation to search for information to compare alternatives available. Motivation is referred to as the willingness of an individual to respond to organizational requirements in the short run (Boachie-Mensah, 2006). He further noted that motivation causes people to make choices from available alternatives, about how best to allocate their energy and time. Low involvement consumers depend on one or few factors such as price; whereas the process for consumers' that are highly involved in the purchase process is more complex, with many factors influencing the purchase behaviour. The decision related to the choice of a bank can be considered as high involving in nature. This is because the customer has to consider so many factors and numerous banks before selecting a particular bank with which to transact business (Solomon et al., 2010).

Aldaigan and Buttle (2001) also opined that several of the financial services provided by banks have been considered as highly involving by consumers; these are the services of savings account, current account, mortgage and other investments products. Highly involved consumers are more motivated to read information about the product category, to compare

product characteristics between companies, enjoy buying products within the category and to do extensive product comparisons (Foxall & Pallister, 1998).

Notwithstanding, some bank customers will see the selection of a bank to transact business with as low involving and an easy decision to make at every point in time. Longfellow and Celuch (1992) affirmed that not all bank customers were highly involved in the services provided by banks. Decision makers actually possess a set of approaches ranging from painstaking analysis to pure whim, depending on the importance of what they are actually utilizing and how much effort the person is willing to put into the decision. The level of involvement of the consumer in the decision-making process can therefore be recognized as a key factor which affects the purchasing intent of the consumer and the consumption of products and services at large. It can be said that low involvement leads to low cognitive effort and high involvement lead to a complex decision process.

Generally, a customer's decision may also be affected by the way he or she perceives things, his or her present situation and the social group within which the customer finds himself or herself. Banks must realize that one customer's ideal treatment can be quite different from that of another customer. One customer's ideal treatment may be internet banking, while another customer's dream is to get good customer care and respect from bank personnel. These differences in customer expectations may be due to the way customers internalize information about the outside world such as perception, intention and exposure. Banks must understand these influences in order to develop the appropriate marketing strategies to serve their customers well.



Additionally, the situation in which the customers find themselves can influence how customers utilize their choices from different organizations. Not only but also, people are also strongly influenced by the information they receive from their immediate environment such as advertisement. As customers are exposed to different banking products and services through advertisement, they are likely to be influenced to patronize such banks and use their products and services. Even though customers exist as separate individuals, they are also members of larger societal groups which influence their purchasing decisions. Family members, friends and larger groups such as ethnic groups and political parties also have strong influence on customers' decision making and purchase intention.

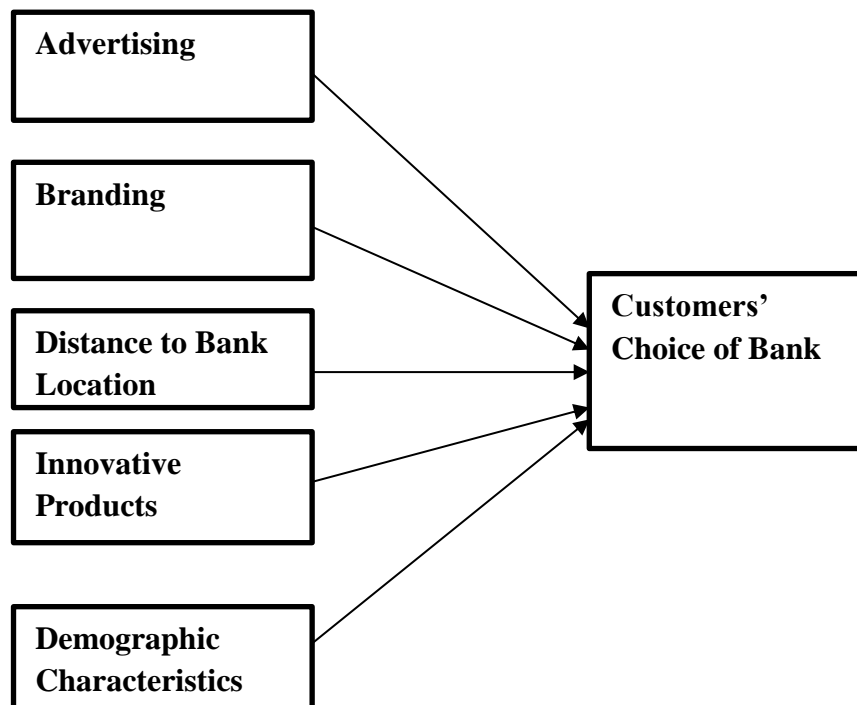
Last but not least, despite the numerous amounts of literature and research on consumer decision-making and choice, consumer decision-making process is a subject matter for academic and corporate discussions. So long as there is the freewill to make a choice, especially with regard to the selection of a bank, it is unlikely that a set of determinant factors for one consumer can be associated with every other consumer. This is because consumers are affected by cultural, social and personal factors in their decision-making process (Kotler et al., 2010).

### **Conceptual Framework for the Study**

Apart from understanding the procedure of the consumer decision-making process, marketers and business organisations also try everything possible to determine which influences in consumers' life affect this process. This will provide some form of clarity for marketing executives and business

organisations in an attempt to find the right mix of variables for their products and services to serve the needs of the potential and existing customers.

A careful analysis of the review of the literature suggests that consumer decision-making is influenced by internal, situational, and social factors. Based on the literature review, the researcher conceptually identified and selected variables that have been shown to be important predictors of customers' choice of bank. These are demographic characteristics, advertising, branding, distance to bank location and innovative products. The conceptual framework for this study is therefore based on these factors as illustrated in Figure 3. Figure 3 illustrates the relationship between choice of bank and the variables of interest for the study which are demographic characteristics, advertising, branding, distance to bank location and innovative products and services.



*Figure 3:* A conceptual framework illustrating the relationship between customers' choice of bank and other factors

Source: Author's construct (2015)

Customers are regarded as the greatest asset of any business organisation and no matter how efficient an organisation's technology, equipment and operations may be, it will remain unprofitable if it does not provide the products and services which meet the needs and the expectation of customers. The conceptual framework as shown by figure 3 demonstrates the influence that the explanatory variables of this study have on the dependent variable. Studies have proven that these explanatory variables (age, occupation, income, advertising, branding, distance to bank location and innovative products) influence the decision of customers to choose a bank for financial transactions. Some of those empirical studies are Maiyaki, 2011; Katircioglu, 2011; Shaher et al., 2011; Rao, (2010); Shama, (2010); Mokhlis, 2009; Omar, 2008; Almosawi (2001). It was therefore deemed prudent for these explanatory variables to be chosen as the variables of interest to test whether they equally affect the choice of bank by customers in the Cape Coast Metropolis. This is because a set of variables that affect people's decision in one country cannot be said to influence the choices of people in other country due to the differences in economic, social, political, legal and cultural values (Shama, 2010).

### **Summary**

The theoretical review on Azjen's model of reasoned action revealed that an individual's behaviour is determined by his or her intention to perform the behaviour, which will lead to a certain outcome. This intention is, in turn, a function of the person's attitude toward the behaviour and his or her subjective norm. The extended version of the model has incorporated perceived behavioural control as the third intention predicting component. Thus, the

theory of planned behaviour is an extension of the understanding of the consumer decision-making process by considering how the concepts; attitude, subjective norms and perceived behavioural control influence specific behaviour.

Furthermore, the theory of constraint put forward by Goldratt disclosed that banks face the challenges of attracting new customers and are losing customers to their competitors as well as other non-financial institutions.

The empirical review also disclosed that branding, advertising, distance, income, education, occupation, innovative products and services affect customers' choice of banks. However, it was discovered through the review that the relationship between advertising, branding, innovative products and services, distance to bank location and choice of bank remain inconclusive especially for cross sectional studies. Methodologically, factor analysis has been the main estimation technique usually used by authors to assert the main relationship between the variables of interest of the study and customers choice of bank.

This study, therefore, explored the use of multinomial logistic regression as an estimation technique to assess the relationship between advertising, branding, distance to bank location, demographic characteristics and innovative products and services on customers' choice of bank in the Cape Coast Metropolis. Multinomial logistic regression is employed for this study due to the nominal nature of the dependent variable, choice of bank. Also, the dependent variable is discrete and has a polytomous outcome. Thus, the dependent variable takes on more than two outcomes and these outcomes have no natural ordering (Long & Freeze, 2014).

## CHAPTER THREE

### METHODOLOGY

#### Introduction

The objective of this chapter is to present an overview and explain the systematic procedures used for the study. It presents the details of the choice of research design, the study area, study population, sample and sampling procedure, research instrument, pretesting, data collection method and data analysis techniques used for the study.

#### Research Design

The study draws on the Positivists paradigm where objective knowledge is perceived to be possible and quantifiable. Creswell (2009) observed that the Positivists believe in the application of quantitative method as a means for testing objectives and by examining the relationship among variables.

Following the principles of the positivists and the objectives of this study, a descriptive cross-sectional design was adopted for this study. This was considered appropriate, since the study involved the description of factors that influence customers' choice of bank. Cohen, Manion and Morrison (2011) explained that descriptive design provides a meaningful picture of events under consideration. Moreover, the survey strategy is perceived as authoritative by people in general and it is comparatively easy to understand (Saunders, Lewis & Thornhill, 2007). Data gathered through the survey together with a questionnaire are standardised and permit easy comparison.

However, in spite of the numerous advantages offered by the descriptive design, it has some challenges. The major weakness of this design is that the respondents are likely to give information which may not reflect the true state of affairs of the situation. This constraint results in measurement error, culminating from respondents' lack of truthfulness, not understanding the questions and worse of all not able to recollect past events and situations accurately (Single, Strait & strait, 1993).

### **Study Area**

The study was conducted in the Cape Coast Metropolis of Ghana. Cape Coast Metropolis is one of the 17 district assemblies in the Central Region. It was upgraded to a municipality status in 1987 by LI 1373 and raised to a metropolis in 2007 by LI 1927. The metropolitan area is bounded on the South by the Atlantic Ocean, west by Komende/Edina/Eguafo/Abrem Municipality, east by Abura/Asebu/Kwamankese District and north by Twifo/Hemang/Lower/Denkyira District. It is geographically located between latitude 5<sup>0</sup> south to 6<sup>0</sup>north and longitude 1<sup>0</sup>east and 2<sup>0</sup>west. The total land area covered by the metropolis is 2,255 kilometers square. It is the smallest metropolis in Ghana. The capital, Cape Coast used to be the ancient capital of the Gold Coast and, currently, the capital town of the Central Region of Ghana. Cape Coast is often referred to as “Small Oxford”, because it has always remained the centre of education in Ghana. The metropolis is predominantly an Akan speaking area.

Cape Coast Metropolis has an estimated population of 169,894 inhabitants, consisting of 87084(51.3%) females and 82,810 (48.7%) males. About 54.7 percent of the population in the metropolis aged 15 years and older

is actively engaged in economic activities while 45.3 percent is not economically active (Ghana Statistical Service, 2014). The major sources of employment in the metropolis are the tourism, agriculture and educational institutions. The metropolis has a literacy rate of 75.3 percent and can boast of having the highest literacy rate among the 17 districts in the Central Region.

The metropolis can boast of numerous savings and loans companies, rural banks and commercial banks. Most of these banks have obtained universal banking license to provide commercial banking, merchant banking and development banking to satisfy the needs of their customers. The commercial banks operating in the Cape Coast Metropolis include GCB Bank, Barclays Bank, National Investment Bank, G N Bank, Prudential Bank, Zenith Bank, UT Bank, Fidelity Bank, Unibank, H F C Bank, Agricultural Development Bank and Guaranteed Trust Bank. Other rural banks such as Kakum, Assinman and Nyankomansi Ahenkro rurak bank also operate in the Cape Coast Metropolis. The commercial and rural banks operating in the metropolis are located in only 4 communities out of the 16 communities in the metropolis. These communities which include University of Cape Coast, Kotokuraba, Pedu, and Tantri are the most urbanized and the business districts within the metropolis leaving the deprived communities such as Ebubonko, Efutu, Mempeasem with no Banks. Cape Coast Metropolis was chosen as the study area because the metropolis over the last 3 years has witnessed a lot of foreign bank establishing their branch networks. This indicates that there exist inefficiencies in the operation of the traditional banks since banking penetration is generally low in Ghana and Cape Coast Metropolis is not an exception.

## Study Population

The population for this study consisted of all the customers of Commercial banks operating in the Cape Coast Metropolis. As far as this study is concerned, the target population for the study consisted of 52,500 customers of commercial banks in the Cape Coast Metropolis. This was obtained from the commercial banks in the Cape Coast Metropolis. The customers were then used as the unit of analysis for this study. This is because customers of the banks were deemed to possess the required information needed for the study. Also, the customers have certain features that will make their responses have positive impact on the study under consideration.

However, out of the eleven commercial banks marked down for the study, only five of them responded positively. The managers of the banks excluded from the study said that they have been authorized by their head office not to reveal information about their operations and customers to outsiders. We therefore adopted the customer base figures of five banks out of the eleven banks initially contacted for the study.

## Sample and Sampling Procedure

The sample size for the study was computed with a simplified formula given by Yamane (1967). This formula was employed to ensure that adequate responses were gathered from respondents. The formula is stated as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n= the sample size

N= the population size (total number of customers of the selected bank in the Cape Coast Metropolis), and



e= the level of precision (proportion of error the researcher is prepared to accept). The level of precision, sometimes called sampling error, is the range in which the true value of the population is estimated. The total number of customers of the selected bank is 52,500 and the sampling error was estimated at 5%.

Adopting this formula, the sample size becomes

$$n = \frac{52,500}{1 + 52,500(0.05)^2} = 399.992 \text{ customers}$$

The estimated sample size was 399.992. It was then rounded up to 400. However, in order to reduce the non-response rate and to take care of maximum error, the figure was increased to 410. In order to ensure representativeness, the sample size was allocated according to the customer size of each selected bank.

The study was aimed at gathering data from potential and existing customers of banks operating in the Cape Coast Metropolis. Due to the fact that the study was an academic exercise and the researcher bore all the cost, it was not realistic to study all the customers of the banks within the limited time. It was, therefore, appropriate for the researcher to adopt the multi-stage sampling technique in selecting the sample size for the study. With the multi-stage sampling technique, the researcher merges two or more sampling techniques to tackle the sampling needs in the most effectual way possible. This involves the use of both probability and non-probability techniques at various stages of the study in order to select the concluding sample.

The stratified sampling procedure was first and foremost, employed so that all the customers of the selected banks in the Cape Coast Metropolis could

be considered. As far as this study is concerned, the five banks were divided into different strata using the stratified sampling technique. Each bank was used as a stratum for the study. Secondary, a quota was assigned to each selected bank with consideration from the total number of customers of each bank. A quota was assigned to each selected bank with the supposition that the larger the customer base, the greater the quota. Thus, banks with greater number of customers tend to get higher representation than the banks with lower customer size. The quota was assigned to the selected bank with the formula:  $n = NC/TN (SS)$ .

Where:  $n$  = sample respondent for each selected bank,  $NC$ = total number of customers of each bank,  $TN$ =total customers of the selected banks. Last but not least, systematic random sampling technique was used in getting the respondents from each bank to answer the questionnaires for the study. Table 1 shows the number of respondents contacted from each bank for the study. In all, a total of 410 respondents were approached and requested to participate in the study.

Table 1

*Sampling Distribution of Questionnaires to Bank Customers*

Bank (Stratum)	Sample Size
1. GCB Bank Ltd	156
2. Barclays Bank Ltd	78
3. GN Bank	94
4. National Investment Bank	50
5. UT Bank	32
Total	410

Source: Field survey, Bugyei (2015)

### **Data Source and Type**

The data for the study were obtained from both primary and secondary sources. The primary data was obtained through self-administered questionnaire. Black, Babin, Anderson and Tatham (2006) opined that questionnaire guarantees respondents anonymity and enables respondents to answer the questions at their own convenience. It is also considered as the most effectual instrument when large numbers of respondents are required for a survey.

The questions in the questionnaire were strictly based on the objectives of the study. Information was solicited from customers of banks in the Cape Coast Metropolis on factors that influence their choice of bank with which they transact business. This enabled the researcher to obtain the required primary data from the respondents for the study. The main sources of the secondary data were related published and unpublished literature specifically from the internet, reports, handbooks, textbooks and journals.

### **Instrumentation**

This study used self-administered questionnaire as the main instrument for the data collection. The respondents were made to answer series of questions, which were strictly based on the objectives of the study. The unstructured questionnaires comprised both open-ended and closed-ended questions. The essence of the closed-ended questions was to ensure that adequate and similar information were solicited from the respondents. The questionnaire covered areas such as demographic characteristics of customers, advertising and information sources, branding, distance to bank location and innovative products and services offered by the banks in the metropolis.

Choice of bank, branding, advertising, distance to bank location and innovative products and services were measured with a five-point Likert-type of rating scale, with the point being: Strongly agree=5; Agree=4; Somewhat agree=3; Disagree=2 and Strongly disagree=1. The Likert scale is the most widely used method of scaling in the social sciences (Title & Hill, 1967). Moreover, they are much easier to construct and they tend to be more reliable than other scales with the same number of items.

### **Pilot study**

A pilot test was conducted with the primary aim of ensuring validity and reliability of the research instrument used. The pilot test was carried out on 100 respondents, who were customers of four banks in March, 2015. The pilot test disclosed that some modifications be made on the questionnaire designed as well as some clarification of certain questions to enable appropriate responses to be obtained from respondent during the main study. A total of 100 questionnaires were administered to the respondents to answer. Saunders et al., (2007) observed that, for most student questionnaires, a minimum of 10 for the pilot study is sufficient.

The statistical validation on the Likert-scale type of questions was based on the Cronbach's Alpha reliability test. The internal consistency of the Liker-type scale (Cronbach's Alpha coefficient) was determined through the help of SPSS (Statistical Product for Service Solution) version 21. The reliability coefficient of 0.7 and above was adopted. Pallant (2001) observed that scales with a Cronbach's alpha coefficient of 0.7 are reliable. There was 100 percent response rate to the questionnaires during the pilot study and few modifications were made on the final instrument for the main study. For

example, questions regarding advertising humours, promotional package, financial stability of the bank, behaviour of bank staff and manager and the essence of bank' logo on choice of bank were omitted from the final instrument for the study. This is because these set of questions did not pass the reliability test. Most of the questions that were omitted from the final questionnaire obtained Cronbach's alpha coefficient of 0.2 and below.

### **Data Collection**

The main field survey lasted for a period of four weeks, specifically between 4<sup>th</sup> of May, 2015 and 4<sup>th</sup> of June, 2015. An introductory letter explaining the aim and the legitimacy of the study was given to the branch managers to obtain some information and their permission to collect the data. Some of the banks readily accepted the letter and asked us to come and collect the data later but others also refused to collect the letter. Five out of the eleven banks later granted the permission and the needed information for the data to be collected. The questionnaires were explained in English or Fantse to each respondent for better understanding. The researcher took note of the address, and phone numbers of the respondents where questionnaires were left behind. In all 332 out of the 410 administered questionnaires were received from respondents.

### **Method of Data Analysis**

Data gathered from the field were edited to guarantee cohesion and reliability of information acquired. All information about respondents which could easily be identified such as names, age and house address were noticed. Edited data were processed electronically using the Statistical Product for

Service Solution (SPSS 21.0 version) software. This made the analysis quicker and expedient. The results were presented using frequency tables to facilitate easy understanding. The main forms of analysis were conducted using descriptive statistics on the demographic characteristics of respondents and the distributions of the variables of interest in the study to facilitate easy understanding. Moreover, multinomial logistic regression analysis was conducted using the Stata software (version 13) to determine the association between the dependent and the independent variables. The descriptive statistics were presented in tables, while the regression results were presented in tables with the post-estimations

### **Ethical Considerations**

- Inadequate supervision resulted in partial responses to some of the questionnaires issued out to respondents as well as difficulty to implore additional relevant information from respondents.
- Limited time and resources available for the study posed some challenges to the data collection and subsequently to the overall output of the study.
- Bank managers and other staffs were bureaucratic and uncooperative with sensitive information for the fear of revealing them to their competitors.

### **Summary**

This chapter discussed the details of the methodology adopted for the study. The research design used for the study was the cross-sectional design. The main type of data used for the study was primary data. The data was

obtained from respondents through the field survey. The data collection instrument used for the study was questionnaire. The data was edited and processed electronically, using the Statistical Product for Service Solution (SPSS) software, while the analysis was done using the stata software (version 13). The estimation technique for the study was multinomial logistic regression. Additionally, descriptive and inferential statistics were also used for the study.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **Introduction**

This chapter examines the data collected from the field and discusses the principal findings of the study. The chapter presents and reports on the empirical analysis of the factors influencing customers' choice of bank in the Cape Coast Metropolis. This chapter is structured into three main sections. The first section deals with the descriptive analysis that includes customers' demographic characteristics. The first part of this section is mainly captured in tables. The second part of this section presents the regression results on the effect of advertising, branding, distance to bank location and innovative products and services and other control variables on customers' choice of bank. The third section presents the concluding remarks of this chapter.

#### **Demographic and Socio-Economic Characteristics of Customers of Banks Operating in the Cape Coast Metropolis**

The study adopted the cross sectional survey method for the data collection using a questionnaire. For the purpose of this study, customers who transact business with the banks operating in the Cape Coast Metropolis were contacted to answer the questions in the questionnaire. Information on bank customers' characteristics which included the sex, age, educational attainment, income level, occupation, and customers' main banks for financial transactions were obtained. 410 customers of banks operating in the Cape Coast Metropolis were sampled for this study. However, responses were



gathered from 332 customers of the banks and were used for the analysis. The data disclosed that there exist differences in expectation; life style and other socio-demographic background of the respondents sampled for the study.

Table 1 indicates that, among the 332 respondents, 185 (55.12%) were males and 149 (44.88 percent) were females. This distribution indicates that men transact business with the banks more than the women in the Cape Coast Metropolis. This result is consistent with the findings of Demirguc-Kunt and Klapper (2009). The findings of Demirguc-kunt and Klapper disclosed that, in Africa, men are more likely than women to have an account with a formal financial institution. This result also confirms the assertion of Omar (2007) that males invest and take more risk while their female counterparts look for immediate gratification through spending, fear engaging in large negotiations and more security oriented in money spending. He further stated that both male and female customers value their time when performing banking transactions.

Table 2

*Sex Distribution of Bank Customers*

Sex	Frequency	Percentage
Male	185	55.12
Female	149	44.88
<b>Total</b>	<b>332</b>	<b>100.00</b>

Source: Field survey, Bugyei (2015)

With regard to age as a variable, respondents within the age category of 18 to 59 participated in this survey. The maximum age of the respondents was 59 years while the minimum age was 18 years. The mean age of the

customers was approximately 34 with a standard deviation of 7.90. For the age cohorts of bank customers, as indicated in Table 2, 135 respondents were between 18 to 30 years all inclusive representing 40.66 percent followed by 31 to 40 year group with 132 all inclusive representing 39.76 percent. Between the ages of 41 and 50 all inclusive, there were 56 customers representing 16.89 percent of respondents in that age group. Those above the age of 51 years were nine representing 2.71 percent.

Generally, majority of the respondents fall within the young age and economically active population cohorts (thus 18-50 years) having a cumulative frequency of 323 and percentage of 97.29 per cent. This result is in line the findings of Abbam and Say (2015). The findings of Abbam and Say (2015) indicated that about 77.1 percent of 660 bank customers in Winneba, sampled as respondents to determine their choice of bank, were within the age cohorts of 18-49 years. Also, this result suggests that the banks in the Cape Cost Metropolis are dealing with people within the age group that constitute a lucrative market for banking institutions even in the future. With the availability of many educational institutions operating in the Cape Coat Metropolis, banks have great opportunity to attract more of such customers when the appropriate products and services are developed to serve their banking needs.

Table 3

*Age Cohorts of Bank Customers(Years)*

Age Cohorts	Frequency	Percentage
18-30	193	40.66
31-40	132	39.76
41-50	56	16.89
51-60	9	2.71
Total	332	100.00

Source: Field survey, Bugyei (2015)

Furthermore, the majority of the respondents, thus 186 (56.02%), have university education as presented by Table 3. Additionally, 90 (27.11%) had attained polytechnic or training college education. Moreover, 31 (9.34%) had attained Secondary education while 20 (6.02%) had attended Junior Secondary or Middle School. However, small percentage of the respondents, thus, five (1.15%) had no formal education. This result shows that the banks in the Cape Coast Metropolis are dealing with a group of people who are generally literate and have higher level of education. This result is consistent with the finding of Demirguc-Kunt and Klapper (2009). The findings of Demirguc-Kunt and Klapper disclosed that in Africa, banking is highly associated with people with higher level of education. Also, this result indicates that the banks in the Cape Coast Metropolis are dealing with people who can read the procedures guiding the use of modern technologies for delivering banking services effectively with little or no help. As a result the banks have the advantage of reducing the congestion and the pressure on their tellers, reduce cost and serve other

potential customers through the provision of electronic banking services such as ATM, e-zwich to their customers.

Table 4

*Level of Education Attained by Customers of the Banks*

Educational Level	Female	Male	Total	Percentage
	Frequency	Frequency		
No Education	3	2	5	1.51
Basic school	12	8	20	6.02
Secondary School	20	11	31	9.34
Polytechnic/College	42	48	90	27.11
University	72	114	169	56.02
Total	149	193	332	100

Source: Field survey, Bugeyi (2015)

With reference to Table 4, for the perspective of the individual sex of bank customers contacted for this study, men with higher level of education were more than women with higher educational attainment. Among the male respondents, 114 of them have attained university education, 48 have attained polytechnic education while 11 of them have attained secondary education. Those who have attained basic school education were eight while two of them had no formal school education. For their female counterparts, 72 of them have attained university education, 42 have attained polytechnic education while, 20 of them have attained secondary education. Those who have attained basic school education were 11, while three of them had no formal school education. This result is consistent with the traditional situation pertaining in Ghana where girls form the majority of the students at the lower levels of

education, but form the minority as far as higher educational level is concerned.

As far as the employment variable is concerned, it was discovered that 289 (87.02%) of the respondents were gainfully employed while 43 (12.92%) were unemployed. For those who were unemployed, majority of them (thus 42) were students. This presents a great opportunity and future prospect for the banks. These are because these students could be gainfully employed after their education and obtain the purchasing power to afford the products and services offered by the banks. Additionally, Table 5 indicates that 158 of those employed were males, while 131 were females. Out of 332 respondents sampled for the study, civil servants dominated the employment category with 122 (thus 36.75%) of the respondents followed by professionals with 68 (20.48%).

Table 5

*Distribution of Customers by Occupation*

Occupation	Frequency	Percentage
Civil servants	122	36.75
Students	46	13.86
Sales and Commercial	59	17.77
Professional	68	20.48
Artisan	28	10.60
Agriculture	9	2.71
Total	332	100

Source: Field survey, Bugyei (2015)

Table 5 also shows that 59 (17.77%) of the respondents were engaged in sales and commercial activities, 46 (13.86%) were students, 28 (8.43%) were artisans, while 9 (2.71%) of the respondents were engaged in agricultural activities. Since Cape Coast is endowed with educational institutions, ministries, departments and agencies of government, it was not astonishing that civil servants and professionals dominated the employment demography of respondents sampled for the study. This result indicates that banks operating in the Cape Coast Metropolis have great opportunity to make more profits. This is because most of the respondents who are customers of the banks are gainfully employed and have the means to patronize the products and services of the banks. The banks have to develop innovative products which can satisfy the banking needs of these customers so as to maintain the existing customers and attract new ones.

The average income available to customers is very important in determining their socio-economic status. It was discovered through this study that income levels of bank customers in the metropolis were generally high. The maximum average monthly income of the customers is GHS2000 while the minimum average monthly income is GHS50. The mean average monthly income of the customers is approximately GHS556 with a standard deviation of 345.52. Out of the 332 customers contacted for the study, 100 (thus 30.12%) responded that their monthly earnings were between GHS50 and GHS499 inclusive, as presented in Table 4. It was also discovered that 120 representing 36.15 of the respondents had monthly income between GHS500-GHS 999 inclusive. It was discovered that a relatively small number of the customers (45 representing 13.55%) earn monthly income between GHS1500-

GHS2000, while 67 (20.18%) of the respondents said they also earn monthly income between GHS1000-GHS1499 all inclusive as shown in Table 5. This result shows that the banks have the segment of the market who can patronize their products and service, all things being equal considering their income levels. On other hand, the respondents fall within the category of people who have the tendency to easily switch between banks. This finding substantiates the finding of Li (2008) that, in general, the white-color job group tends to switch banks, because they earn high incomes and have high educational background. Colgate and Hedge (2001) also affirmed that bank switching is more common among younger, high-income and highly educated customers than those customers in the older, low-income and less-educated demographic group.

Table 6

*Distribution of Customers by Average Monthly Income*

Average monthly income (GHS)		Frequency
Percentage		
50-499	100	30.12
500-999	120	36.15
1000-1499	67	20.18
1500-2000	45	13.55
Total	332	100

Source: Field survey, Bugyei (2015)

### **Factors Influencing Customers' Choice of Bank**

Given the roles that the various control and variables of interest play in customers' decision-making process, it is significant to identify the proportion that each factor contributes to customers' choice of bank. This study sought to assess the factors that influence customers' choice of bank in the Cape Coast Metropolis. The variables of interest were branding, advertising, distance to bank location and innovative products of banks. The demographic characteristics of bank customers such as age, income, education and occupation were used as control variables in this study. The descriptive analysis of this study was therefore done using the various variables of interest. The data was analysed into means and standard deviation based on the variables of interest and their relationship with the dependent variable.

### **Advertising and customers' choice of bank**

The result disclosed that customers in the Cape Coast Metropolis are influenced by advertising in their decision to choose a bank. The responses from the customers contacted for the study revealed that bank advertising affect their choice of bank to a great extent. Thus, advertising through the television, radio, billboards and the information contained in the brochure of the banks impact positively on customers' decision and choice as far as selecting a bank is concerned. Moreover, customers' perception towards bank advertisement in the Cape Coast Metropolis was scored high (3.5 and above) as presented in Table 8. Customers in the Cape Coast Metropolis regard advertising as a major determinant on their choice of bank, all other things being equal.



Table 7

*Advertising and Customers' Choice of Bank*

Advertising	Mean	Std dev
The television advertising content of my main bank influenced me to choose it	3.68	.028000
I choose my main bank because of its radio advertising content.	3.74	.024736
The billboard information of my main bank influenced me to choose it.	3.74	.24736
Information contained in the brochure of my main bank influenced me to choose it.	3.68	.028000
Overall mean	3.71	

\*Scale (Mean): 0-1.4=Very low; 1-1.5=low; 2-2.4=Average; 2.5-3.4= high; 3.5= very high. \*Denotes significant at alpha level of 5%.

Source: Field Survey, Bugyei (2015)

Additionally, the overall mean (3.71) result of advertising as indicated in Table 7 is regarded as very high and it is above the midpoint of 3 on the 5-point Likert scale. This indicates that, holding other variables constant, advertising affect respondents' decision to choose banks for their financial transactions. This result is similar to the finding of Mokhlis (2009) that advertising, in the form of marketing promotion influence bank preference to both males and females. This result is also consistent to the finding of Gerrard and Cunningham (2004) that effective advertising can broaden the communicative channel between customers and institutions, which enhance the organisation's chance of success. However, this result is contrary to the

findings of Mylonakis (1999) that advertising does not influence the choice of bank by customers in Greece. He further stated that effective advertising can offer the opportunity for banks to influence customers of other banks to switch and transact business with them. This finding corroborates the finding of Cengiz, Ayyildiz and Er (2007) that advertising can affect customers' switching behaviour as it may provide information to guide customers' purchasing decision. Clemes, Gan and Cao (2007) also stipulated that once customers understand the offerings and the processes of their current bank, the probability of switching to an alternative bank is reduced.

### **Branding and customers' choice of bank**

The findings of this study indicate that all things being equal, customers of banks in the Cape Coast Metropolis are greatly influenced by branding when choosing a bank for financial transactions. The customers' perception towards their brand was scored high ( 3.5 and above) in the following areas: brand name of the bank, the image and reputation of the bank, the popularity of the bank and social association of the bank towards its customers as shown in Table 8. Meanwhile respondents for this study are highly influenced by the name of the bank followed by the famousness of the bank, social association and the reputation of the bank when making their choice of bank.

Table 8

*Branding and Customers' Choice of Bank*

Branding	Mean	Std dev
I considered the name of my main bank before choosing it.	3.99	.005997
I considered the reputation of my main bank before choosing it.	3.82	.021286
My main bank represents my social class	3.82	.021011
My main bank is well known	3.87	.018815
Overall mean	3.87	

\*Scale (Mean): 0-1.4=Very low; 1-1.5=low; 2-2.4=Average; 2.5-3.4= high; 3.5= very high. \*Denotes significant at alpha level of 5%.

Source: Field Survey, Bugyei (2015)

Also, the overall mean (3.87) result of branding is very high which is above the midpoint of 3 on the 5-point Likert scale as shown in Table 8. This indicates that, branding has major impact on respondents' decision to choose their banks for financial transactions. This result is consistent with the finding of Kumar, Kee and Charles (2010) that branding is the most important factor considered by customers when selecting banks for their financial transactions. This result is also in line with the finding of Pass (2006). According to Pass brand image and reputation affect customers' choice of bank and switching behaviour to a great extent. In support of this assertion, Aish, Ennew and McKechnie (2003) stated that branding plays a major role in the selection of banks by small businesses owners. This result also corroborate the findings of Nguyen and Leblanc (2001) that reputation of a bank can enhance customer

loyalty, especially in the retail banking industry, where quality cannot be evaluated accurately before purchase.

### **Distance to bank location and customers' choice of bank**

With respect to distance to bank location, the study revealed that customers' in the Cape Coast Metropolis take it into consideration when selecting a commercial bank for their financial transactions as indicated in Table 10. This implies that all other things being equal, respondents are likely to choose a bank which has lots of branches; sites its branch at convenient location, locates the bank close to respondents' place of work or home and locates the bank branches nearer to a market or business centre. Thus, as the distance to bank location increases it reduces the likelihood of the respondent from choosing that bank for his or her financial transactions. The individual mean of the factors under the variable distance to bank location as indicated in Table 9 were all very high (3.5 and above).

Table 9

*Distance to Bank Location and Customers' Choice of Bank*

Branding	Mean	Std dev
I considered the location of my main bank before choosing it.	3.93	.013672
I considered the number of branches of my main bank before choosing it.	3.97	.009838
My main bank is close to my home/work	3.82	.023713
My main bank is located in the market/business centre	3.84	.021866
Overall mean	3.90	

\*Scale (Mean): 0-1.4=Very low; 1-1.5=low; 2-2.4=Average; 2.5-3.4= high; 3.5= very high. \*Denotes significant at alpha level of 5%.

Source: Field Survey, Bugyei (2015)

Also, the overall mean (3.90) result of distance to bank location as indicated by Table 9 is regarded as very high, since it is above the average point of 3 on the 5-point Likert scale. This indicates that, distance to bank location is significant in explaining respondents' decision to choose a bank for financial transactions. This finding confirms the study by Maiyaki (2011) that convenient location of a bank has a great influence on customers' choice of bank. This result is also in line with the finding of Kaiser (2002) that people may desire to select the nearest branch of a bank from either residential or place of work. This result also corroborates the finding of Lee and Cunningham (2001) that convenient location of a bank can encourage customers to stay at their current bank and delay the idea of switching, even if the satisfaction rate is small.

**Innovative products and customers’ choice of bank**

The result shows that innovative products offered by a bank influence customers’ choice of bank in the Cape Coast Metropolis. Customers perception about innovative product in affecting their preference for a commercial bank was scored high (3.5 and above) as presented in Table 11. Thus, all other things being equal, customers in the Cape Coast Metropolis are likely to transact business with a bank which offers innovative products and services than a bank which offers only traditional products to satisfy the needs of its customers. Respondents consider innovative products and services as the key determinant to their choice of commercial bank for their financial transaction in the Cape Coast Metropolis in the Central Region of Ghana.

Table 10

*Innovative Products and Customers’ Choice of Bank*

Innovative products	Mean	Std dev
The availability ATM of my main bank influenced me to choose it.	3.80	.025206
I chose my main bank because of it offers internet banking service	3.70	.044888
I chose my main bank because it offers mobile banking service.	3.70	.043887
I chose my main bank because it offers e-zwich service.	3.63	.043777
Overall mean	3.70	

\*Scale (Mean): 0-1.4=Very low; 1-1.5=low; 2-2.4=Average; 2.5-3.4= high; 3.5= very high. \*Denotes significant at alpha level of 5%.

Source: Field Survey, Bugyei (2015)

With regard to innovative products and services, the overall mean (3.70) result as shown in Table 10 is regarded as very high. It is above the midpoint of 3 on the 5-point Likert scale. This indicates that, innovative products offered by banks have great influence on respondents' decision to choose banks for financial transactions. This result is consistent with the finding of Katircioglu, Fethi, Unlucan and Dalci (2011) that the availability of innovative products, such as ATM, are the most important factors which are considered by customers when choosing and patronizing the services of commercial banks. This result also confirms the assertion by Rahman and Ahmed (2008) that ATM service, online banking and convenience are the most important factors which influence customers' choice of bank. The study further revealed that ATM is the most important innovative product considered by respondents in their decision to choose a bank. This result is similar to the finding of Marfo-Yiadom and Ansong (2012) that the most popular innovative product among university students in Cape Coast is ATM service provided by the banks. Abor (2004) also concluded that ATM service has been the most successful delivery medium for consumer banking in Ghana, and customers consider it as important to their choice of bank. Leow (1999) also observed that telephone banking benefit customers as it provides increased convenience, expanded access and significant time savings. The implication of this result is that banks have the opportunity to increase their profitability due to the numerous advantages associated with the adoption of innovative products by financial institutions as indicated by Robinson (2000).

In conclusion, the results offer conclusive support to the fact that branding, advertising, distance to bank location and innovative products have

great impact on customers' choice of bank in the Cape Coast Metropolis. Generally, the overall means of all the variable of interest fell within the very high range of the five point likert scale. Therefore, banks operating in the Cape Coast Metropolis and in Ghana, as a whole, should critically consider these variables as means of increasing their penetration ratio. Moreover, they can remain competitive if these factors are factored into their marketing strategies.

### **Regression Analysis of the Factors Influencing Customers' Choice of Bank**

Given the nominal nature of the dependent variable, customers' choice of bank, multinomial logistic regression is employed for this analysis. The study focuses on five main variables – demographic characteristics (age, education, income, and occupation), advertising, branding, distance to bank location, innovative products and services offered by banks – and how they influence respondents' choice of bank. This section presents the findings from the regression analysis on the main variables and their relationship with the dependent variable. The results have been presented in Table 11.



Table 11

*Multinomial Logistic Regression Results for Determinants of Customers' Choice of Bank*

Variable	RRR	STD Err	Z	P-value
<b>Barclays</b>				
Age	1.0162	0.0308	0.53	0.596
Education	6.9874	6.8337	1.99	0.047
Income	1.001	0.0013	0.77	0.44
Branding	0.9114	0.2504	-0.34	0.736
Distance	0.3264	0.0892	-4.1	0.000
Products and services	0.1624	0.0474	-6.23	0.000
Advertising	1.0663	0.2017	0.34	0.734
Occupation	22.9762	0.1720	0.02	0.984
<b>UT BANK</b>				
Age	1.0117	0.0451	0.26	0.794
Education	0.2851	0.3077	-1.16	0.245
Income	1.0019	0.0019	1.01	0.313
Branding	0.4199	0.1188	-3.07	0.002
Distance	0.5381	0.1971	-1.69	0.091
Products and services	0.5886	0.1341	-4.05	0.000
Advertising	0.5886	0.1341	-2.33	0.002
Occupation	0.1028	0.0926	-2.52	0.012

**Table 11 continued****GN BANK**

Age	1.1022	0.0446	2.4	0.016
Education	1.744	4.3305	0.22	0.823
Income	1.0012	0.002	0.6	0.55
Branding	1.0524	0.4285	0.13	0.900
Distance	0.284	0.1329	-2.69	0.007
Products and services	0.6131	0.4462	-0.67	0.501
Advertising	3.4862	1.2688	3.43	0.001
Occupation	0.0045	0.0045	-5.42	0.000

**NIB**

Age	1.021	0.0447	0.48	0.635
Education	0.84	0.907	0.02	0.987
Income	0.9945	0.0023	-2.41	0.016
Branding	0.3693	0.0978	-3.76	0.000
Distance	0.2949	0.0929	-3.87	0.000
Products and services	0.2651	0.0917	-3.84	0.000
Advertising	2.0584	0.6272	2.37	0.018
Occupation	15.2209	19.0816	2.17	0.003

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Number of observations				332
LR chi2(32)				435.32
Prob>chi2				0.0000
Pseudo R2				0.4686

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Source: Field survey, Bugyei (2015)

The pseudo  $R^2 = 0.4685$  indicates that 46.85 percent of the variations in the choice of bank is explained by the model. The F-statistic (( $F = 435.32$ ,  $\text{Prob} > \chi^2 = 0.000$ )) shows that there is strong and significant relationship between customers' choice of bank and the explanatory variables. These figures provide evidence of the model fit, indicating, particularly, that the regression model fitted the data reasonably well. From the results, the p-values associated with the likelihood ratio test indicate that the coefficient for age ( $\chi^2 = 6.640$ ,  $p > \chi^2 = 0.355$ ) and income ( $\chi^2 = 10.726$ ,  $p > \chi^2 = 0.097$ ) of respondents in the multinomial logistic equation is not significantly different from zero (0) at 5% level of significance. That is, age and income do not statistically explain the choice of bank in this study. However, all other variables in the model passed the likelihood ratio test. The result of the multinomial logistic estimation is shown in Table 11. Therefore, we proceed to interpret the results obtained for these variables.

Multinomial logistic regression was employed as the estimation technique for this study because the dependent variable (choice of bank) has more than two outcomes. Additionally, these outcomes have no natural occurring order. The base category for the multinomial logistic regression for this study is GCB Bank Limited (GCB). GCB Bank Limited was set as the base category because it has the highest number of observations of the sampled respondents for this study. Therefore, all other categories are analysed in reference to GCB Bank limited.

For the choice of Barclays relative to the choice of GCB, the z test statistic for the predictor, education (1.99), is associated with a p-value of 0.047. At an alpha level of five percent we conclude that for the choice of

Barclays relative to GCB the regression coefficient for education has been found to be statistically different from zero given other factors in the model. The relative probability of choosing Barclays compared to GCB is 59.8% higher for those with higher level of education. Stated differently, all other things being equal, people who are highly educated are more likely to choose Barclays than GCB. Barclays Bank was known to be financing the export-import trading activities of the colonial administrators and payment of salaries of those educated engaged by the colonial government. This perception about the bank still exists and as a result the highly educated working with government and corporate organisations mostly prefers to transact business with Barclays Bank. This makes its branches less congested during the period that workers are receiving their salaries since other category of workers usually receive their salaries from GCB and other banks. Most customers would want to spend few hours at the banking hall when performing their financial transactions. This is because most workers ask permission from their management during the instructional hours to perform their financial transactions.

Moreover, to avoid inconveniences, a rational worker would select a bank that he or she will spend less time in performing financial transactions and get back to the office as soon as possible. On the other hand, GCB's networked branches usually experience congestion, since they serve different category of customers, including business men, students, pensioners, traders, farmers and other groups of people, who would not patronise the services of Barclays. Furthermore, considering the fact that Barclays was not initially serving the banking needs of the ordinary Ghanaian, it has only remained an

elite bank in Ghana. Since most of the elite in Ghana are usually the highly educated in Ghana, it is therefore, not surprising that the highly educated are more likely to choose Barclays Bank as compared to GCB Bank. This result is supported by the assertion of Kissler (2002). Kissler emphasized that, due to time and cost constraint; many bank customers give value to the nearest bank branch and open their accounts with these branches.

Another factor that influences the choice of Barclays compared to GCB from the results is distance to bank location. By distance, we mean convenient location of the bank, the number of branches of the bank, the proximity of bank to the central business district, market place, home or workplace. The z test score for this variable (- 4.10) is associated with a p-value of 0.000. The relative risk shows that a unit increase in considering number of branches of a bank, proximity to central business district, marketplace, workplace and or home reduces the relative probability of choosing Barclays Bank compared to GCB Bank Limited by 67.36 percent (1-0.3264). That is, all other things being equal, when we take distance to bank location in terms of number of branches, and proximity to key places one is more likely to choose GCB rather than Barclays. GCB has more branches nationwide and as a result it is close to market centers and central business districts than Barclays. As at the end of 2013, GCB had 158 branches, while Barclays had 59 branches. In the Cape Coast Metropolis, GCB has two branches at strategic locations but Barclays Bank has only one branch. This makes GCB Bank Limited more accessible and convenient to patronise as compared to Barclays Bank. In the sense of convenience and time constraint, many bank customers would prefer to select a bank which is easily accessible.

This result is consistent with the empirical study of Salleh and Hazimah (2009). Salleh and Hazimah pointed out that many customers try to select those banks which have more branches and are convenient in location.

Last but not least, innovative products and services offered by banks explain the choice of Barclays relative to GCB. The z test score for this variable (-6.23) is associated with a p-value of 0.000. All other things being equal, a unit increase in considering the products and services offered by a bank decreases the relative probability for choosing Barclays, compared to GCB, by 83.76 percent (1-0.1624). That is, by considering the products offered by banks, people of Cape Coast Metropolis are more likely to choose GCB as compared to Barclays. Since GCB Bank limited was initially established to serve the banking needs of the ordinary Ghanaian, it has over the years developed products and services to satisfy needs of the ordinary people and affluent in Ghana. For example GCB has recently introduced five special loan facilities aimed at boosting the operations of small and medium enterprises so as to enable them employ more people in Ghana. The loan facility is to be granted to the SMEs with or without collateral security. GCB has therefore position itself to attract every potential customer and also to maintain its existing customers. GCB offers additional products such as “Kidistar” and trust accounts, link2home account, tariff guide, easy pick, remit, smart pay and e-zwich service which is not offered by Barclays to its customers in the Cape Coast Metropolis. GCB Bank Limited, therefore, presents an opportunity for every potential and existing customer in the Cape Coast Metropolis to select from variety of innovative products in addition to their traditional products as compared to Barclays Bank limited. Customers

usually patronise commercial banks based on the products and services these banks offer to satisfy their banking needs. It is, therefore, rational that an average Ghanaian would prefer GCB to Barclays Bank due to the numerous products and services offered by GCB. This result is congruent with the finding of Mylonakis (2007). Mylonakis acknowledged that product mix influence customers' choice of retail bank. This finding is also supported by the assertion of Lymperepolos, Chaniotakis and Soureli (2006) that products attribute and offering influence customers' bank choices.

For the factors that affect the choice of Unique Trust Bank (UT), relative to GCB, branding, location, products and services, advertising and occupation of the respondent were found to be statistically significant. The z test statistic for branding (-3.07) is associated with a p-value of 0.002. The relative risk ratio for choosing UT Bank is 58.01percent (1-0.4199) lower compared to GCB if there is a unit increase in considering branding when choosing a bank, all other things remaining constant. More generally, in the Cape Coast Metropolis, and in Ghana, at large by considering branding when choosing a bank, it is more likely to choose GCB than UT Bank all other things being equal. GCB bank limited has operated in Ghana for quite a long time, remained financially stable and has therefore built strong brand image and reputation for itself. This makes Ghanaians more secured to transact business with GCB compared to UT Bank. This result confirms the finding of Pass (2006). The findings of Pass revealed that brand image and reputation affect customers' choice of bank and switching behaviour to a great extent. Moreover, most Ghanaians perceive GCB as their own bank because of its name and image. GCB Bank Limited is therefore differentiated from other

commercial banks due to its brand name and image. This finding is supported by the assertion of Bravo, Montaner and Pina (2010). According to Bravo, Montaner and Pina a good way to differentiate in this competitive retail market is by using the corporate brand image. This finding also corroborates the view of Keller's (2003) assertion that brand image provides the attributes which are seen as the basis for influencing consumer's brand choice.

Also among the significant factors that affect the choice of UT Bank relative to GCB is innovative product offered by the banks to their customers. The regression results as shown in Table14 reveal that the z test statistic (-4.05) is associated with a p-value of 0.000. For a unit increase in considering innovative products of banks, the relative probability of choosing UT Bank compared to GCB falls by 41.14 percent, all other things being equal. That is, when there is an increase in considering innovative products of banks before making a choice, the relative probability of choosing UT Bank is lower compared to GCB. GCB Bank Limited offers products, such as "Kidistar" and Trust accounts, Gold card, "smartPay", link2home account, and services such as tariff guide, SMEs solution, remit and easy pick which UT Bank does not offer to its customers. In the light of this, people in the Cape Coast Metropolis would prefer GCB to UT Bank as far as their choice of bank is concerned. This result is in line with the finding of Lee and Marlowe (2003) that range of products and services affect how customers choose financial institutions.

The choice of UT Bank compared to GCB is again partly dependent on advertising. The results in Table14 reveal that the z test statistic for advertising (-2.33) is associated with a p-value of 0.02. This means that advertising



significantly explains the choice of UT Bank, relative to GCB at 5percent level of significance. The relative risk ratio for UT Bank is 41.14 percent (1-0.5886) lower compared to GCB, if there is a unit increase in considering advertising when choosing a bank in Ghana all other things being equal. Generally, the results suggest that the relative probability of choosing UT Bank, is lower compared to GCB when customers consider advertising in choosing a bank, all other things remaining constant. GCB has a billboard at every place where its branch is established. This has helped GCB Bank Limited to improve its advertising campaign over the years and has made it more attractive to customers than UT Bank. Moreover, the recently rebranding of GCB Bank can be attributed to the improvement of advertising campaign of the bank to inform potential customers of its existence. This result confirms the finding of Cengiz, Ayyildiz and Er (2007). According to the finding of Cengiz, Ayyildiz and Er advertising affect customers' behaviour as it provides information to guide customers' purchasing decision.

Last but not least, regarding the type of occupation, the regression analysis shows that skilled labour is less likely to choose UT bank, compared to GCB, all other variables held constant. The z test statistic for skilled labour is associated with a p-value of 0.012. The relative risk ratio for choosing UT Bank relative to GCB Bank is 89.72 percent lower for skilled labour than unskilled labour. More generally, the results suggest that skilled labour is less likely to choose UT Bank, compared to GCB. UT Bank was initially established to finance the activities of those engaged trading activities. These group of workers fall under the unskilled labour category. It is, therefore, not

amazing that the unskilled labour mostly transact business with UT Bank as compared to GCB.

Furthermore, the results of the regression analysis as shown in Table 14 reveal that location, advertising and occupation affect the choice of GN Bank, relative to GCB Bank limited. The predictor variable, distance to bank location as defined by convenient location, number of bank's branches and proximity to key areas has a z test statistic of -2.41 and is associated with a p-value of 0.007. If there is a unit increase in considering bank's location in choosing a bank, the relative probability for choosing GN Bank is 71.60 percent (1-0.2840) lower compared to GCB. More generally, in Ghana, it is less likely to choose GN Bank compared to GCB when considering location of banks. This is because GCB remains the bank with the highest branches in Ghana and as a result customers see it to be more accessible than GNB. This result is in line with the assertion of Lymperopolos et al., (2006) that access to bank location is an important quality in bank selection.

Advertising is another factor that explains the choice of GN Bank compared to GCB. This is revealed by the z test statistic associated with this predictor (3.43) and the corresponding p-value of 0.001. The results suggest that, all other things being equal, advertising influences the choice of GN Bank more than GCB. The relative probability for choosing GN Bank, compared to GCB increases by a factor of 3.486 if there is a unit increase in considering advertising when choosing a bank. From the results it can be implied that compared to GCB, GN Bank can attract more customers by its advertising content. This can be attributed to the intense advertisement made by GN Bank on its products and services since obtaining universal license to

operate as a bank. The management of GN Bank used the electronic media available to market their operations as well as the brand. This result confirms the assertion of Anon (2011). Anon (2011) observed that newspapers, television and magazines have the biggest impact on consumer buying behaviour. Notwithstanding, GCB has a better brand image than GN Bank considering the fact that GCB has operated for quite a long time and it is partly owned by the government of Ghana. GCB continues to be one of the top five banks in Ghana in terms of its asset value thereby making it more financially stable to deliver payments to its customers.

Last but not least, the type of occupation (in this instance skilled labour) explains the choice of GN Bank compared to GCB. The study reveals that it is less likely for skilled labour to choose GN Bank compared to GCB. The dummy predictor, skilled labour, has a z test statistic of -5.42 and is associated with a p-value of 0.000. The relative risk ratio reveals that the relative probability for a person to choose GN Bank compared, to GCB is 99.5 percent lower for skilled labour than unskilled labour. More generally, it is less likely for a skilled labour to choose GN Bank, compared to GCB Bank in the Cape Coast Metropolis in Ghana. This can be attributed to the fact that GN Bank initially started as a Savings and Loan Company. It was dealing more with traders, and farmers because of the mandate given to it by the Central Bank of Ghana as a savings and loans company. This makes the unskilled labour more comfortable to transact business with GN Bank as compared to GCB. This result is consistent with the assertion of Mylonakis (2007) that existing corporation as well as friendliness of personnel play important role and affect customers' bank selection.

Among the factors that affect the choice of National Investment Bank (NIB), relative to GCB are branding, location of banks, products and services, advertising and the occupation. Table 14 reveals that the z test statistic for the predictor, branding (-3.76) is associated with a p-value of 0.000. A unit increase in considering branding as a predictor variable causes the relative probability of choosing NIB, relative to GCB to decrease by 63.07 percent (1-0.3693). That is, it is less likely for respondents to choose NIB, compared to GCB, on the basis of branding, all other things being equal. GCB is largely seen by people as a Ghanaian bank because of its name as compared to NIB. The brand name and reputation of GCB Bank Limited make it more attractive and safe for customers to transact financial business with it. This can be attributed to the reason why GCB Bank limited could not change its name entirely during its rebranding exercise. This result is in line with the finding of Bravo et al., (2010). Bravo et al., acknowledged that due to the deregulation and the increased competition in the retail banking market, organisations such as banks can take advantage of their brand image and name to attract new customers.

Another factor that explains the choice of NIB, relative to GCB, is distance to bank location. The z test score for this predictor (-3.87) is associated with a p-value of 0.000. The relative risk shows that a unit increase in considering number of branches of a bank, proximity to central business district, market place, work place and or home reduces the relative probability of choosing NIB, compared to GCB by 70.51 percent (1-0.2949). That is, when we take location of bank in terms of number of branches, and proximity to key places one is more likely to choose GCB rather than NIB all other things

being. GCB has 159 branches, but NIB has only 29 branches operating in Ghana as at 2013. In the Cape Coast Metropolis which was selected as the study area, GCB has two branches while NIB has only one branch. Since location has great influence on customers' choice of bank, it is not surprising that in this study distance to bank location explains why the respondents prefer GCB to NIB. This result is in line with the work of Lee and Cunningham (2001). The findings of Lee and Cunningham revealed that convenient location can encourage customers to stay at their current bank and delay the idea of switching, even if the satisfaction rate is small.

Also, among the significant factors that affect the choice of NIB relative to GCB, is distance to bank location. The regression results, as shown in Table 14 reveals that the z test statistic (-3.43) is associated with a p-value of 0.001. For a unit increase in considering distance to bank location, the relative probability of choosing NIB, compared to GCB, falls by 73.49 percent (1-0.2651) all other things being equal. That is, when there is an increase in considering location of banks before making a choice, the relative probability of choosing NIB is lower, compared to GCB. GCB has more branches than NIB. As at the end of 2013, GCB had 159 networked branches, while NIB had only 29 branches. This makes GCB Bank Limited situated close to key areas such as market centres, business centres, home and workplaces. Customers therefore, find it more convenient to patronise the services of GCB, as compared to NIB. This result is consistent with the finding of Kiser (2002). According to the findings of Kiser location has special meaning in the financial service industry, because it is at the branch or office that banks and the customers are connected; it is where customers have their account.

The choice of NIB compared to GCB is, again, partly dependent on advertising. The results in Table 14 reveal that the z test statistic for advertising (2.37) is associated with a p-value of 0.018. This means that advertising significantly explains the choice of NIB, relative to GCB, at 5 percent level of significance. The relative risk ratio for NIB increases by a factor of 2.06 compared to GCB, if there is a unit increase in considering advertising when choosing a bank in Ghana all other things being equal. More generally, the results suggest that the relative probability of choosing NIB is higher compared to GCB, when we consider advertising in choosing a bank, all other things remaining constant. The management of NIB has engaged in aggressive advertising over the years to create awareness of its products and services. This has helped to make NIB more popular and has attributed to the attractive nature of NIB compared to GCB as far as the people of Ghana are concerned. This result is consistent to the finding of Gerrard and Cunningham (2004). Gerrard and Cunningham observed that promoting the business through the various offers attract more customers. Attractions such as free gifts help to reduce switching behaviour. Effective advertising can broaden the communicative channel between customers and institutions which enhance the chance of success. However, this result is contrary to the findings of Mylonakis (1998). The findings of Mylonakis (1998) disclosed that advertising does not influence the choice of bank by customers.

Last but not least, regarding the type of occupation, the regression analysis shows that skilled labour is likely to choose NIB compared to GCB, all other variables held constant. The z test statistic for the type of occupation is associated with a p-value of 0.03. The relative risk ratio for choosing NIB,

relative to GCB, is higher by a factor of 15.22 for skilled labour. More generally, the results suggest that skilled labour is more likely to choose NIB, compared to GCB. GCB offers services to every individual irrespective of your profession. Moreover, GCB's initial mandate was to provide credit facilities to the ordinary Ghanaian who could not obtain such facilities from the colonial banks which were operating in Ghana. As a result, GCB has many products which satisfy the banking needs of the unskilled labour in Ghana. The finding in this work also affirms the finding of Atta-Junior, Addiyiah-Osei and Pertershie (2013). The finding of Atta-Junior, Addiyiah-Osei and Pertershie revealed that farmers, traders and artisans continue to transact business with GCB, because it was established to serve the banking needs of those people who were ignored by the expatriate banks.

### **Summary**

It can be concluded that branding, advertising, distance and innovative products have strong relationship with customers' choice of bank. Moderate and significant relationship was found between employment, occupation and customers' choice of bank. All the variables of interest in the conceptual framework were found to be significant in explaining customers' choice of bank in the Cape Coast Metropolis. Banks and other financial institutions operating in the Cape Coast Metropolis and in Ghana as a whole should pay much attention to branding, advertising, distance to bank location and develop innovative products as a means of improving their penetration ratio in Ghana. Moreover, banks should include these variables as part of their marketing strategies to remain competitive in the retail market and increase their profitability as well.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATION

#### Introduction

This chapter presents the summaries of the major findings of the empirical study undertaken on the determinants of customers' choice of bank in the Cape Coast Metropolis in the Central Region of Ghana. The summary provides a brief overview of the entire study from the background to the findings of the study. The chapter also presents the conclusions of the study and makes some recommendations based on the analysis of the topic researched and some suggestions for policy considerations.

#### Summary

The purpose of this study was to examine the factors that influence customers' choice of bank in the Cape Coast Metropolis. To sample the respondents for the study, a multi-stage sampling technique was used. The unit of analysis was the customer of a bank. The respondents sampled for the study were 410 bank customers. The instrument used for the data collection was structured questionnaire. The data obtained comprised socio-economic and demographic factors of bank customers' decision to choose their preferred banks for financial transactions.

The study adopted the multinomial logistic regression as the estimation technique due to the nominal nature of the dependent variable. The choice of bank was the dependent variable. Advertising, branding, distance to bank location, innovative products and services and other demographic



characteristics of customers such as age, occupation and educational level were the independent variables. Stata (version 13) and SPSS (version 21) were the statistical software used for the estimations in this study. The study passed the likelihood ratio specification test successfully. To avoid the problem of multicollinearity, the correlation matrix was keenly monitored and highly correlated variables were dropped.

The outcomes of this study disclosed some findings which were consistent to what exist in the empirical literature. However, some of the results were new findings as compared to the existing empirical literature. The study discovered that branding, advertising, distance to bank location, innovative products and services, occupation, income and education are key determinants of bank customers' decision to choose a bank in the Cape Coast Metropolis in Ghana.

The demographic characteristics of the population revealed that the majority (55.12%) of the customers of banks in the Cape Coast Metropolis were males. The youngest and the oldest customers contacted for the study were 20 and 59 respectively. The majority (56.02%) of the customers have university degree while small numbers (1.15%) of them have no formal education. Majority (36.75%) of the customers were civil servants followed by professionals (20.48%) then sales and commercial activities (17.77%). About 13.86 percent of the customers were students whilst 2.17 percent of them were engaged in agricultural related activities.

The study also revealed that the key determinants of the customers' choice of Barclays Bank were education, distance to bank location and innovative products. The customers of UT Bank were influenced branding,

occupation and by the effective advertising campaign over the years. As far as the customers of GN Bank are concerned, the factors that influenced their choice of bank were distance to bank location, occupational status and effective advertising campaign. The choice of National Investment Bank relative to the choice of GCB Bank Limited, the key determinants of the customers' decision were branding, advertising, distance to bank location and occupational status of the respondents.

### **Conclusion**

Based on the analysis and the results of this study, the following conclusions are made for further considerations. In the wake of increasing call on government of Ghana to improve upon the standard of living of the citizenry, it has become imperative for researchers to engage in in-depth investigation into the potential factors that can influence the speedy realization of this dream. The effort by government and other state bodies to improve upon the economy and help to reduce the poverty level in Ghana encompass the development of all sectors of the economy with which the financial sector is not an exception. In as much as the government is playing instrumental role in this campaign, the financial institutions are also strategizing very effectively to take advantage of all the opportunity that come with the national campaign to increase their customer base. These strategies have included rebranding of their institutions, development of innovative products and effective advertisement.

Based on the results of the study, the following observations were made:

1. It was observed that advertising turn out to be a significant predictor of the customers' choice of bank, the a' priory expected sign was

- correct and there is a positive association between advertising and choice of bank as it has been indicated in the literature. This result confirms the hypothesis set for advertising as a variable for this study to be investigated.
2. It was also observed that there was a positive association between branding and choice of bank. This finding is interpreted with caution given the fact that its effect is dependent on the subjective rather than objective judgment of potential customers of Banks.
  3. It was observed that distance to bank location is significant in explaining customers' choice of bank. However, there is a negative relationship between distance to bank location and customers' choice of bank. This indicates that as the distance to the nearest bank branch increases, the probability of a customer transacting business with a bank reduces with the appropriate marginal effect. This result also confirmed the hypothesis formulated to be tested for this study.
  4. In terms of innovative products and customers' choice of bank, it was observed that innovative product was an important predictor, and it was significant in explaining the customers' choice of bank in the Cape Coast Metropolis in Ghana. There was a positive relationship between innovative product and customers' choice of bank, thereby confirming the hypothesis formulated for the study as well.
  5. In the same vein, other demographic characteristics of customers that significantly predicted choice of bank were occupation and education. This result also confirmed the hypothesis set for this study to be tested.

This study, therefore, serves as basis for further research into the potential effect of branding, advertising, innovative products and other marketing strategies in influencing the course of campaign for Ghanaians to transact business with the formal financial institutions. The study is also anticipated to add to the existing and growing body of literature of factors influencing customers' choice of bank and switching behaviour. It is expected that other studies that will be done in the near future will draw lessons from it and build up this study so that enhanced understanding can be gained on the factors that influence customers' decision in the banking industry.

### **Recommendations**

Based on the results and the findings of this study, a number of recommendations are made to government, bank managers, customers and other stakeholders in the banking industry.

1. Banks should improve upon their corporate brands. Thus, banks operating in Ghana should improve upon their image, reputation and financial standing. This would help customers to avoid cognitive dissonance after they have transacted business with the banks.
2. Banks should also improve upon their advertising campaign. This will help customers to know more about the products and services offered by the banks so as to attract more customers.
3. The study revealed that distance is significant in explaining customers' decision to choose a bank. The study, therefore, advocates that the banks should extend their branches especially to the villages. This will help to bring banking to the door steps of the ordinary Ghanaian and help to improve banking penetration in the country as well.

4. Not only but also, banks should embrace well-integrated application of technology and current ways of delivering banking services to their customers. Automated teller machines should be installed at market places, shopping malls and other important places across the length and breadth of the country. Internet banking and E-zwich services should be adopted by the banks to help promote the call of government to establish a cashless economy.
5. Banks should also adopt innovative products and services such the internet baking, mobile banking, e-zwich service and other biometric cards as means of attracting new and retaining existing customers so as to improve upon their penetration ratio in the country.

### **Limitation of the Study**

It is significant to emphasize that as a characteristic of every research, this study has some limitations. First and foremost, the major issue of concern in carrying out this study was access to information from both customers and the management of the selected banks. The instrument used also posed some challenges while lack of supervision of research assistants resulted in partial responses to some questions from respondents.

Secondly, the study could not examine all the possible factors influencing customers' decision to choose a bank. It is believed that other variables which were excluded from the study could influence the issue under investigation. Marital status, household size and religious affiliation of respondents were some of the variables which were omitted from the study. Last but not least, time and financial resources were part of the challenges to

this study. The finance to hire enough resource assistants during the data collection period led to the delay to the completion of the study.

### **Suggestions for Further Study**

With regard to the findings, conclusions and limitations of this study, the following suggestions are made for future studies:

1. Future researchers may consider the factors influencing customers switching decision between commercial banks and rural banks. This will help the rural banks to develop the appropriate strategies to attract potential customers so as to improve upon their existing customer base.
2. Future researchers should examine the impact of culture on customers switching decision and choice of bank. This will go a long way to help the local and foreign owned banks on how to rebrand their organizations.
3. Future researchers should consider the factors influencing the switching intentions of university students, since university students would serve as long-term and future customers of banks.
4. Future researchers should compare the switching behaviour of those who have an account with one bank and those who are multiple account holders. This will help the banks to develop the appropriate strategies to attract these categories of customer differently.
5. Future researchers should consider the factors influencing customers' choice of foreign-owned banks and local-owned banks. This will help to know the impact of the foreign-owned banks on the performance of the local-owned banks.

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**APPENDICES**

**APPENDIX A-QUESTIONNAIRE**

**UNIVERSITY OF CAPE COAST**

**COLLEGE OF HUMANITIES AND LEGAL STUDIES**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF MANAGEMENT STUDIES**

Dear sir/madam,

The purpose of this study is to obtain information on **“Factors Influencing Customers’ Choice of Bank in the Cape Coast Metropolis”**.

This study is in partial fulfillment of my Master of Commerce Degree at the University of Cape Coast. I would be grateful if you consent to complete this instrument. Information required is purely for academic purpose and would not be passed on to any individual or organisation. I wish to assure you of the confidentiality and anonymity of your response. Please **tick** (✓) in the appropriate space which best represent your opinion on every statement in each section. For others, you may write on the space provided.

**SECTION A - DEMOGRAPHIC INFORMATION**

1. What is your Gender?    [0] Male                    [1] Female

2. How old are you? -----

3. Level of Education

[0] No schooling    [1] Basic level    [2] SHS/SS    [3] Tertiary

[4] Others (specify).....

4. What is your employment status?

[0] employed            [1] unemployed



5. What is your Occupation?

[0] Sales and Commercial [1] Agriculture [2] Artisan [3] Civil Servant

(4)Professional [5] Student

[6] Others [Please specify].....

6. What is your monthly income? (GH¢).....

**SECTION B**

**Instructions:** Please indicate your level of agreement with the following statements using the following scale:

*5=Strongly Agree [SA] 4=Agree [A]; 3= Somewhat Agree [SWA];*

*2=Least Agree [LA]; 1=No Agreement [NA]*

**PART 1: BRANDING AND CHOICE OF BANK**

(A) What is the name of your main Bank for financial transactions?.....

**(B) Advertising and customers choice of bank.**

<b>advertising</b>	<b>SA</b>	<b>A</b>	<b>SWA</b>	<b>LA</b>	<b>NA</b>
1. I considered the name of my main bank before choosing it.	5	4	3	2	1
2. I chose my main bank because of its image and reputation.	5	4	3	2	1
3. I chose my main bank because it is well known.	5	4	3	2	1
<b>Appendix A continued</b>					
4. I chose my main bank because it represents my social class.	5	4	3	2	1

**PART 2: Branding and customers' choice of bank.**

<b>Branding</b>	<b>SA</b>	<b>A</b>	<b>SWA</b>	<b>LA</b>	<b>NA</b>
1. The radio advertisement on the operations of my main bank influenced me to choose it.	5	4	3	2	1
2. The television advertisement on the products and services of my main bank influenced me to choose it.	5	4	3	2	1
3. The information on the billboards of my main bank influenced me to choose it.	5	4	3	2	1
4. The information in the brochure of my main bank influenced me to choose it.	5	4	3	2	1

**PART 3: Distance to bank location and customers' choice of bank.**

<b>Distance to bank location</b>	<b>SA</b>	<b>A</b>	<b>SWA</b>	<b>LA</b>	<b>NA</b>
1. I considered the convenient location of my main bank before choosing it.	5	4	3	2	1
2. I considered the number of branches of my main bank before choosing it.	5	4	3	2	1
3. I considered the bank's proximity to home/workplace before choosing it as my main bank.	5	4	3	2	1
4. I considered the bank's proximity to market/business centre before choosing it as my main bank.	5	4	3	2	1

**PART 4: Innovative products and customers choice of bank.**

Innovative product	SA	A	SWA	LA	NA
1. I considered if my main bank offers ATM services before choosing it.	5	4	3	2	1
2. I considered if my main bank offers internet before choosing it.	5	4	3	2	1
3. I considered if my main bank offers mobile banking service before choosing it.	5	4	3	1	0
4. I considered if my main bank offers E-zwich service before choosing it.	5	4	3	2	1
5. Did you consider other innovative products apart from those stated above? [0] Yes [1] No specify, if Yes .....					

***THANK YOU VERY MUCH FOR PARTICIPATING IN THIS SURVEY.***

APPENDIX B

INTRODUCTORY LETTER

UNIVERSITY OF CAPE COAST  
SCHOOL OF BUSINESS  
DEPARTMENT OF MANAGEMENT STUDIES

Telephone (03321) 32440/32444 Ext. 219/220  
Direct (03321) 37870  
Telegrams: University, Cape Coast  
Telex: 2552, UCC, GH.

UNIVERSITY POST OFFICE  
CAPE COAST, GHANA



Our ref: SB/MKM/13/0004

Date: 28<sup>th</sup> April, 2015

Your ref:

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER- MR. GODFRED BUGYEI

The bearer of this letter, **Mr. Godfred Bugyei**, is an MCOM (Marketing) student of the School of Business. He is writing his thesis on the topic "**Factors influencing customers' choice of bank in the cape coast Metropolis**".

We would, therefore, be grateful if you could give him the permission to administer his questionnaires in your institution.

We appreciate your co-operation.

Yours faithfully,

F.O. Boachie-Mensah  
HEAD

DEPT. OF MANAGEMENT STUDIES  
UNIVERSITY OF CAPE COAST  
CAPE COAST

APPENDIX C

Multinomial Logistic Regression Output

Variable	RRR	Std. Err.	z	P>z
<b>Barclays</b>				
Age	1.0162	0.0308	0.5300	0.5960
Education	6.9874	6.8337	1.9900	0.0470
Income	1.0010	0.0013	0.7700	0.4400
Brand	0.9114	0.2504	-0.3400	0.7360
Location	0.3264	0.0892	-4.1000	0.0000
Products	0.1624	0.0474	-6.2300	0.0000
Advertising	1.0663	0.2017	0.3400	0.7340
Occupation	22.9762	1720.0000	0.0200	0.9840
<b>UT Bank</b>				
Age	1.0117	0.0451	0.2600	0.7940
Education	0.2851	0.3077	-1.1600	0.2450
Income	1.0019	0.0019	1.0100	0.3130
Brand	0.4199	0.1188	-3.0700	0.0020
Location	0.5381	0.1971	-1.6900	0.0910
Products	0.2435	0.0850	-4.0500	0.0000
Advertising	0.5886	0.1341	-2.3300	0.0200
Occupation	0.1028	0.0926	-2.5200	0.0120

**Appendix C cont.**

**GN Bank**

Age	1.1022	0.0446	2.4000	0.0160
Education	1.7440	4.3305	0.2200	0.8230
Income	1.0012	0.0020	0.6000	0.5500
Brand	1.0524	0.4285	0.1300	0.9000
Location	0.2840	0.1329	-2.6900	0.0070
Products / Services	0.6131	0.4462	-0.6700	0.5010
Advertising	3.4862	1.2688	3.4300	0.0010
Occupation	0.0045	0.0045	-5.4200	0.0000

**NIB**

Age	1.0210	0.0447	0.4800	0.6350
Education	0.8400	907.0000	0.0200	0.9870
Income	0.9945	0.0023	-2.4100	0.0160
Brand	0.3693	0.0978	-3.7600	0.0000
Location	0.2949	0.0929	-3.8700	0.0000
Product/ Service	0.2651	0.0917	-3.8400	0.0000
Advertising	2.0584	0.6272	2.3700	0.0180
Occupation	15.2209	19.0816	2.1700	0.0300

---

N=332; LR Chi2 (32)=435.32; Prob>chi2=0.000; Pseudo R2=0.4686

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**Source: Field Survey, 2015**

APPENDIX D

Likelihood Ratio Test

Variable	chi2	df	P>chi2
Age	6.640	6	0.355
Education	25.438	5	0.000
Income	10.726	6	0.097
Brand	24.701	6	0.000
Location	27.437	6	0.000
Products /Services	70.764	6	0.000
Advertising	36.030	6	0.000
Occupation	92.029	5	0.000

Source: Field Survey, 2015