CHAPTER 1

INTRODUCTION

1.1 Background of the study

A bank is a financial institution licensed to receive deposits and make loans. Banks may also provide financial services such as wealth management, currency exchange, and safe deposit boxes. There are several different kinds of banks including retail banks, commercial or corporate banks, and investment banks. In most countries, bankhas regulated by the national government or central bank.

Commercial banks make money by providing loans and earning interest income from those loans. The types of loans a commercial bank can issue vary and may include mortgage, auto loans, business loans, and personal loans. A commercial bank may specialize in just one or a few types of loans.

In the last two decades there has been tremendous growth in Nepalese banking industry. Commercial banks are classified as class "A" banks in Nepal. There are 24 private commercial banks and 3 government commercials banks in Nepal. Nepal Rastra Bank has classified the financial institutions into "A", "B", "C" and "D" categories on the basis of the minimum paid-up capital and provides the suitable licences to the financial institutions. Group "A" is for the finance companies and 'D' for the Micro Finance Development Banks (NRB Report, 2019)

The commercial banks in Nepal came up with innovative banking schemes intended to meet the needs of the depositors. The three major and traditional functions of commercial banks are to accept deposits, to provide loans and facilitate customers to make payments. Over a period of time, commercial banks have come up with a wide range of other services that they offer their customers. Most commercial banks now provide travellers' cheque, exchange foreign currency, provide locker facility to keep valuables of customers in safe custody, issue letter of credit, perform certain agency functions of their customers etc. The time has changed and so has technology. Technology has played a major role in banking sector as well. The banking sector has embraced the use of technology to serve its client's faster and also to do more with less. Emerging technologies have change banking industry from paper and branch based banks to digitized and networked banking services. Convenience banking in the

form of debit cards, internet banking, and mobile banking, anywhere and anytime banking has attracted many new customers into the banking sector. Deposits are the main source of fund for every bank. Deposits are the foundation upon which banks thrive and grow. So, every bank is after attracting more and more depositors and increasing their deposits (NRB Report, 2019).

Studies show that banks can be successful by becoming customer-focused (Driscoll, 1999). This is because the customer, which is the supplier of the fund and the one borrowing from them, remains their lifeblood. On the other front, meeting the needs of the customers in respect of banking service provision has emerged as a significant element of bank reputation that persuades customers to select a bank (Leibert, 2004). Therefore, it will be imperative for banks to explore how customers make a choice among banks to conduct their day-to-day financial transactions. Such assessment will be helpful to banks to identify the appropriate marketing strategies needed to attract new customers and retain existing ones (Kaynak and Kucukemiroglu,1992).

Understanding customers' banks selection criteria has been considered to be helpful for banks in identifying the appropriate marketing-strategies needed to attract new customers and retain existing ones (Kaynak and Kucukemiroglu, 1992). Indeed, the growing competitiveness in the banking industry (Grady and Spencer, 1990), and similarity of services offered by banks (Holstius and Kaynak, 1995), has made it increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services. Therefore, for this sector, the quest lies in determining the basis on which customers, both depositors and borrowers make their selection process for a bank.

Banking industry is characterized by hyper competition due to attraction of business people of high return (Hinson, Osarenkhoe&Okoe, 2013). HyperCompetition is situation in which any strategy developed by company is easily copied by other's i.e. any strategy developed does not sustain for a longer period of time. In order to sustain in market, banks needs to continuously try to improve the marketing strategy. In such situation they face the problem of what factors need to be considered while improving strategy.

Banking is service industry because it provides service to the people and does not involve in production. In banking industry there is direct involvement of the customer

while taking the service from the bank. So the success of this industry depends on how the bank understands the factor that is associated in decision regarding banking service.

Structural, regulator and technological factor have led the bank to intense competition. In the banking sector various types of the industries have been opened which give direct/indirect pressure to the bank industry. Cooperation house, money exchanger and others pose direct or indirect threats to banking industry which is structural factor. Due to regulators/liberalization policy everyone is allowed to open the bank industry which fulfils the minimum requirement of the regulator. Similarly, advancement in technology has allowed managing the work of the distant places easier due to which banks started to expand beyond the boundary, which has globally increased the competition (Hedayatnia&Eshghi,2011).

Similarly, with increasing competition in market and similarity of service provided by banks it has become important to understand the factor that determines the basis upon which customers choose between banks (Hinson et al., 2013). Knowing determinants of bank selection allows bank to focus on product and services that is mostly valued by customer and enhance the customer satisfaction (Sayani&Miniaoui, 2013). To develop suitable marketing strategy with an objective of retaining and attracting new customer, banks need to identify the dimension of bank selection (Ulaganathan, 2011). Banks must able to attract and retain the customer to stay competitive enough in market by knowing the determinants of bank selection.

Banking sector has primary function of attracting deposit and loan funding. Unless the banks will be able to increase deposit by attracting potential customer, it won't able to fund the loan which has direct impact on profit. So, this paper aims to investigate determinants of bank selection by depositors in developing country like Nepal.

1.2 Problem statement

Understanding customers' banks selection criteria has been argued to be helpful to banks in identifying the appropriate marketing strategies needed to attract new customers and retain existing ones (Kaynak and Kucukemiroglu, 1992).

Financial markets provide playing field to financial institutions and their customers (depositors, borrowers, investors etc.) with all types of financial instruments such as deposits, loans and advances, securities, insurance policies, corporate bonds and

shares etc. A modern financial sector provides electronic banking services (e-banking), ATM services, credit cards, debit cards, innovative insurance products and services, attractive pension schemes and derivatives, hedging and financial futures. It can provide a wider range of financial services at lower costs while minimizing financial risks to a large number of customers. In a highly developed and sound financial system, all types of customers, whether large or small, rich or poor, and local or foreigner get benefited with their suitable financial products and services and insurance policies (Basyal, T.R.2001).

In reference with the above analyzed situation, it can be understood that with the increase in the competition in the market, it has become important to find out the answer how the customer chooses banking service. In the above mention condition, the problems towards which this study is directed are:

i. What are the main factors that affect the depositor's preference to select commercial banks?

ii. What is the impact of convenience, technology, attractiveness and reputation on depositors' preference?

1.3 Objectives of the study

The basic objective of the study is as follows:

i. To identify the factors that affects the depositor's preference to select commercial banks.

ii. To analyze the impact of convenience, technology, reputation and attractiveness on depositors' preference.

1.4 Research Hypotheses

H1: There is significant relationship between convenience and depositors' preference.

H2: There is significant relationship between technology and depositors' preference.

H3: There is significant relationship between reputation and depositors' preference.

H4: There is significant relationship between attractiveness and depositors' preference.

1.5 Rationale of the study

The study contributes to depositors' preference in bank selection. The study is conducted inside Kirtipur municipality, where customers prefer commercial bank for deposit. That means this study helps the policymakers, researchers, and other people to know about the bank selection and help for further research. This study helps to analyse the depositors' preference among the people in Kirtipur, which provide good opportunity to analyze the condition of depositors' preference in financial sector. This study is helpful to stakeholder and bank to develop and implement the various program related to the bank selection. Similarly, this study is helpful to financial institution to launch different schemes and programs. It helps the future researcher for further research on this topic by taking more variables than this study.The general public can also get benefit from this research study at large.

1.6 Limitations of the study

None of the study can go beyond of some limitation and this study also has exception. The scope of this research limits in terms of period of study as well as sources and nature of data. Major limitations are as follows:

   i.   The study considers only threecommercial banks in Kirtipur municipality, so the results cannot be generalized.
   ii. The study uses questionnaire method only to collect the data, so the reliability of the research depends upon answer given by them.
   iii. The study usesconvenience sampling method only, so the result is not free from bias.
   iv. The study selects only four variablesi.e. convenience, technology, reputation and attractiveness related to the depositors' preference.
   v.   Only these statistical tools (descriptive statistics, independent sample t-test, one way ANOVAs and correlation) have been used to study.

The study consider only certain factors, while there are many other factors that affect depositors preference while selecting banks for the deposit.

1.7 Chapter Plan

This study is divided into five chapters:

Chapter I: Introduction

This is the introductory chapter, which has covered background of the study, statement of problem of the study and its questions, purpose of the study, significance of the study, limitation of the study, need of the study, research methodology and method of analysis.

Chapter II: Review of Literature

This includes the review of the previous research work made in respect of bank selection. It includes conceptual review of determinants of depositor's preference and theoretical framework was developed. For this purpose, various books, journals and periodicals as well as internet used.

Chapter III: Research Methodology

The third chapter presents research methodologies adopted for the research. It comprises research design, population and sample, sources of data, data collection and procedure, data processing procedure and data analysis tools and techniques and its descriptive presentation.

Chapter IV: Results and Discussion

This chapter concerns with the presentation and analysis of data collection through various sources. The collected data interprets and analyzes with the help of statistical tools and techniques.

Chapter V: Conclusion

This chapter comprises the conclusion of entire thesis. It describes major findings of the thesis and provides some suggestion and recommendation based on the analysis of the study.

References & Appendix

References and Appendix have also been incorporated at the end of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The chapter includes conceptual review of the study, review of journal articles and research gap of the study. The process of studying different education materials which are related with the selected topic of the research is called "Review of Literature". It helps to find out the research gap.

2.2 Conceptual review

For banks to survive in contemporary highly competitive business environment, theyshould be able to attract and retain customers. And banks might not be able to effectively attract and retain customers without satisfying their needs. So in order to meet customer's needs, there is need to understand what is valuable to them and how they make decisions. Sometimes banks fail in attacking or retaining their customer because they fail in identifying the factors or determinants that consumer consider in bank selection.

The five most influential factors for bank selection are convenient, ATM locations; availability of ATM in several locations, bank's reputation, 24-hours availability of ATM services and available parking space nearby (Almossawi, 2001).

The number of ATM booths and branch office, availability of telephone and internet banking, giving personal attention to customer, reputation and image of bank, confidentiality of the bank for customer record and presentable appearance of the staff are most important selection criteria for people (Katircioglu, Tumer, & Kilinç 2011). Both of the researchers have focused on technological factor, staffing and image of bank as major influencing determinants. Besides these, parking space and confidentiality of the bank for customer record are also recorded as important determinants.

Many researchers point out the fact that satisfied customers share their experiences with other people to the order of perhaps five or six people. On the contrary, dissatisfied customers are more likely to tell another ten people of their experience with product or service (Angelova and Zekiri 2011).

2.3 Review of journal articles

This survey of previous studies was selectively done to take account of the several studies that have been conducted across countries and provide very rich setting for this study. Beginning from Canada, (Laroche et al. 1986) conducted a survey and found that speed of services, and factors relating to the competence and friendliness of bank personnel and convenience of location were the major factors which consumers perceived as important in their selection of a bank.

The financial services sector contributes immensely to the healthy economy of Hong Kong. An empirical studyconducted in Hong Kong in the summer of 1990 involved a sample of 106 Hong Kong residents who completeda questionnaire. Findings show that banking conditions in Hong Kong mostly parallel those of many developedcountries of the West. Respondents were divided into 56 frequent and 50 infrequent users of bank accounts.There were statistically significant differences between the 2 groups. The high ranking of fast and efficientservice and friendliness of bank personnel as patronage motives suggests that the banking industry in HongKong needs to place more emphasis on personnel training. It should focus on increasing the efficiency ofcompleting banking transactions and developing interpersonal communication skills. The banks also shouldfollow a market segmentation strategy. The success of foreign banks in Hong Kong is credited to a strategy ofproviding high-quality service to niche areas of the Hong Kong banking market (Kayanak and Kucukemiroglu1992).

This studied the opinions of 209 university students in Maryland,USA to obtain information about the determinants of customer's bank selection decisions. Overall, the highest ranking determinant attributes were: service charges, reputation, interest charged on loans, quick loan approval, and friendly tellers (Kazeh and Decker 1993).

Sweden, conducted a survey of 19 potential factors which customers consider as important in the selection of a bank. These factors include reputation, recommendation by others, interesting advertisement, convenience of location, opening hours and high technological services. Each respondent was asked to rate the importance of each of the above-mentioned factors on a scale of 5 (very important) to 1 (completely unimportant). His study revealed that friendliness and helpfulness of

personnel, accuracy in account/transaction management, and availabilityof loans and provision of services were the most important factorsZineldin (1996).

The study examined various tools of segmentation analysis for bank marketing strategies. This was aimed to identify the relative importance of banking services to business customers' needs, and to find out the true determinants of bank selection decisions. Profile analysis results revealed that Kuwaiti, non Kuwaiti, and joint business firms are significantly different in their perceptions of the relative importance of many services offered by Kuwaiti banks.It points that the true determinants of bank selection decisions made by business customers are more likely to be a function of both the perceived importance of bank attributes and the differences among banks in a given region with regard to each of these attributes. They therefore, demonstrates by multiple discriminateanalysis that "group membership" of business customer segments with different nationalities can be predicted on the basis of the determinants of bank selection decisions (Edris and Almahmeed1997).

Consistent with the findings the "third party influences" was found to be the least important dimension rated by undergraduates (Huu and Karr 2000). The researcher conducted a study in Bahrain to examine the bank selection criteria employed by college students. He found the key factors determining college student bank selection were: bank's reputation, availability of parking space near the bank, friendliness of bank personnel and availability and location of automated teller machines (ATM) (Almossawi2001).

The study has stated that the Indian banking has entered into the third wave of bankingreforms. This stage will be called as an area of regeneration and consolidation. Now, only the Indian banking sectors are focusing their attention on better and best services. This is due to high competition between the private and public sector banking. The survival of the fittest is modern policy of banking sector. At last, the Indian banking too has realized that 'customer is the king'. So, Indian banks must realize that a visit to a bank by customer must be a pleasant visit, not a painful experience. Customer friendly approach alone can help the Indian banks to retain their customers (Aggarwal& Mehta 2004).

The aim of this study is twofold: first, to investigate bank selection criteria among undergraduate students in the University of Ghana, and second, to relate this study with previous findings on the same phenomenon. Extant studies have adopted mainly quantitative approach. In order to bridge this gap and contribute to existing knowledge, qualitatively inspired research design was adopted, thus facilitating in-depth understanding of the determinants of bank selection. Findings show that convenience, bank staff-customer relations and banking services/financial benefits are the first three most important determining factors. Furthermore, happiness, joyfulness, cheerfulness and delight are feelings derived after a banking service; whiles sadness, anger and deceit are avoided. Studies on the bank selection criteria employed by undergraduates are scanty in West Africa, and this study makes a contribution in that direction. Future studies will continue from this one (Hinson, Osarenkhoe & Okoe 2013).

Various empirical researches using different methodologies and approaches have been conducted in various parts of the world to investigate the bank selection criteria of the customers. Most of these studies examined the question of why people prefer a specific bank among other banks. For example, (Kamakodi and Khan 2008) investigate the banking habits and preferences of the Indian customers in the context of India. The top ten factors of importance influencing respondents bank selection were safety of funds, secured ATMS and their availability, reputation of bank, personal attention, pleasing manners of the staff, confidentiality, closeness to work, timely service and friendly staff willing to work. However, availability of technology based services is found to be a major reason for clients switching behaviour of bank clients.Customer service, convenience, online banking facilities and overall bank environment are important variables influencing customer choice (Rehman & Ahmed, 2008).

The researcher analyzed the factors considered important by undergraduates in Malaysia in selecting a bank and examined whether undergraduates constitute a homogeneous group in relation to the way they select a bank. Results of the factor analysis for the total sample indicate that the bank selection decision is based primarily on nine selection criteria. Secured feeling was the most important factor in influencing the students in selecting a bank. ATM service was the second prioritized factor followed by financial benefits. The next three criteria, ranked fourth, fifth and

sixth, respectively, were service provision, proximity and branch location that can be grouped as moderate factors. By contrast, the students considered non-people influential, attractiveness and people influences which were ranked seventh, eighth and ninth, respectively, did not play significant roles in influencing their decision in selecting the bank (Mokhlis *et al* 2008).

The most criticaland strategic asset that a bank possesses is its reputation. (Jagersma, 2010). Reputations reflect a banks relative success in fulfilling the expectations of multiple stakeholders.Another aspect of the importance of banks reputation is that customers need a bank that they feel secure and confident especially after the financial crisis and the widespread bank bankruptcy especially in the United States and Europe.

Technology plays an important role in the selection of banks by university students (Chigamba & Fatoki, 2011). The researcher found ease of opening, financial stability of bank, technological factor, number of cash tellers in bank and easy access to foreign exchange as influencing factors which lead to suggestion that banks should make it easy for university students, ATMs should be located by banks at strategic point, transaction times should be reduced by having more tellers especially for transactions that needs to be done inside the bank and easy access to foreign exchange is also considered very important especially for international students.Though, we found ease of opening, easy access to foreign exchange, financial stability of bank and number of cash tellers in bank as new factors but it can be linked with fast service, reputation and banking layout/ banking environment(Chigamba & Fatoki, 2011).The study revealed that the safety of funds is the major significant factors for customers choice of bank in his studied carried out in Nigeria(Aregbeyen2011).

Four constructs that can be adopted by banks are image building, attitude and behaviour of staff, core service delivery and user-friendly technology to attract and retain customers (Narteh & Owusu-Frimpong, 2011). These constructs are very much useful while developing marketing strategy for students. Convenience and service provision are very important factors perceived by consumer (Ulaganathan, 2011).

The study has identified the factors that affect retail banking customers'bank selection and preference decision. Here, bank's total asset and availabilityof larger branch network have a great influence in bank selection decision whereas attractiveness of

bank's branches, loan charges are less influential. Butattractive loan charge is found insignificant in this study due to religious belief of the customers (Maiyaki 2011).

The study has done research in order to identify the Islamic bank selection criteria. The result hasshown that sharpie complaint attribute is the highest priority before an individualto patronize Islamic banks. The next priorities are given to profitability, bank'sreputation, bank's status, facilities and services and friendly personnel respectively (Abduh and Omar 2012).

Convenience, bank staff-relation and banking service/ financial benefit are first three most important determining factors (Hinson et al., 2013). The results are same like above.The most significant factor affecting the customers in choosing a bank is its accessibility which includes several items which are bank having ATM facility with convenient locations and 24 hours availability of ATM services; the bank having a speedy service and an internet banking facility (Saleh, Rosman & Nani, 2013). This study suggests that such factors should be considered seriously by the commercial banks in designing their marketing strategies while gift to customer can be ignored. Here it has also included service efficiency as the important factor which can be linked with core service delivery.

Convenience, quality of services and price and cost are very important for bank selection in Sahiwal city which need to be keep in minds while making marketing strategy (Zulfiqar, Arshad, Fareed, Shahzad & Hussain, 2014). The suggestion that the author gives is bank managers should provide internet banking, mobile banking and email banking for attracting and retaining young customers. They try to find out customer behaviour in banking. However, the researcher has add two important factors i.e. quality of service and price and cost is new determinant till now but quality of service can be linked with banking environment staff personnel and core service delivery. Service charge, proximity to location and ATM and convenience are customer's bank preference while selecting banks (Khaitbaeva, Al-Subaiey & Enyinda, 2014).

The aim of the study is to determine the importance of selected factors used by Bangladeshi commercial banks' customers in choosing their bank. One set of structured questionnaire was specially designed for each group of respondents namely bank executives, borrowers, and depositors. The sample size is 174, comprising 58 of

each category of respondents. The study concludes that diversified banking services, reputation of the bank, physical facilities, promptness in banking, advertisement are the most important factors from the customers' viewpoint. However, according to executive's reliability and customer friendliness, physical facilities and cash management service, financial benefit and charges, mobile banking and ATM service are the most important factors. We found that both depositors' and borrowers are influenced by different type of factors and bank executives have some ideas about factors that influence the choice of banks by borrowers, they have very little idea about factors that influence the choice of banks by depositors' (Rahman, Murad & Asaduzzaman 2015).

Emphasis on bank's financial stability would help in attracting bank Customer which will provide the much-needed assurance that is required to assuage bank customers' fear about bank failure that characterized Nigerian banking system in the past. Also, to optimize the returns from customer, banks should focus on the potentials of ATM network as this has become a new frontier to compete in this emerging segment in Nigerian. This Research has inspected 300 undergrads from two universities to identify and rank factors that influence bank selection by undergrads in South East Asia. It reported banks financial stability, available and functional ATM's, professional bank staff, family and friend influence, proximity of bank branch to university campus and internal and external aesthetics as principal factor. Besides technology proximity of bank branch to university campus and internal and external aesthetics is also given importance. Internal and external aesthetics can be linked with banking overall environment (Nkamnebe, Ukenna, Anionwu & Chibuike 2014).

The deregulation and liberalization of the financial sector as well as the enactment of the new banking law in1988 has led to increased competition in the Ghanaian banking sector. Given the dynamic nature of the businessenvironment in Ghana coupled with the fact that customers have become more demanding and highlysophisticated, it has become imperative for financial institutions especially banks to develop strategies andproducts to attract and retain customers. The current study analyses the factors that bank customers considerimportant in their choice of banks. The study used primary data from field survey using questionnaire as theinstrument. Both descriptive and multivariate statistical methods were used to analyse the data. It was found thatthe most important factors influencing customer choice of a bank are location of the bank,

extension of workinghours by the bank, availability of ATM facility, provision of efficient services, the bank being a private one andintroduction of customers to the bank by friends and relatives. It is recommended that there should be frequentmarketing research by the banks to monitor and evaluate the ever changing customer peculiarities andperspectives in order to develop products or services to meet the current tastes of their customers (Abbam,Dadson & Say 2015).

Islamic banking and finance are areas that have attracted attention, especially after the recent global financial crisis. While theexisting literature highlights a significant shift in consumers' behaviour with regard to bank selection, it does not investigate themotives behind such moves. Understanding customers' preferences to deposit their money into Islamic banks are crucial forbanks operating in such a highly competitive industry. Having a good understanding of the real motives behind customers'preferences will help banks to understand customers better. Besides, improving the bank's liquidity issues, it contributes to thegrowth of the country's economy. Thus, this paper explores the findings from a qualitative data through a face to face interviewon factors influencing customers' preferences for deposit products in Islamic banks. These results will eventually be used fordeveloping a survey questionnaire for future empirical research. The face-to-face interview revealed that sharpie compliance,returns, confidence and trust, security, transparency, flexibility of withdrawal scheme were among the determining factors thatinfluence customers' preferences in making decisions. Safety and security, the human touch and sachet (alms) were the additionalelements found to be missing from the literature. Future empirical research would include these elements as items in building up the survey instrument (Keria, Hamali& Abdullah2016).

The major objective of the study is to know the determinant of bank selection among working people in Kathmandu Valley. The study has explored seven factors which are core service delivery, external and internal aesthetics of bank, convenience, financial benefit, technology, recommendation by peers and staff. The study developed the questionnaire considering these seven factors and to confirm the reliability, questionnaire was distributed to 10 people which revealed questionnaire was fairly reliable for research administration. Arithmetic Mean, ANOVA and correlation analysis are basis for statistical analysis. The study finds that convenience significantly impacts the banking decisions among working people in Kathmandu

Valley which includes item like convenient location, close to home, adequate number of location, security, convenience, reputation of organization and proximity. Bank should focus more on items like accurate account information and pleasant bank atmosphere. Working people are more sensitive in cost rather than benefit and they are more sensitive to interest rate in fixed deposit to saving in banking decision. Correlation analysis in study asserts that recommendation by peers is weekly correlated with other factor which research found that banks need to improve in faster service, queue management, front desk employee, ATM and mobile service and information sharing (Siddartha and Phadindra, 2017).

While student bank selection has enjoyed overwhelming research attention over the past few decades, how international student determines and selects their banks has however, received little attention in the marketing literature. This study explored the determinants of banking selection, among international students in Malaysian public universities. To achieve an in-depth understanding of this phenomenon and their ranking, a qualitative research methodology was employed, along with Analytical Hierarchy Process (AHP). The findings revealed five determinants out of nine identified from the literature, as the principal determinants of banking selection, among international students. These are (i) the third-party influences, (ii) convenience of location, (iii) availability of the ATM, (iv)quality of service, and (v) financial benefits from saving. The third-party influence was considered as the most important determinant, and financial benefits from saving as the least important determinant of banking selection, among international students in Malaysia. The second most important was convenience of location, followed by availability of the ATM, and the quality of service respectively. The studies on international student bank selection determinant are scanty in literature; this study therefore, makes contribution to the existing knowledge in this field(Oluwaseyitan, Hashim, & Yusof, 2018).

This study is conducted to examine the factors that determine the choice of a bank by its customers. In achieving this objective the study collected primary data through the use of structured questionnaire from the Usmanu Danfodiyo Uiniversity Sokoto, using a sample of 350 respondents. The respondents were drawn from staff, students and business operators within the community. The data collected was analyzed using logistic regression model. The results of the study indicated that low interest rate, speed of service, easy way of obtaining loan, higher interest on deposit were found to

have positive and significant influence in choosing a bank by the customer. Consequently the study suggested that banks wishing to establish branches in the community or even those already existing should take into cognizance these factors in marketing their services (Aliero & Zakariyya'u, 2018).

The economy of a country greatly depends on the sound performance of the banking sector. Banks play major role for the business and industry by ensuring an effective transaction mechanism. Therefore, for the sake of the economy, it has become important to keep the banking system in a healthy condition. Now-a-days, banks in Bangladesh are suffering from lack of deposits. This is due to the reason that a number of new banks are competing with the old banks and there are around thirty-four non-bank financial institutions competing with the banking institutions. In this paper we have evaluated the preference of the depositors in choosing a bank when they open a bank account. Using a close end questionnaire, we have collected field level data under convenience sampling technique. After analysis, we have found the factors that the account holders think important to consider in selecting a bank. Also, the analysis revealed different viewpoints of the depositors and their preferences. The following write-up shows the many undiscovered facts (Jaber & Ariful2019).

The study examines the bank selection criteria employed byGhanaian university students. Design/methodology/approach – We used conveniencesampling to select 997 students aged between 15-30 years from Kwame Nkrumah Universityof Science and Technology. Exploratory factor analysis was first conducted to determine theconstructs that measure students' selection of bank criteria. Using binary logistic regression, the extracted constructs were used as independent variable on the bank patronized. Theeffect of student demographics on the bank selection criteria was also determined sing amultiple linear regression. The study extracted six constructs that measured bankselection criteria by university students. These were operational competence, externalinfluence, physical evidence, e-banking facilities, convenience and cost of operating bankaccount. Out these, e-banking facility, convenience and cost of operating bank account, werestatistically significant at determining the selection of bank. The department studentsbelonged to (social science or pure science) affected the level of weight placed on cost ofoperation. Age of respondents and department affected the premium placed on e-banking. Finally, employment status

and department affected the level of importance student attachedto convenience as a selection criterion. Gender of students had no statistical effect on any ofthe bank selection criteria. Originality/value – The reviewed literature showed that,researchers either explored in isolation, bank characteristics influencing bank selection byclients, or client demographic and preference for bank and its characteristics. This studysought to feel this gap by combining the two, to provide a more robust model in explaining students' selection of bank (Dogbe, Bamfo & Sarsah 2019).

The research attempts to study the bank selection criteria of the Nepalese customers. The research is done through distributing and collecting 137 questionnaires to participants/respondents from the defined population of the clients of commercial bank in Bhairahawa city, Nepal. Respondent's views were presented and examined with test of reliability, descriptive statistics and Exploratory Factor Analysis (EFA). A finding from the study reveals that reliability is the most important criteria/factor influencing the customer in choosing a bank. The factor analysis results revealed that reliability and convenience are the most important determinants of bank choice. In contrast, value added services and responsiveness were the two least significant attributes of bank selection for Nepalese customers (Bhatt & Jain 2020).

2.4 Research gap

A review of literature on bank selection shows that most of the studies focused on the bank of foreign country. Some studies were found which solely studied on the convenience and technology but did not study other factors like reputation and attractiveness. The main variables that can identify the depositors' preference that have been included in this research i.e. attractiveness, reputation, technology and convenience. The gap can be fulfilled by the above mentioned variables. The research using all this variables was not found in the context of Kirtipur municipality. The several researches conducted in this field in different area of country. Research gap also can be found on the basis of time gap between these studies in the context of Nepal.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter deals with the methodology adopted in conducting the study. The chapter is organized as follows; research design, population and sampling, data processing, sources of data, data collection technique, Cronbach alpha and data analysis tools and techniques.

3.2 Research design

The study follows descriptive approach. The research design uses in this research are descriptive and analytical research design in order to access the factor that affects the depositor's preference to select commercial bank in Kirtipur municipality.The study is primarily concern with a testing hypothesis and specifying and interpreting relationships. The study is carried out to know the depositor's preference on selecting commercial banks. The data for this study is collected from both primary and secondary sources. The primary data is collected from depositors with the help of questionnaire.

3.3 Population and sample

In order to know about depositor's preference on selecting commercial banks, the present researcher has followed quantitative approach while using descriptive statistic or numeric fact. The population of the study are all the depositors' of Rastriya Banijya Bank, NIC ASIA and Everest of Kirtipur municipality. Rastiya Banijya Bank has 19,329 depositors, Everest has 14,000 depositors' and NIC ASIA has 10,000 depositors. It is vague to cover the wholedepositors' of the Kirtipur municipality, so the study limited on 100 samples of threecommercial banks, out of which 96 were the respondents and represents the whole Municipality.This study chooses convenience sampling method due to the limited time, cost and money and for the convenience of the researcher.

3.4 Sources of data

This research is based on only primary sources of data.

Primary data: The primary data has been collected with the help of structured questionnaires which has been collected from the field survey. The client's survey has

been confined in Kirtipur municipality ward to know to depositor's preference of selecting commercial banks.The questionnaire is structure into two sections. Section1 is concerned with demographic data section 2 focuses on getting information about influencing depositor's preference through functional variables.

3.5 Data collection procedure

The study collects data from the respondents by approaching directly in bank and outside the ATMs of the Kirtipur Municipality. Questionnaires were distributed to each and every individual and the researcher presents there to assist the respondents.Questionnaires had been formulated for testing the stated hypothesis.The questionnaire includes both Likert scale questions and option-based questions.

3.6Data processing procedure

After distribution of questionnaires, the received response, data were decoded into Statistical Package for social Science (SPSS) tools and interpret by using table.

3.7 Data analysis tools and techniques

It indicates the sources of data and how they collected. In this study data are collected through primary sources. They were collected from the respondent depositors of Kirtipur Municipality. After collecting data, as necessarily required, they were separated and analyzed presentation and analysis of the collected data is the main theme of the research work. Collected data were first presented in systematic manner in tabular forms and then analyzed by applying statistical tools to achieve the research objectives.

This study uses the summary of descriptive statistics and internal consistency of the questionnaire associated with the primary data analysis which is carried out on the basis of responses derived from questionnaire survey.Descriptive statistical tools like mean, standard deviation and percentage is used to describe result obtained and One wayAnova Test model and independent sample T-Test model is used to show the relationship between dependent variable, independent variables and moderator variable. Data are presented intable which makes easier to analyse and understand the data. Data analyses on the basis of percentage of the respondents responding a questionnaire. The collected data is used for acquiring the scenario of the depositor's. The collected data is used for the analysis purpose. The collected data are processed, analysed and interpreted by using SPSS tools.

3.7.1 Descriptive statistics

Descriptive analysis is used to explain the respondents profile and for the different impact assessment indicators. Descriptive analytical tools like frequency, percentage and mean is used. The analyzed data is presented by Descriptive statistics tables. Rank analysis is also used to find the preference of respondents regarding bank selection by the individual.

3.7.2 Cross tabulation

Cross tabulation is used to examine relationships within the demographic characteristics of the respondents.

3.7.3 Independent t-test for two samples

The independent t-test, also called the two sample t-test, independent sample t-test or student's t-test, is an inferential statistical test that determines whether there is a statistically significant difference between the means in two unrelated groups.

3.7.4 One –way ANOVAs test

The one-way analysis of variance (ANOVA) is used to determine whether there are any statistically significant differences between the means of two or more independent groups. Also, it is important to realize that the one-way ANOVAs is an omnibus test statistic and cannot tell which specific groups were statistically significantly different from each other; it only tells that at least two groups were different.

3.7.5 Correlation

Correlation is used to measure and analyze the degree of relationship between two variables (dependent and independent variables). It indicates how or to what extend the variables are associated with each other.

3.7.6 Linear regression

Linear regression model is adopted for inferior statistics. The regression equation will be $Y = a + b(X) + e_i$ where, $Y =$ Dependent variables and $X =$ Independent variables. It is a set of statistical processes for estimating the relationships among variables. More specifically, regression analysis is used to understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed.

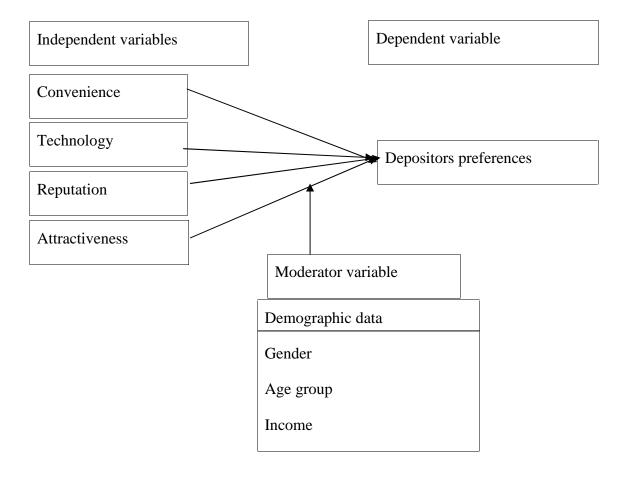### 3.7.7Cronbachalpha and internal consistency

In statistics, Cronbach alpha is a coefficient of internal consistency. It is commonly used to estimate reliability for a sample of examinees. It was first named alpha by Lee Cronbach in 1951, as he had intended to continue with further coefficients. The theoretical value of alpha varies from zero to one. Higher values of alpha are more desirable (Wikipedia).Cronbach alpha will generally increase as the inter correlations among test items increase.

3.8Conceptual framework and definition of variables

The conceptual framework is an analytical tool used to make conceptual distinctions or organize ideas. Conceptual framework of the study explains the systematic explanation of the relationship among the dependent, independent and moderating variables for the purpose of explaining the determinants of bank selection and its influencing factors on depositor's preference. Conveniences, technology, reputation and attractiveness are the independents variables, depositor's preference is dependent variable and demographic data is moderator variable.

Through identification of variable, researcher has developed conceptual framework which is presented in below:

Figure 2.1: Conceptual framework of the study

In the figure 1 left side is independent variable whereas right side is dependent variable and the middle one is the moderator variable.Here the researcher considers four factors as the depositors' preference in selecting commercial banks which is derived from various studies which is further explained as below:

Convenience: It is defined as the easiness of customer to use any service in organization. It has been taken as indicator in study of Kayanak&Kucukemiroglu (1992), Almossawi (2001) and Siddartha&Phadindra (2017) etc.

Technology: The development of ATM, mobile banking, internet banking etc. is due to increase in the service efficiency which directly affects the satisfaction level of banking customer**.** It has been examined in the study of Almossawi (2001), Katircioglu, Tumer & Kilinc (2011) and Siddartha & Phadindra (2017) etc.

Reputation: Measures the customer perception toward the image, reputation and goodwill of the bank in the community. It has been taken from the study of Kazeh and Decker (1993), Almossawi (2001) etc.

Attractiveness: It is defined as the depositors' attractiveness towards bank by appearance of bank and staff, recommendation from friends and family etc. It has been examine in the study of Kayanak & Kucukemiroglu (1992), Abbam, Dadson & Say (2015) etc.

Depositors' preference: It is defined as the customer selection of bank. It has been taken from the study of Keria, Hamali & Abdullah (2016), Jaber & Ariful (2019) etc.

Demographic data: It is define as the demographic data of the respondent. It has been examine in the study of Bhatt & Jain (2020) etc.

CHAPTER 4

RESULTS AND DISCUSSION

This chapter describes the analysis results generated from the process of data collection. It deals with the analysis and interpretation of the primary data collected through questionnaire from 100 respondents out of which 4 were not completely filled. Data were analyzed with reference to the purpose of this research as mentioned in the earlier chapter. The primary purpose of this chapter is to analyze and interpret the collected data and present the results of the questionnaire survey. The main purpose of this research studyis fulfilled with the outcomes derived from the analysis of the data.

4.1 Results

The section of the research deals with the results and findings of the study through the analysis of the data collected from the questionnaires filled.

4.1.1 Data presentation and analysis

Table: 4.1Reliability statistics

Cronbach's alpha	N of items
0.794	28

Source:SPSS output

The Cronbach alpha has covered 28 items related to depositor's preference to find outthe internal consistency of the questionnaires. Since the value of Cronbach alpha for standardized items is 0.794, it shows a good indication of internal consistency ofquestionnaires. Therefore, the instruments used in this research are considered to be reliable.

4.1.1.1 Respondents profile

This section of the research deals with the respondent who are depositor's since last one or more years. Respondents profile includes gender, age and income of the depositors'.

Table 4.2Frequency and percentage of components of respondents profile

Demographic characteristics		
	Frequency (No. of respondents)	Percent
Gender		
Male	52	54.2
Female	44	45.8
Total	96	100.0
Age		
Less than 30	52	54.2
31 – 40	29	30.2
41 – 50	7	7.3
Above 50	8	8.3
Total	96	100.0
Depositor's monthly income (NRS)		
Less than 10,000	27	28.1
11,000 -20,000	25	26.0
21,000 – 30,000	26	27.1
31,000 – 40,000	8	8.3
Above 40,000	10	10.4
Total	96	100.0

Source: Field survey 2020

Table 4.2 shows the characteristics of the respondents' demographic profile such as age, gender, depositor's monthly income range are presented. It shows 54.2 percent of the respondents are male and 45.8 percent of the respondents are female. While categorizing on the basis of age, 54.2 percent respondents belong to less than 30 years old and 30.2 percent, 7.3 percent, and 8.3 percent are from 31-40, 41-50, and above 50 respectively. While categorizing on the basis of income level, 28.1 percent respondents are from below Rs 10,000 and 26.0 percent, 27.1 percent, 8.3 percent and 10.4 percent respondents are from income group Rs 11,000 -Rs 20,000, Rs 21,000 -Rs 30,000, Rs 31,000 - Rs 40,000 and more than Rs 40,000 respectively.

4.1.1.2 Frequency and percentage of independent variables

This section of the research deals with the response of the questionnaires' of independent variables ranging from 5-highly agree to 1-highly disagree. Each independent variable includes 5 questionnaires'.

4.1.1.2.1 Convenience

Convenience refers to the accessibility and easiness of obtaining the services. Depositors' prefers convenience factor while selecting banks that has been presented.

Table 4.3Convenience factor of respondent

		A. Convenience					
S. no	Questions	Highly disagree	Disagree	Neutral	Agree	Highly agree	Total
a1	The bank branches are close to work place or home.						
	Frequency	1	3	9	42	41	96
	Percent	1.0	3.1	9.4	43.8	42.7	100.0
a2	I select bank that operates in every city.						
	Frequency	0	2	16	43	35	96
	Percent	0	2.1	16.7	44.8	36.5	100.0
a3	Availability of several branches						
	Frequency	0	4	16	49	27	96
	Percent	0	4.2	16.7	51.0	28.1	100.0
a4	Adequate number of personnel in each department.						
	Frequency	0	10	43	34	9	96
	Percent	0	10.4	44.8	35.4	9.4	100.0
a5	Availability of parking spaces outside the bank.						
	Frequency	4	25	32	25	10	96
	Percent	4.2	26.0	33.3	26.0	10.4	100.0

Source: Field Survey 2020

Table 4.3 shows the questionnaires related to convenience factor selected by depositors' while selecting commercial banks. The first question (a1), shows 1.0 percent of highly disagree whereas 3.1 percent of disagree and 9.4 percent, 43.8

percent, and 42.7 percent of respondent are neutral, agree and highly agree respectively. The second question of convenience (a2), shows 0 percent of highly disagree and 2.1 percent of disagree and 16.7 percent, 44.8 percent and 36.5 percent of respondent are neutral, agree and highly agree respectively. Similarly, the third question (a3) represents that 0 percent of highly disagree and 4.2 disagree and 16.7 percent, 51.0 percent and 28.1 percent relates to neutral, agree and highly agree respectively. In the fourth question (a4), shows 0 percent of highly disagree and 10.4 percent of disagree and 44.8 percent, 35.4 percent and 9.4 percent of respondents prefers neutral, agree and highly agree respectively. The last question of the factor convenience (a5), represents 4.2 percent of highly disagree and 26.0 percent of disagree and 33.3 percent, 26.0 percent and 10.4 percent of respondent prefers neutral, agree and highly agree respectively.

4.1.1.2.2 Technology

Technology refers to the equipments and machines used to provide efficient and effective services. Given table, shows the level of highly disagree to highly agree on the basis of respondents' technology factor.

Table 4.4Technology factor of respondent

		B. Technology					
S. no	Questions	Highly disagree	Disagree	Neutral	Agree	Highly agree	Total
b1	The bank provides A.T.M. facility in the branch.						
	Frequency	0	2	7	29	58	96
	Percent	0	2.1	7.3	30.2	60.4	100.0
b2	Availability of debit cards.						
	Frequency	3	0	33	34	26	96
	Percent	3.1	0	34.4	35.4	27.1	100.0
b3	The bank provides SMS alerts in every transaction.						
	Frequency	2	0	5	45	44	96
	Percent	2.1	0	5.2	46.9	45.8	100.0
b4	The bank provides online banking facility.						
	Frequency	16	0	26	40	14	96
	Percent	16.7	0	27.1	41.7	14.6	100.0
b5	Bank provides 24/7 hours ATM services.						
	Frequency	1	17	37	31	10	96
	Percent	1.0	17.7	38.5	32.3	10.4	100.0

Source: Field survey 2020

Table 4.4 shows the questionnaires related to technology factor selected by depositors' while selecting commercial banks. The first question (b1), shows 0 percent of highly disagree whereas 2.1 percent of disagree and 7.3 percent, 30.2 percent, and 60.4 percent of respondent are neutral, agree and highly agree respectively. The second question of technology (b2), shows 0 percent of highly disagree and 3.1 percent of disagree and 34.4 percent, 35.4 percent and 27.1 percent of respondent are neutral, agree and highly agree respectively. Similarly, the third question (b3) represents that 0 percent of highly disagree and 2.1 disagree and 5.2 percent, 46.9 percent and 45.8 percent relates to neutral, agree and highly agree respectively. In the fourth question (b4), shows 0 percent of highly disagree and 16.7 percent of disagree and 27.1 percent, 41.7 percent and 14.6 percent of respondents prefers neutral, agree and highly agree respectively. The last question of the factor technology (b5), represents 1.0 percent of highly disagree and 17.7 percent of disagree and 38.5 percent, 32.3 percent and 10.4 percent of respondent prefers neutral, agree and highly agree respectively.

4.1.1.2.3 Reputation

Reputation refers to the customers' perspective of the banks image, reputation and social responsibility in the community. Respondent prefers reputation factor on the basis ofLikert scale that has been represented.

Table 4.5Reputation factorof respondent

S. no	Questions	Highly disagree	Disagree	Neutral	Agree	Highly agree	Total
	C. Reputation						
c1	The bank has a good reputation in the community.						
	Frequency	0	2	5	45	44	96
	Percent	0	2.1	5.2	46.9	45.8	100.0
c2	The bank aware of social responsibility and support the community.						
	Frequency	1	13	39	36	7	96
	Percent	1.0	13.5	40.6	37.5	7.3	100.0
c3	The bank handles customer complaints with transparency.						
	Frequency	0	14	27	41	14	96
	Percent	0	14.6	28.1	42.7	14.6	100.0
c4	The bank supports the customers in hard times.						
	Frequency	1	17	36	30	12	96
	Percent	1.0	17.7	37.5	31.3	12.5	100.0
c5	The bank provides free consultations to their customers.						
	Frequency	1	6	19	56	14	96
	Percent	1.0	6.3	19.8	58.3	14.6	100.0

Source: Field Survey 2020

Table 4.5 shows the questionnaires related to reputation factor selected by depositors' while selecting commercial banks. The first question (c1), shows 0 percent of highly disagree whereas 2.1 percent of disagree and 5.2 percent, 46.9 percent, and 45.8 percent of respondent are neutral, agree and highly agree respectively. The second

question of reputation (c2), shows 1.0 percent of highly disagree and 13.5 percent of disagree and 40.6 percent, 37.5 percent and 7.3 percent of respondent are neutral, agree and highly agree respectively. Similarly, the third question (c3) represents that 0 percent of highly disagree and 14.6 disagree and 28.1 percent, 42.7 percent and 14.6 percent relates to neutral, agree and highly agree respectively. In the fourth question (c4), shows 1.0 percent of highly disagree and 17.7 percent of disagree and 37.5 percent, 31.3 percent and 12.5 percent of respondents prefers neutral, agree and highly agree respectively. The last question of the factor reputation (c5), represents 1.0 percent of highly disagree and 6.3 percent of disagree and 19.8 percent, 58.3 percent and 14.6 percent of respondent prefers neutral, agree and highly agree respectively.

4.1.1.2.4 Attractiveness

It refers to fascinating and captivating the depositors' towards bank. Below are the respondent frequency and percent related to the factor of attractiveness while selecting bank.

Table 4.6Attractiveness factor of respondent

S. no	Questions	Highly disagree	Disagree	Neutral	Agree	Highly agree	Total
		D. Attractiveness					
d1	Internal and external appearance of bank.						
	Frequency	1	4	14	42	35	96
	Percent	1.0	4.2	14.6	43.8	36.5	100.0
d2	Appearance and attire of staff.						
	Frequency	1	3	20	43	29	96
	Percent	1.0	3.1	20.8	44.8	30.2	100.0
d3	Pleasant bank atmosphere						
	Frequency	0	2	17	45	32	96
	Percent	0	2.1	17.7	46.9	33.3	100.0
d4	Recommendation from my family and friends.						
	Frequency	2	5	15	42	32	96
	Percent	2.1	5.2	15.6	43.8	33.3	100.0
d5	Friendliness of bank personnel.						
	Frequency	3	3	15	43	32	96
	Percent	3.1	3.1	15.6	44.8	33.3	100.0

Source: Field survey 2020

Table 4.6 shows the questionnaires related to attractiveness factor selected by depositors' while selecting commercial banks. The first question (d1), shows 1.0 percent of highly disagree whereas 4.2 percent of disagree and 14.6 percent, 43.8 percent, and 36.5 percent of respondent are neutral, agree and highly agree respectively. The second question of attractiveness (d2), shows 1.0 percent of highly disagree and 3.1 percent of disagree and 20.8 percent, 44.8 percent and 30.2 percentof

respondent are neutral, agree and highly agree respectively. Similarly, the third question (d3) represents that 0 percent of highly disagree and 2.1 disagree and 17.7 percent, 46.9 percent and 33.3 percent relates to neutral, agree and highly agree respectively. In the fourth question (d4), shows 2.1 percent of highly disagree and 5.2 percent of disagree and 15.6 percent, 43.8 percent and 33.3 percent of respondents prefers neutral, agree and highly agree respectively. The last question of the factor attractiveness (d5), represents 3.1 percent of highly disagree and 3.1 percent of disagree and 15.6 percent, 44.8 percent and 33.3 percent of respondent prefers neutral, agree and highly agree respectively.

4.1.1.3 Frequency and percentage of dependent variables

This section of the research deals with the response of the questionnaires' of dependent variable ranging from 5-highly agree to 1-highly disagree. Each dependent variable i.e. depositors' preference includes 8 questionnaires'. Depositors' preference of selecting bank depends on the above interpreted independent variables i.e. convenience, technology, reputation and attractiveness and the moderator variables i.e. gender, age and income.

Table: 4.7Respondent preferences

S. no	Questions	Highly disagree	Disagree	Neutral	Agree	Highly agree	Total
	E. Depositors' preference						
e1	Method of opening bank account is easy.						
	Frequency	1	1	4	37	53	96
	Percent	1.0	1.0	4.2	38.5	55.2	100.0
e2	Time required for withdrawing and transferring money is quick.						
	Frequency	0	2	8	33	53	96
	Percent	0	2.1	8.3	34.4.	55.2	100.0
e3	Rate of interest on deposit is high.						
	Frequency	1	1	19	29	46	96
	Percent	1.0	1.0	19.8	30.2	47.9	100.0
e4	Service charge on deposits is cheap.						
	Frequency	1	3	22	39	31	96
	Percent	1.0	3.1	22.9	40.6	32.3	100.0
e5	Behaviour of bank employees is friendly.						
	Frequency	0	6	12	52	26	96
	Percent	0	6.3	12.5	54.2	27.1	100.0
e6	You have invested money in this bank.						
	Frequency	2	24	31	32	7	96
	Percent	2.1	25.0	32.3	33.3	7.3	100.0
e7	It's easy of obtaining loans.						
	Frequency	1	6	28	46	15	96
	Percent	1.0	6.3	29.2	47.9	15.6	100.0
e8	You are satisfied with the information given by the bank regarding the deposit.						
	Frequency	0	3	8	68	17	96
	Percent	0	3.1	8.3	70.8	17.7	100.0

Source: Field survey 2020

Table 4.7 shows the questionnaires related to depositors' preference of selecting banks. The first question (e1), shows 1.0 percent of highly disagree whereas 1.0

percent of disagree and 4.2 percent, 38.5 percent, and 55.2 percent of respondent are neutral, agree and highly agree respectively. The second question of depositors' preference (e2), shows 0 percent of highly disagree and 2.1 percent of disagree and 8.3 percent, 34.4 percent and 55.2 percent of respondent are neutral, agree and highly agree respectively. Similarly, the third question (e3) represents that 1.0 percent of highly disagree and 1.0 disagree and 19.8 percent, 30.2 percent and 47.9 percent relates to neutral, agree and highly agree respectively. In the fourth question (e4), shows 1.0 percent of highly disagree and 3.1 percent of disagree and 22.9 percent, 40.6 percent and 32.3 percent of respondents prefers neutral, agree and highly agree respectively. The fifth question (e5), represents 0 percent of highly disagree and 6.3 percent of disagree and 12.5 percent, 54.2 percent and 27.1 percent of respondent prefers neutral, agree and highly agree respectively. Similarly, the sixth question (e6) shows 2.1 percent of highly disagree and 25.0 percent of disagree and 32.3 percent, 33.3 percent and 7.3 percent of neutral, agree and highly agree respectively. Whereas, the seventh question of depositors' preference (e7) shows 1.0 percent of highly disagree and 6.3 percent of disagree and 29.2 percent, 47.9 percent and 15.6 percent of neutral, agree and highly agree respectively. In the last question (e8) shows 0 percent of highly disagree and 3.1 percent of disagree and 8.3 percent, 70.8 percent and 17.7 percent of neutral, agree and highly agree respectively.

4.1.1.4 Descriptivestatistics of depositors' preference of public and private commercial banks

This section is intended to provide an overall view about the different depositors' preference of public and private commercial banks.

4.1.1.4.1 Descriptive statistics and ranking of total of independent and dependent variables

This sectioned the research deals with descriptive statistics i.e. mean and standard deviation and ranking of the total of independent and dependent variables.

Table 4.8Descriptive statistics and ranking of total of independent and dependent variables

Variables	Ranking	Mean	Standard deviation
Convenience	3	3.80	0.56
Technology	2	3.92	0.61
Reputation	4	3.69	0.54
Attractiveness	1	4.05	0.59
Depositors' preference		4.01	0.50

Source: SPSS result

Table 4.8 states that attractiveness is most important factor of depositors' preference of public and private commercial banks whereas reputation is least important.

4.1.1.4.2 Descriptive statistics and ranking of convenience according to depositors' preference

This section is intended to provide an overall view about the different respondent in convenience factor.

Table 4.9Descriptive statistics and ranking of convenience according to depositors' preference

Items	Ranking	Mean	Standard deviation
The branches are close to workplace or home.	1	4.24	0.83
I select bank that operates in every city.	2	4.16	0.77
Availability of several branches.	3	4.03	0.79
Adequate number of personnel in each department.	4	3.44	0.81
Availability of parking spaces outside the bank.	5	3.16	1.05

Source: SPSS result

Table 4.9 reveals that depositors evaluates branches are close to workplace or home followed by selection of bank that operates in city, availability of several branches, adequate personnel in each department and availability of parking outside the bank.

4.1.1.4.3 Descriptive statistics and ranking of technology according to depositors' preference

This section is intended to provide an overall view about the different respondent in technology factor.

Table 4.10Descriptive statistics and ranking of technology according to depositors' preference

Items	Ranking	Mean	Standard deviation
The bank provides A.T. M facility in the branch.	1	4.49	0.72
Availability of debit cards.	3	3.86	0.85
The bank provides SMS alerts in every transaction.	2	4.36	0.68
The bank provides online banking facility.	4	3.54	0.94
Bank provides 24/7 ATM service.	5	3.33	0.92

Source: SPSS result

Table 4.10 reveals that depositors' evaluates the bank provides A.T.M facility in the branch followed by availability of debit cards, SMS alerts of every transaction, online banking facility and 24/7 ATM service.

4.1.1.4.4 Descriptive statistics and ranking of reputation according to depositors' preference

This section is intended to provide an overall view about the different respondent in reputation factor.

Table 4.11Descriptive statistics and ranking of reputation according to depositors' preference

Items	Ranking	Mean	Standard deviation
The bank has a good reputation in the community.	2	4.10	0.88
The bank aware of social responsibility and support the community.	5	4.00	0.86
The bank handles customer complaints with transparency.	1	4.11	0.77
The bank supports the customers in hard times.	4	4.01	0.95
The bank provides free consultations to their customers.	3	4.02	0.95

Source: SPSS result

Table 4.11 shows that the depositor evaluate the banks' good reputation in the community followed by the bank aware of social responsibility and support the community, the bank handles customer complaints with transparency, the bank supports the customers in hard times and the bank provides free consultations to their customers.

4.1.1.4.5 Descriptive statistics and ranking of attractiveness according to depositors' preference

This section is intended to provide an overall view about the different respondent in attractiveness factor.

Table 4.12Descriptive statistics and ranking of attractiveness according to depositors' preference

Items	Ranking	Mean	Standard deviation
Internal and external appearance of bank.	2	4.10	0.88
Appearance and attire of staff.	5	4.00	0.86
Pleasant bank atmosphere.	1	4.11	0.77
Recommendation from my family and friends.	4	4.01	0.95
Friendliness of bank personnel.	3	4.02	0.95

Source: SPSS result

Table 4.11 shows that the depositors' evaluate the pleasant bank atmosphere followed by the internal and external appearance of bank, friendliness of bank personnel, recommendation from my family and friends and appearance and attire of staff.

4.1.1.4.6 Descriptive statistics and ranking of depositors' preference

This section is intended to provide an overall view about the different respondent preference.

Table 4.13: Descriptive statistics and ranking of depositors' preference

Items	Ranking	Mean	Standard deviation
Method of opening bank account is easy.	1	4.46	0.72
Time required for withdrawing and transferring money is quick.	2	4.43	0.74
Rate of interest on deposit is high.	3	4.23	0.88
Services charges on deposit are high.	6	4.00	0.88
Behaviour of bank employees is friendly.	5	4.02	0.81
You have invested money in this bank.	8	3.19	0.96
It's easy of obtaining loans.	7	4.03	0.84
You are satisfied with the information given by the bank regarding the deposit.	4	3.80	0.62

Source: SPSS Result

Table 4.13 reveals that respondent evaluates the method of opening bank account is easy followed by time required for withdrawing and transferring money is quick, rate of interest on deposit is high, you are satisfied with the information given by the bank regarding the deposit, behaviour of bank employees is friendly, services charges on deposit are high, it's easy of obtaining loans and you have invested money in this bank.

4.1.1.5 Analysis of moderator variable

This section analyses with the t-test and one way ANOVA of independent and dependent variable related with moderate variable. In the other part, analysis of correlation and regression is done for depositors' preference related i.e. dependent variable to independent variable i.e. convenience, technology, reputation and attractiveness.

4.1.1.5.1 Analysis of independent sample t-test

Independent sample T-Test used for testing significant in convenience, technology, reputation, attractiveness and depositors' preference between genders. The result is shown in table 4.14.

Table: 4.14Result of independent sample t-test for gender

	Convenience	Technology	Reputation	Attractiveness	Depositors' Preference
F	0.002	1.07	3.86	0.99	1.76
Sig.	0.96	0.30	0.052	0.32	0.19

Source: SPSS result

Table 4.14 shows that convenience has insignificant relationship with gender (0.05<0.96).   Similarly, technology has insignificant relationship with gender (0.05<0.30). Reputation and attractiveness have insignificant relationship with gender (0.05<0.052) and (0.05<0.32). Similarly, depositors' preference has insignificant relationship with gender (0.05<0.96). Respondents have similar opinion on the variables with gender.

4.1.1.5.2 Analysis of sample one way ANOVA test

One way ANOVA test used for testing significant in convenience, technology, reputation, attractiveness and depositors' preference between age and income. The result is shown in table 4.15

Table 4.15Result of one way ANOVA test related with age and income

Items	Age		Income	
	F	Sig.	F	Sig.
Convenience	2.70	0.05	1.78	0.14
Technology	3.11	0.03	0.88	0.48
Reputation	3.18	0.03	1.30	0.28
Attractiveness	0.85	0.47	0.41	0.80
Depositors' preference	0.86	0.46	1.27	0.29

Source: SPSS result

Table 4.15 reveals that convenience significant relationship with age (0.05=0.05).Similarly, technology and reputation has significant relationship with age (0.05>0.03). Again, attractiveness has insignificant relationship with age (0.05<0.47). Depositors' preference has insignificant relationship with age (0.05<0.46). In case of income, convenience and technology has insignificant relationship (0.05<0.14) and (0.05<0.48). Similarly, reputation has insignificant relationship with income (0.05<0.28). Again, attractiveness has insignificant relationship with income (0.05<0.80). Similarly, depositors' preference has insignificant relationship with income (0.05<0.29). Similarly, convenience, technology and reputation have significant relationship with age whereas attractiveness and depositors' preference has insignificant relationship with age. Similarly, convenience, technology, reputation, attractiveness and depositors' preference has insignificant relationship with income.

4.1.1.5.3 Correlation analysis of depositors' preference with related variables

Correlation is a statistical technique that can show relationship between dependent variable (depositors' preference) and independent variables (convenience, technology, reputation and attractiveness). It indicates how and to what extend the variables are associated with each other. The level of significance for the correlation (a level of 0.01 or smaller is considered statistically significant).

Table 4.16Correlation analysis of depositors' preference with related variables

	Convenience	Technology	Reputation	Attractiveness	Depositors' preference
Depositors' preference (Pearson)	0.009	0.354**	0.352**	0.291**	1
Sig.	0.934	0.000	0.000	0.004	
**.Correlation is significant at the 0.01 (2-tailed)					

Source: SPSS result

From the table 4.16 the correlation coefficient between depositors' preference and convenience was found to be 0.009; but the p value has recorded to be 0.934 that means it is not significant at 0.01 levels. It means there is small or unimportant relationship between them. Similarly, the correlation coefficient between depositors' preference and technology and reputation was found to be 0.354 and 0.352; this is significant at the 0.01 level as p value is 0.000. It means there is moderate relationship between them. Furthermore, the correlation coefficient between attractiveness and depositors' preference was found to be 0.291; this is significant at the 0.01 level as p value is 0.004, which means there is positive relationship between them.

4.1.1.5.4 Linear regression analysis of depositors' preference on independent variables

Linear regression is a statistical method that allows summarizing and studying relationships between the dependent variable (Depositors' Preference) independent variables (Convenience, Technology, Reputation and Attractiveness).

Table 4.17Model Summary; Depositors' preference and independent variables

Model	R	R Square	Adjusted R Square	Std. error of the estimate
1	.518[a]	.268	.236	.43706

a. Predictors: (Constant), Attractiveness, Technology, Convenience, Reputation

R is the correlation coefficient between y and x variables, which is a square root of R. The value of 1 means a perfect positive relationship and a value of zero means no relationship at all. In the table 4.16, R= 0.518 means positively correlated. R-squared

is a statistical measure of how close the data are to the fitted regression line. R-square value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables. The value 0.268 means that convenience, technology, reputation and attractiveness shows the 26.8% of variation of depositors' preference but the remaining requires looking into other factors as 73.2% of the variation in depositors' preference cannot be explained by the identified elements.

The next table is the ANOVA table, which reports how well the regression equation fits the data (i.e. predicts the dependent variable) and is shown below

Table 4.18 ANOVA [a]: Depositors' preference and independent variables

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	6.361	4	1.590	8.325	.000[b]
	Residual	17.383	91	.191		
	Total	23.744	95			

a. Dependent variable: Depositors' preference
b. Predictors: (Constant), Attractiveness, Technology, Convenience, Reputation

Table 4.18 indicates that the regression model predicts the depositors' preference significantly well. Here, the p value 0.000 i.e. $p < 0.05$ and indicates that, overall, the regression model statistically predicts the outcome variable (i.e., it is good fit for the data).

The next table is the coefficient table, which provides the necessary information to predict depositors' preference from convenience, technology, reputation and attractiveness, contributed statistically significant to the model (by looking at the "Sig." Column). Even convenience is insignificantin correlation related to depositors' preference, but this variable is already in the research model, so convenience is used in the regression as well.

Table 4.19Coefficient [a]: Depositors' preference and independent variables

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std.error	Beta		
1	Depositors' preference (Constant)	1.688	.523		3.225	.002
	Convenience	-.088	.085	-.099	-1.039	.302
	Technology	.282	.077	.346	3.643	.000
	Reputation	.225	.090	.242	2.512	.014
	Attractiveness	.178	.081	.209	2.186	.031

a. Dependent variable: Depositors' preference

The purpose of analysis of variance was to test differences in means (for variables) for statistical significance. This is accomplished by analyzing the variance; that is, by partitioning the total variance into the component that is due to true random error and the components that are due to differences between means and testing for statistical significance to lead to a conclusion that the means (in the population) are different from each other or not.The result shows that p-value of technology, reputation and attractiveness is smaller than 0.05, which means b coefficients are statistically significant. The b coefficients tell that technology, reputation and attractiveness corresponds to increase in the depositors' preference by 0.282, 0.225 and 0.178 respectively. Similarly, the p-value of convenience is greater than 0.05, which means b coefficient is not significant. The b coefficient tells that convenience corresponds to decrease in depositors' preference by -0.088.

4.1.2 Findings

i.   Since, the Cronbach Alpha is greater than 0.5 i.e. 0.794, the data is reliable for the test.

ii.   From the above result, we can conclude that there is majority of male amongst 96 respondents. On the basis of age, 54.2 percent respondents lie below 30 years of age, 30.2 percent lie on 30 – 40 years and least 8.3 percent respondent above 50 years of age. Here, it shows that people with age of below 30 are the customers of bank. On the basis of income, 28.1 percent respondent have less than 10,000 income, 27.1 percent have 21,000 – 30,000 income, 26 percent have 11,000 – 20,000 income, 10.4 percent have above 40,000 income and least 8.3 percent have

31,000 – 40,000 income. So, we can say that customers' with various incomes are the depositors'.

iii.   It concludes that depositors' prefer bank firstly by the attractiveness of banks, secondly because of the technology, thirdly depositors' prefer bank because of convenience and fourth by reputation.

iv.   The study says that convenience factor depositors' highly prefer the branches are close to workplace or home. Similarly, in the technology factor depositors' highly prefer the bank that provides A.T.M facility in the branch. Likewise, in the reputation factor depositors' prefer the bank has a good reputation in the community. In the attractiveness depositors' mostly prefer pleasant bank atmosphere. Similarly, in the depositors' preference they prefer the method of opening bank account is easy.

v.   It concludes that convenience have insignificant relationship with gender i.e. (0.05<0.96). Similarly, technology, reputation, attractiveness and depositors' preference have insignificant relationship with gender i.e. (0.05< 0.3), (0.05< 0.0.052), (0.05<0.32) and (0.05<0.19) respectively.

vi.   The study has significant relationship with convenience, i.e. (0.05=0.05) and (0.05> 0.03) for technology and reputation. Whereas, attractiveness and depositors' preference has insignificant relationship with age i.e. (0.05<0.47) and (0.05<0.46) respectively. In case of income, it has insignificant relationship with convenience i.e. 0.14, with technology i.e. 0.48, whereas income has insignificant relationship with reputation, attractiveness and depositors' preference i.e. 0.28, 0.80 and 0.29 respectively.

vii.   The relationship between convenience and depositors' preference is not significant i.e. 0.009 at 0.934>0.01, which shows there is small or unimportant relationship between them. So, the hypothesis cannot be accepted. Similarly, the relationship between technology and reputation with depositors' preference was found to be moderate i.e. 0.354 and 0.352 at 0.01>0.000. So, the hypothesis cannot be rejected. Likewise, the relationship between attractiveness and depositors' preference was found to be significant i.e. 0.291 at 0.01>0.004, which means there is positive relationship between them. So, the hypothesis cannot be rejected.

viii. The findings in the study shows that only 26.8% of variation of depositors' preference explained by the convenience, technology, reputation and attractiveness. Similarly, in the regression model predicts the depositors' preference significant well i.e. (0.05>0.000). Likewise, in the technology, reputation and attractiveness are significant with depositors' preference whereas convenience is not significant with depositors' preference with p value 0.05.

ix. Overall, convenience has insignificant relationship with depositors' preference whereas technology, reputation and attractiveness have significant relationship with depositors' preference according to the correlation and regression.

4.2 Discussion

The main purpose of the current study was to know the Depositors' Preference between Choice of Public and Private Commercial Bank of people in Kirtipur Municipality. The four dimensions are taken to measure the depositors' preference to select banks in Kirtipur.

The result showed that there is a negative relationship between convenience and depositors' preference. Previous research has suggested that bank convenience (e.g. close to home or workplace, availability of parking and branches) and adequate number of personnel in each department have an impact on depositors' preference (Almossawi, 2001; Abbam, Dadson& Say 2015; Siddartha and Phadindra 2017). According to the findings of previous study, these relationships were the evident in the Banking industry. The impact of convenience on depositors' preference in Kirtipur Municipality may be attributed to a somewhat unavailability of parking outside the bank, inadequate number of personnel in each department. The reason for the difference in the outcome may also be because of the different culture of banking environment.

The technology and depositors' preference has a positive relationship according to the findings. The result supports the findings of (Almossawi 2001) which explained that technology also influence depositors' in bank selection criteria. (Abbam, Dadson& Say 2015) suggested that availability of ATM facility is an important factor influencing depositors' preference in selecting commercial banks because it determines whether it can provide speed of service in need. (Siddartha and Phadindra 2017; Oluwaseyitan, Hashim&Yosuf, 2018) argues that technology is relevant in the

current e-business environment because more and more customers are using internet banking and advanced technology suggested that the result showed that there is positive relationship between reputation and depositors' preference in selecting commercial banks. The findings agree with the findings of (Kazeh& Decker 1993; Almossawi 2001) which explained that banks' reputation is an influencing factor that tends to depositors' preference in selecting commercial banks. Depositors' tend to prefer banks if the bank has a good reputation, if the bank provides free consultations to their customers etc. Reputation of bank has special importance in the selection of bank because it provides an individual community perspective in selecting bank. (Siddartha and Phadindra, 2017) noted that in Kathmandu valley working people considered reputation also with other perspective as an influencing factor that tends to select bank.

The bank attractiveness and depositors' preference has positive relationship according to the findings. The result supports the findings of (Laroche, et.al. 1986; Kayanak&Kucukemiroglu 1992) which explains that attractiveness of bank is an important factor that influence depositors' in bank selection. Staff's appearance and attire of the bank attract depositors' to prefer bank (Katircioglu, Tumer&Kilinc 2011). The bank being a private one and introduction of customers to the bank by friends and relatives plays a vital role in order to select bank (Abbam, Dadson& Say 2015). Individuals are attracted by pleasant bank atmosphere and internal and external appearance of bank (Siddartha and Phadindra, 2017). (Hashim and Yosuf 2018) suggests that third party influences is the most important factor in order to select commercial bank.

Chapter 5

SUMMARYAND CONCLUSION

This chapter is classified in the three sub-heads like discussion, conclusion and implications.

5.1 Summary

The primary purpose of this study is to know the depositors' preference among choice of public and private commercial banks in Kirtipur municipality to examine the impact of different variables on depositors' preference.

The research employs a descriptive and analytical research design. The main research strategy use in this study is a survey which allows quantitative data collection and analysis using descriptive and inferential statistics. Quantitative research methodology is also concerned with the collection and analysis of data in numeric form. The study employs a questionnaire designed to cover major aspects of depositors' preference. It includes variables such as convenience, technology, reputation, attractiveness and its impact on depositors' preference. Several considerations are made in the selection of questionnaire items for the study.

A full-fledged questionnaire is constructed covering the dependent and independent variables. Survey participants are asked 25 questions on the scale of 5 to 1. The questionnaire is distributed among 100 customers. 96 were received out of 100. So the response rate is 0.96 percent. 96 entries were taken as usable entries. Data are described by frequency, percentage, mean and standard deviation and four hypotheses tested using regression analysis.

The variable convenience has the mean value 3.80 which means depositors' slightly prefer that convenience as a factor to select commercial bank in Kirtipur municipality. The p value for convenience is more than 0.05 (5% level of significance) which shows it is not significant.

The technology has the mean value of 3.92 which means customer more than slightly agree that technology as a part of bank selection. The p-values for all the dimensions of technology was statistically significant as the p-value is less than 0.05 (5% level of significance).

The reputation has the mean value of 3.69 which means respondents slightly agree that reputation as a factor which influences the depositors' preference. The p value reputation (p less than 0.05) indicate that the result is statistically significant at the 95% confidence level.

The variable attractiveness is the major factor which influences depositors' preference in Kirtipur municipality with the mean value of 4.05 which means depositors' agree that attractiveness as an important factor that motivates depositors' to select bank. The p value for attractiveness is less than 0.05 (5% level of significance) which shows it is significant.

Hence, we can say that technology, reputation and attractiveness have positive influence on the bank selection because their coefficient value p is less than 0.05 (5% level of significance). The p value of convenience is more than 0.05 which means that convenience has less impact on bank selection. The attractiveness, technology and reputation factor has a positive influence on the selection of bank.

5.2 Conclusion

This study aimed to know the depositors' preference of selecting commercial banks in Kirtipur on the basis of different variables. Individuals are attracted towards banks through the recommendation from their family and friends, pleasant bank atmosphere and friendliness of bank personnel. Depositors' prefer banks because of the availability of ATM facility in the branch. Respondent has the complaint regarding online banking facility. Similarly, due to the bank has a good reputation in the community and banks' free consultations to their customer's individual select the banks. At last but not the least due to the convenience location of bank branches and close to workplace or home depositors' prefer commercial banks.

In conclusion, it can be noticed from overall analysis that there is significant relationship between depositors' preference and the independent variables but there is less impact of convenience on depositors' bank selection. Bank attractiveness has the most significant relationship between depositors' preference.

5.3 Implications

This study can have the following implications:

i. This study can be a good reference for banks in Kirtipur which are focusing on attracting their depositors'.

ii. This study has considered only four factors. Further research can be conducted considering more factors.

iii. This study is concentrated only on depositors' of Kirtipur Municipality, further research can be conducted considering for wider and different areas.

iv. This study has considered common people as a depositor, further research can be conducted considering students or working people.

v. This study can be useful for banking and financial institutions, depositors, stakeholders, researchers and general public.

vi. The sample size and time period taken for the study is limited so future study can be carried out by taking large sample size for longer time period and can be used some advance statistical tools.

Further research can be done by using more moderating variables like education level, marital status, Occupation and by using independent variables like interest rate, staff, and core service delivery.

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APPENDICES

I.   Survey questionnaire

Dear Respondents,

This questionnaire is designed to gather information about the major factors that determine customers' bank selection in Kirtipur. All responses will be used to conduct a study for the partial fulfilment of Masters Business Studies (MBS) from Tribhuvan University and, then, as an input for banks to improve their service delivery. Your anonymity/ secrecy will be strictly maintained and will ***not*** be used for any other purpose. Besides, this survey should only take **few minutes** of your time. We are grateful for your cooperation in advance!

Group 1 – Demographic data

Please select one of the following alternatives:

1. Gender

Male ☐   Female ☐

2. Age

Less than 30 ☐   31 – less than 40 ☐   41– 50 ☐

Above 50 ☐

3. Income

Below Rs 5,000 ☐   Rs 5,000 – Rs 10,000 ☐

Rs 10,000 – Rs 20,000 ☐   Rs 20,000 – Rs 30,000 ☐

Rs 30,000 – Rs 40,000 ☐   More than Rs 40,000 ☐

Group 2 – Depositors preference among bank selection:

Indicate in the following table the rate of importance of the criteria you did consider by choosing a specific bank. Please **tick one column** for each statement by using the following scale ranging from **5= "Highly agree"** to **1="Highly disagree"** based on their degree of importance.

	Factor	Highly Agree	Agree	Neutral	Disagree	Highly Disagree
	Bank Convenience	(5)	(4)	(3)	(2)	(1)
1	The employees select banks that operate in convenient places that are easy to reach (the bank branches are close to work place or home).					
2	The employees select bank that operates in every city.					
3	Availability of several branches.					
4	Adequate number of personnel in each department.					
5	Availability of parking spaces outside the bank.					
	Bank Technology	(5)	(4)	(3)	(2)	(1)
1	The bank provides A.T.M. facility in the branch					

2	Availability of debit cards					
3	The bank provides SMS alerts in every transaction.					
4	The bank provides online banking facility					
5	Bank provides 24/7 ATM service.					
	Bank Reputation	(5)	(4)	(3)	(2)	(1)
1	The bank has a good reputation in the community.					
2	The bank aware of social responsibility and support the community.					
3	The bank handles customer complaints with transparency.					
4	The bank supports the customers in hard times.					
5	The bank provides free consultations to their customers.					
	Bank Attractiveness	(5)	(4)	(3)	(2)	(1)
1	Internal and external appearance of bank					

2	Appearance and attire of staff					
3	Pleasant bank atmosphere					
4	Recommendation from my family and friends					
5	Friendliness of bank personnel.					
	Depositors' Preference	(5)	(4)	(3)	(2)	(1)
1	Method of opening bank account is easy.					
2	Time required for withdrawing and transferring money is quick.					
3	Rate of interest on deposits is high.					
4	Service charge on deposit is cheap.					
5	Behavior of bank employee is friendly.					
6	You have invested money in this bank.					
7	Its' easy of obtaining loans.					
8	You are satisfied with the information given by the bank regarding the deposit.					

THANK YOU