

An Evaluation of Determinants of Bank Selection by Educated Age Group Population – A Case Study of Private Commercial Banks in Dhaka City

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Abstract

This study evaluates major factors of bank selection by educated young cohort people of Bangladesh to be bank customers. It is based on survey outcome of a mixed of 300 students & employees in diverse academic disciplines & background who are customers of private commercial bank(s) located in Dhaka City. The findings of the study reveal that the most important variables influencing customers' choices are digital banking facilities, profit rate and the third is the location of branches. Study findings further show that digital banking places first and bank environment places last when it comes choosing bank(s) for banking services. Mobile notifications of banking transactions and bKash services have dominated all digital facilities used by banks. The study bridges the existing gap in banking literature through identifying the important bank selection determining factors. It then concludes with some policy implications which are expected to have an impact on marketing efforts of private commercial banks (PCBs) in Bangladesh.

Keyword(s): e-banking, IT, Internet, ICT innovation, ATM

Introduction

The trend towards globalization has introduced many changes in the economic and business environment all over the world. Technological advancement, particularly information communication technology (ICT) innovations and its utilizations have significantly dominated the globalized economy (Charles, 2010). Similar resources and its utilization in various magnitudes are governing today's economic growth of many countries. Bangladesh is no exception to these changes and almost all industries including banking sector is being benefitted by this trend.

With this prospect and to be cost-effective & comparative, the banking sector of Bangladesh has undergone considerable changes since the time government announced its policy to privatizing commercial banks (Chowdhury, 2009; Al-Amin, 2010). This was started with privatization of few state-owned commercial banks and then induction of new ones from private sector to establish a market-based banking system (Akhtar, 2002). In this progression, since after the initial efforts, banks have become competitive within its own domain of financial system attracting its customers by providing various innovative

banking services, which makes banks taking advantages of ICT utilization.

In today's globalized economy where accessing to ICT dominates economic success, the provision of cost-effective & quality services to customers are becoming a key factor of growth of banking sector in Bangladesh (Basel Committee Report, 2001). As a result, PCBs in Bangladesh are becoming increasingly more competitive in banking sector as a whole (Bangladesh Bank, 2013). It is putting further emphasis on providing innovative facilities to their customers for continuing positive value added each year (Bangladesh Bank, 2013). In contrast, public owned banks are becoming victim on loan default and its stagnation on providing digital services is undeniable. Today in Bangladesh, electronic communication is becoming a cornerstone for its business, every government agency and economy such as PCBs utilizing ICT is playing a significant role promoting its advancement. Because of many socioeconomic factors and current weak facilitation of broadband or Wi-Fi services, the electronic banking services in Bangladesh are still new. This scenario is severe in rural areas where nearly 70 percent of total population lives in. However, this limitation is not becoming a bottleneck in banking revolution in Bangladesh. It is moving one step further in the progression by utilizing the mobile phone option where over eighty percent population of the nation has access to it (Wagemaker et al, 2013). In addition to online facilities, it allows business parties or individual to pay directly or to debit accounts via mobile phone. It provides users with the ability to authorize payments, reconcile accounts, and access a variety of other banking services with the help of ATM, visa card, master card, Q-cash, E-cash, Ready cash etc. In recent years, introduction of mobile facilities including bKash, electronic notification of transactions etc. in Bangladesh appear to be becoming further appealing to the customers where some banks are taking advantage of it. This is because here customers are not required computer literacy to perform banking. Some of these PCBs have personalized ATM booth for 24hrs cash withdrawal in its limited locations and since the notification on each transaction goes directly to account holder via mobile, the security issues here are assumed to be protected.

With these prospects & opportunities, banks, particularly the PCBs compete in the market attracting bank-customers by providing quality of services where banks very often face challenges in determining & emphasizing factors in its operation. More specifically, in today's globalization, utilization of ICT and then expansion its customers are becoming two important preconditions where banking services in Bangladesh is no exception. Since 70 percent of total population lives in rural areas and since socioeconomic factors have direct influences on accessing to ICT, the PCBs are struggling to expand its services, mainly in rural areas. Therefore, instead of opening new branches, utilization of mobile serves is becoming imperative in aim to reaching out to many potential customers. However, in efforts based on goals, banks are required to gather information on many faucets including socioeconomic factors when it comes attracting individuals in choosing bank(s). It is also a noteworthy here to mention that it would be a daunting task monetarily for an individual bank, particularly for a PCB to carrying out such kind of scientific investigation. This limitation deserves rigorous investigations by academia or by independent investigation

entity for meaningful outcomes. So that expected findings can facilitate banks, namely the PCBs in designing policy options on issue of how to attract its new customers and to keeping up with needs of existing customers.

Meeting these challenging needs, the quest of this study lies in determining the basis on which educated cohort-customers, both depositors and borrowers in banking system make their bank selection. This study aims at to explore these determinants in further detailed in Bangladesh and also identifies factors of customer-orientated services. It will further help singling out determining factors and then position them based on customers' preferences. Therefore, it is expected that the findings can be valuable to banking sectors, particularly to the PCBs when it comes designing its policies attracting customers and expanding its branches even in rural areas of Bangladesh. It should further be helpful to PCBs in keeping its customers intact without fearing to lose them.

Literature Review

Many studies have identified the modern banking needs of business customers. Chen (1999) conducted a survey of 336 domestic-owned and 39 foreign owned banks in Taiwan in 1997 to identify critical success factors adopting various business strategies in the banking sector. Data was analyzed using factor analysis technique which highlighted four factors namely the ability of the bank to manage operations, bank marketing, developing bank trademarks and financial market management. Another survey was undertaken by Thornton and White (2001) to analyze consumers' attitude towards the usage of financial distribution channels. Their findings reveal that banks adopt a multiple distribution channel to meet the needs of different market segments. It added further that if a financial institution finds its profit to be coming mainly from service oriented customers, then it would be best for the banks to concentrate on human interface type of services like branch network. If banks are to attract or retain convenience and technological change oriented customers, then it should focus further on online electronic or digital type of distribution channels. Furthermore, in a competitive banking scenario, customer service, user friendly technology, and sophisticated customer products are important components within the marketing mix. However, communication is also emerging as a crucial element in the marketing activity of a bank (Basel Report, 2001) in today's globalization.

Holstius et al. (1995) cited efficiency issue, maintaining courtesy and resolving complaints promptly as the most important attributes in determining overall customer satisfaction, while other important attributes were convenience of location. Zineldin (1996) conducted a survey of 19 potential factors that customers consider as important in the selection of a bank in Sweden. 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 transaction management, and availability of loans were the most important factors.

Nielsen et al. (1998) conducted a nationwide survey in Australia for 25 banks and 2,500 bank business customers to rank the factors to be considered more important in bank selection process. Their findings reveal that business firms place more importance on the willingness of the bank to accommodate their credit needs and the efficiency of the bank in its day-to day operations. Whereas bankers place higher importance to their ability to offer competitive prices, a full range of products and digital services.

Jamal et al. (2013) took a survey of 300 customers of a specific bank and studied the determinants of customer satisfaction in retail banking in Pakistan. Their results indicate a strong relationship between service quality and customer satisfaction. Rehman et al. (2008) took similar survey of 358 customers of three type banks namely privatized, nationalized and private banks in Pakistan. Their results reveal that customer services to be found number one, which was an expected result because private banks are more customer-oriented than that of nationalized or privatized in general (Basel Committee Report, 2001; www.bangladesh-bank.org). Al-Amin et al. (2010) carried out a study on performance, problems and prospects on e-banking in Bangladesh and identified IT infrastructure, internal network, country domain and above all a high speed optic link to the information superhighway. The Basel Committee Report (2001) identified different types of electronic banking in Bangladesh and then measured customers' satisfactions on e-banking. Relying on Basel Committee Report and BB's own assessment (www.bangladesh-bank.org), the BB has identified few PCBs that are dominating in providing ICT based services in Bangladesh. Dutch-Bangla Bank Ltd (DBBLs), BRAC Bank Ltd, HSBC Ltd, Bank Asia Ltd, Trust Bank Ltd, Mercantile Bank Ltd and Eastern Bank Ltd etc. are major players in PCBs sector in facilitating e-banking services in Bangladesh (www.bangladesh-bank.org; Basel Committee Report, 2001)

A thorough review of literature indicates that earlier studies on bank selection criteria have been mainly conducted in case of more developed countries (Rehman et al, 2008). Such studies have contributed substantially to the literature but their findings may not be applicable to that of today's studies in many developing countries. This is because significant portion of population of these countries still do not have access to internet or they do not use smart phone system. However, the utilization of ICT in today's competitive markets is becoming a primary vehicle of success of banking sector in general in most of the developing countries including Bangladesh (Basel Committee Report, 2001). Furthermore, the earlier studies were mainly relied on bank customers without separately studying the educated young generation who are today more enthusiastic for e-banking. Because of the success on digital banking mainly relies on education level and their age group, the earlier findings might be different from that of today's study in the subject area. On the other hand, the recent studies relate to e-banking in Bangladesh is obviously an addition to the literature; however, these studies were concerned with problem and prospect of e-banking. Therefore, the current literature on e-banking in Bangladesh lacks studies on bank selection criteria. This study is an attempt to bridge the gap in literature.

Overview of Bank Sector in Bangladesh

The banking system of Bangladesh falls under Formal Sector, which is one of the three broad fragmented sectors – the other two are semi-formal & informal sectors where these three together represent the financial system of Bangladesh (BB website). These sectors have been categorized in accordance with their degree of regulation of Bangladesh Bank (www.bangladesh-bank.org). The formal sector includes all regulated institutions like Banks, Non-Bank Financial Institutions (NBFIs), Insurance Companies, Capital Market Intermediaries like Brokerage Houses, Merchant Banks etc.; Micro Finance Institutions (MFIs). The semi formal sector includes those institutions which are regulated otherwise but do not fall under the jurisdiction of Central Bank, the BB, Insurance Authority, Securities and Exchange Commission or any other enacted financial regulator. This sector is mainly represented by Specialized Financial Institutions like House Building Finance Corporation (HBFC), Palli Karma Sahayak Foundation (PKSF), Samobay Bank, Grameen Bank etc., Nongovernment Organizations (NGOs) and discrete government program(s). The informal sector includes private intermediaries which are completely unregulated.

A snapshot of Banks in Bangladesh

After independence, 1971, banking industry in Bangladesh started its journey with six nationalized commercial banks, two public owned specialized banks and three foreign banks. In the 1980's, banking industry achieved significant expansion with the entrance of private commercial banks. Currently, banks in Bangladesh are primarily of two types, which are

1. Scheduled Banks

The banks which get license to operate under Bank Company Act, 1991 (Amended in 2003) are termed as Scheduled Banks.

2. Non-Scheduled Banks

These banks are established for special & definite objective and operated under the acts that are enacted for meeting up those objectives. These banks can't perform all functions of scheduled banks.

There are total fifty six scheduled banks in Bangladesh that operates under full control and supervision of Bangladesh Bank which is empowered to do so through BB Order, 1972 and Bank Company Act, 1991. As shown in Figure (1), these scheduled Banks are classified into six categories. They are

State Owned Commercial Banks (SOCBs)

There are four SOCBs which are fully or majorly owned by the Government of Bangladesh.

Specialized Banks (SDBs)

There are four specialized banks that are now operating which were established for specific objectives like agricultural or industrial development. These banks are also fully or majorly owned by the Government of Bangladesh.

Private Commercial Banks (PCBs)

There are thirty nine PCBs which are majorly owned by the private entities where these PCBs can be categorized into two groups such as

Conventional PCBs

There are total 31 conventional PCBs. They perform the banking functions in conventional fashion i.e. interest based operations.

Islami Shariah based PCBs

There are eight Islami Shariah based PCBs in Bangladesh. These banks execute banking activities according to Islami Shariah based principles i.e. Profit-Loss Sharing (PLS) mode.

Foreign Commercial Banks (FCBs)

There are total nine FCBs that are operating in Bangladesh as the branches of the banks which are incorporated in abroad.

Current status of e-banking in Bangladesh

The existing forms of e-banking that satisfies customer needs in banking are online banking, mobile banking, and Tele-banking. In this progression worldwide, banking system in Bangladesh is no exception, however, the penetration of the process here is comparatively slow but steady. In stepping towards e-banking in Bangladesh, the foreign activities electronically throughout the world were PC banking. Commercial banks first played the pioneering role with adoption of modern technology in retail banking during the early 1990s.

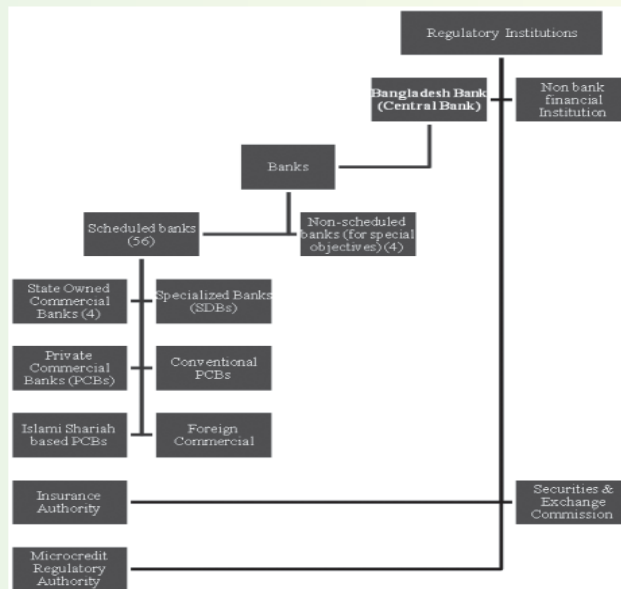


Fig 1: A snapshot of classification of Private Commercial Banks (PCBs) in Bangladesh

However, during this revolutionary period, the SCBs and PCBs came forward with technology based services in a limited scale. In the middle of the current decade, the banking industry as a whole, except for the four SBs, rushed to offer technology based banking services (Al-Amin et al., 2010) where online services dominated the progression.

However, because of technological slow progression, having weak Wi-Fi services and being it expensive monetarily, a limited segment of bank-customers have been attracted to these services. Furthermore, since socioeconomic characteristics vary from area to area, mainly between city and rural, banking sector, particularly the PCBs are struggling to attract individuals using traditional approaches. On the same token, providing services that require utilization of network are giving fruitful outcome mainly in city areas where 20 to 30 percent of the total population live in city or urban areas. Therefore, services that require utilization of mobile phone have significant prospects (Wagemaker et al, 2013) in Bangladesh where over 80 percent of total population has access to mobile phone. The e-banking system can be classified and defined in Bangladesh perspective as follows

PC banking

PC banking refers to use of personal computer in banking activities while under PC home banking customers use their personal computers at home or locations outside bank branches to access accounts for transactions by subscribing to and dialing into the banks' Internet proprietary software system using password. They are two types i) online banking and ii) Internet banking.

Online banking

Transactions in online banking are performed within closed network for which the customer use specialized software provided by the respective bank. At present, 29 scheduled banks offer any branch banking facilities through their respective bank online network. Under modernization program of the National Payment and Settlement System, Bangladesh Automated Clearing House (Check Processing System and Bangladesh Electronic Fund Transfer Network) is also now in practice.

Internet banking

Internet banking refers to the use of internet as a remote delivery channel for banking services which permits the customer to conduct transactions from any terminal with access to the internet. Only 7 out of 48 banks are providing some banking services via internet that include account balance enquiry, fund transfer among accounts of the same customer, opening or modifying term deposit account, check book or pay order request, exchange rate or interest rate enquiry, bills payment, account summary, account details, account activity, standing instruction, loan repayment, loan information, statement request, check status enquiry, stop payment check, refill prepaid card, password change etc.

Mobile banking

Mobile banking is a term used for performing balance checks, transaction notifications, payments etc. via mobile phone.

Tele-banking

Tele banking refers to the services provided through phone that requires customers to dial a particular telephone number to have access to an account which provides several options of services. Despite having huge potentials, Tele-banking services have not been widened enough in banking activities in Bangladesh. Only four banks so far provide a few options of Tele-banking services such as detail account information, balance inquiry, information about products or services, ATM card activation, check book related service, bills payment and credit card service.

Remittance (electronic way)

Today's fast changing electronic banking channels have massively improved the flow of remittance across the world. In Bangladesh, banks have grown up relations with many international financial agencies to master the inflow of remittance into the country from the expatriates working in foreign countries. A few such operators working in Bangladesh are: Western Union Money Transfer, Money Gram, X-press Money and bKash etc. The bKash is a dominating service facilitator when it comes counting the number of users where thousand and thousand of rickshaw-pullers nowadays are taking advantages of the program.

Other Services

Complaints handling, account opening procedure, bank information, change request etc. can be completed utilizing ICTs in PCBs sector in Bangladesh (www.bb.org.bd)

The Purpose of the Study

Banking sector in Bangladesh has been growing significantly despite its social and economic problems. However, only a few studies are found that has made efforts determining the crucial factors that customers perceive as important in their choices of bank selection. This study is initiated to accomplish this goal where seven PCBs located in Dhaka City are randomly chosen for this case study. The main objectives for conducting this research are To assess and determine the importance of selected factors used by educated-cohort-customers in bank selection for its banking To compare the usefulness of services using ICT offered by PCBs located in Dhaka City To provide bank executives with insights on existing & potential services that bank customers find most to be appropriate for meeting their 21st Century needs To provide PCBs executives with insights on how to reaching out potential customers in rural areas without opening new branches

Research Methodology

Commercial banking in Bangladesh has undergone methodological changes during the last decade. For instance, 1980s, the Government of Bangladesh decided to privatized most of the nationalized banks and added more PCBs. Since then, this sector is becoming further competitive and with supporting policies by BB, PCBs are expanding its service facilities utilizing more ICT innovations than ever before to attract or retain its customers.

Sample selection

Since the non-scheduled banks operate with limited functions as defined by the BB (BB website), the customers of these banks are excluded in our survey sample. Similarly, based on the purpose of our study, in selecting our survey sample, we eliminate the customers of the Islamic Shariah based PCBs and FCBs from the category of PCBs. Therefore, the respondents of our survey questionnaire are customers who represent the total number of students & service-holders of universities who fit in “educated cohort population” category. For convenience and narrowing down the scope, setting with further constraints in sample selection, we randomly selected students & service-holders at the American International University-Bangladesh (AIUB) located in Dhaka City. This sample should represent the students & service-holders of all universities in Bangladesh. In this study, the respondents were comprised from diverse academic disciplines namely Faculty of Engineering- EEE, CE and Arch, and Faculty of Arts & Social Sciences. Student respondents were selected from all students who were enrolled and completed either Principles of Economics (PE) or Masters in Development Studies (MDS) Course, in Fall Semester of 2014-15. The Classroom Section(s) for the PE Course (undergraduate level) was chosen based on current author’s easy access to it. In other words, the current author was assigned to teach students of Classroom Sections ranged 5 out of 20 Sections for the PE course and of Classroom for MDS.

In this study, the service-holders were comprised of 100, made up of three subgroups namely 4th class employees (who were schooled but not graduated), administrative employees (with at least university degree) and faculty members (with at least postgraduate degree). This group was interviewed at their convenient time on AIUB campus located in Dhaka City.

Data collection and manipulation

Data collection

For this analysis, the survey questionnaire was prepared and data information was collected from the selected sample size where questionnaire was passed on to students along with their assignment & take home exam and service-holders were interviewed. With an arbitrary ratio 2:1 of students vs. service-holders, 300 (N = 300) respondents were randomly selected where the student-portion of the ratio belongs to the said 5 Sections. Most of the respondents were customers of one or more of the banks namely BRAC Bank Ltd, Dutch-Bangla Bank Ltd, HSBC Bank Ltd, Bank Asia Ltd, Trust Bank Ltd, Mercantile Bank Ltd, Eastern Bank Ltd. These banks are positioned here weighing to its degrees of providing ICT services in Bangladesh (Al-Amin, 2010; Basel Committee Report, 2001). It is assumed that these banks represent the conventional PCBs, under the category of “Scheduled Banks” as defined by Bangladesh Bank, located in different cities in Bangladesh.

Questionnaire structured

The questionnaire was structured to collect information with raising first question on ownership of their bank(s). By so doing, the respondents other than the PCBs were

immediately eliminated from the sample size. Therefore, the survey process had taken little over two months and it was started just after midterm exam while the current author was teaching the second part, macroeconomics, of the Principles of Economics Course. The structure & question set of the questionnaire were conceptually much clear to the students while they were introduced the Chapter of Financial System of Bangladesh of Macroeconomic in classroom. With this token, the determining factors of bank-selection and its importance & evaluation were discussed in classroom as the time arose in aim to ensure the accuracy of their response.

Data manipulation

For measuring the importance of factors, Lickert Type Scaling was followed in designing question and answer was used (1 = not important, 2 = sort of important, 3 = important, 4 = very important and 5 = mandatory). Based on the purpose of the study, total 11 factors were listed and most of them were derived from similar studies conducted in other developing & developed countries (Karin Holstius and Rehman et al., 2008). Few of the 11 were derived from current banking literature with necessary adaptations made for Bangladesh banking system. Furthermore, for capturing current status of digital banking in Bangladesh, the ICT factor is broken down into 4 sub-segments namely ATM, Online, Mobile and bKash. The reliability test was conducted for these factors and Cronbach Alpha value came out to be 0.83.2 (see Appendix I).

Research Findings

The findings of the study can be summarized as follows

Demographic & socioeconomic factors

The demographic and socioeconomic characteristics of respondents are shown in Table-1. The respondents profile gives an indication to bank customers' age group, education level, position type (substitution of "income level" variable), employment and account type with the PCBs. For capturing detailed characteristics of customers in Bangladesh perspective education level, position type in profession and employment type were broken down into sub-segment.

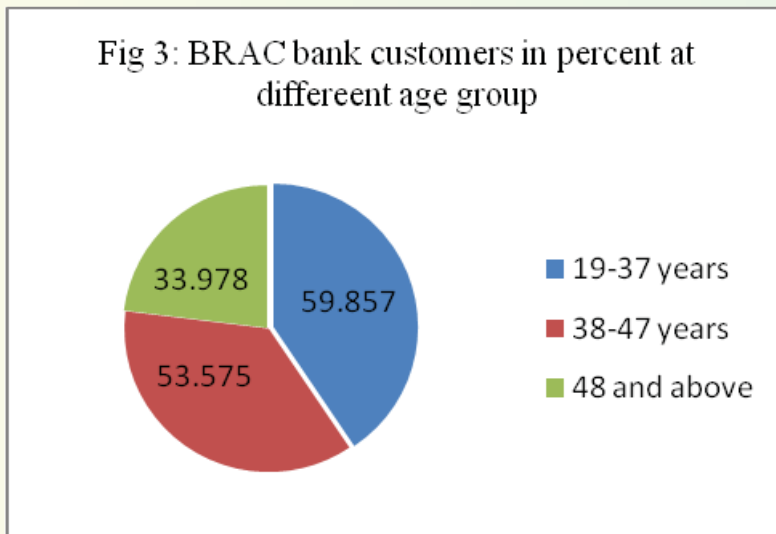
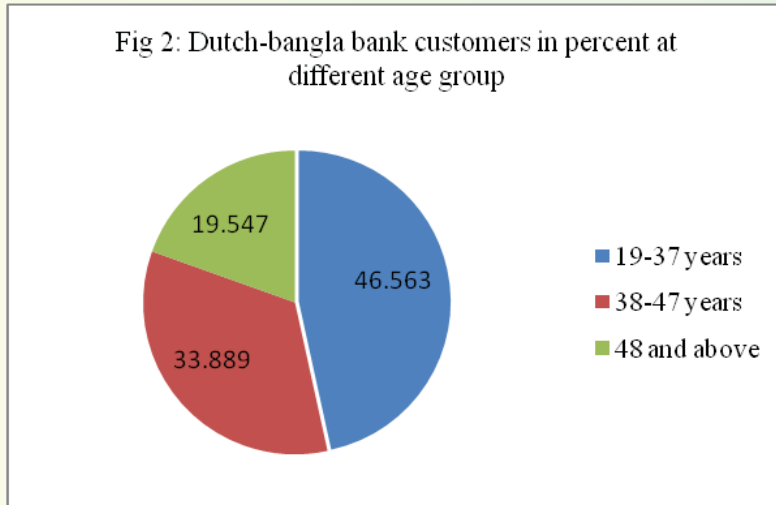
Age group

The customers' demographics show that most of the customers of PCBs fall in cohort of 19 to 38 years whereas cohort 39 to 48 years represents the second most, the cohort of 49 to 58 years placed in 3rd position etc. Table-1 clearly shows that different age groups have significantly dominated the percentages of customers of DBBL, BRAC and HSBC bank located in Dhaka City. Therefore, instead of taking on all seven banks, in this section, this study takes on three banks namely DBBL, BRAC and HSBC for comparison.

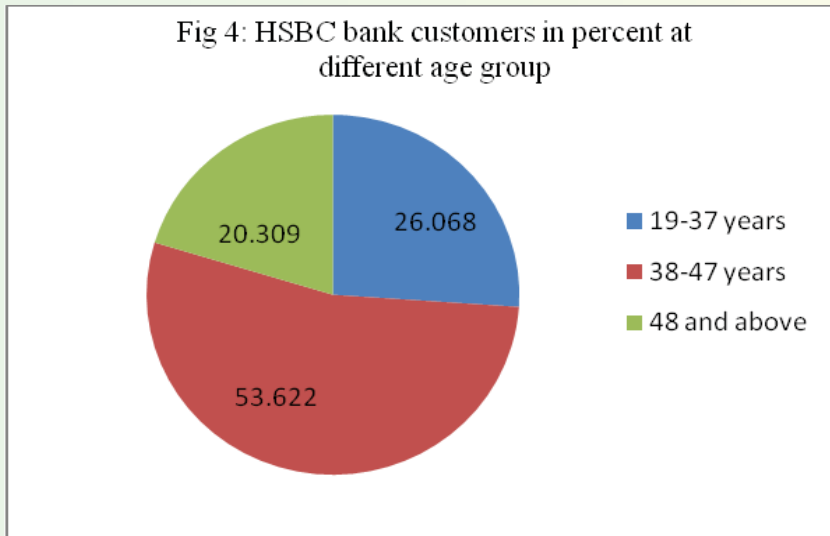
With the age distribution for comparison, the percentage of customers in different PCBs can be shown as follows

The age group 19 – 37 years in Fig-2 has dominated by 46.56 percentages of total Dutch-

Bangla-bank customers. However, the same age cohort shown in Fig-3 has dominated by 59.86 percentages of total BRAC-bank-customers, which is 13.3 percentages higher than that of total Dutch-Bangla bank customers.



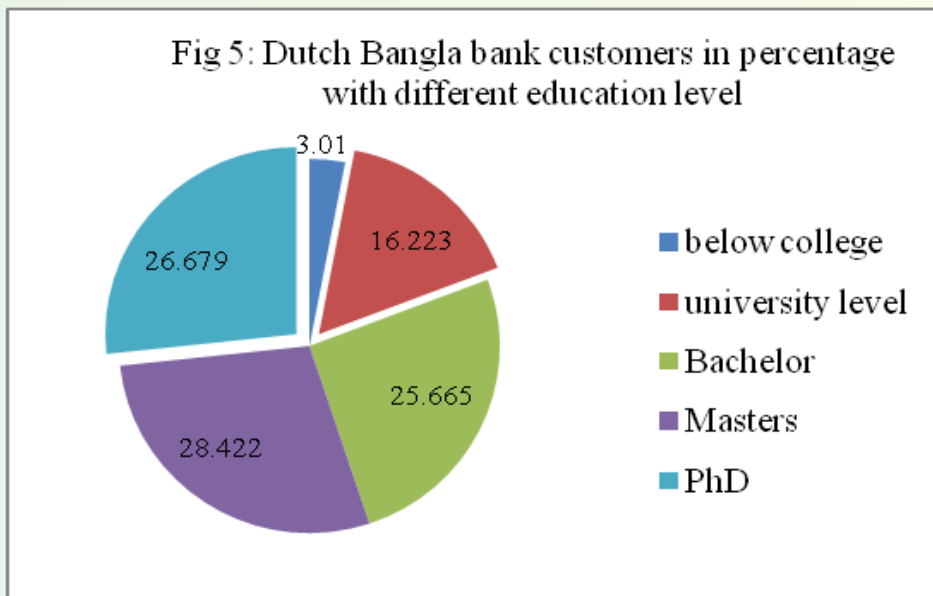
In contrast, Fig-4, the cohort group 38 – 47 years has dominated the customers' numbers by 53.62 percent in the HSBC bank.



Education level

The sub segments of “education level” are below college, university level, which represents currently students in university or college levels, which includes sub-segments such as 1st year, 2nd year, 3rd year and 4th year students. Furthermore other sub segments of the “education level” are Bachelor degree, Master degree and PhD degree.

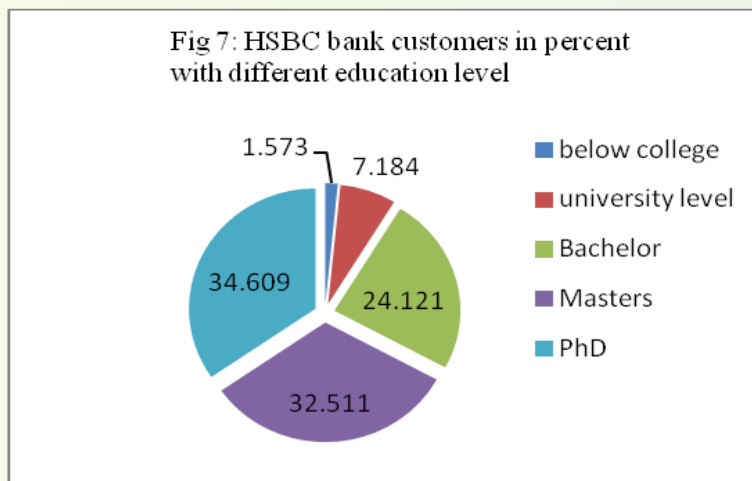
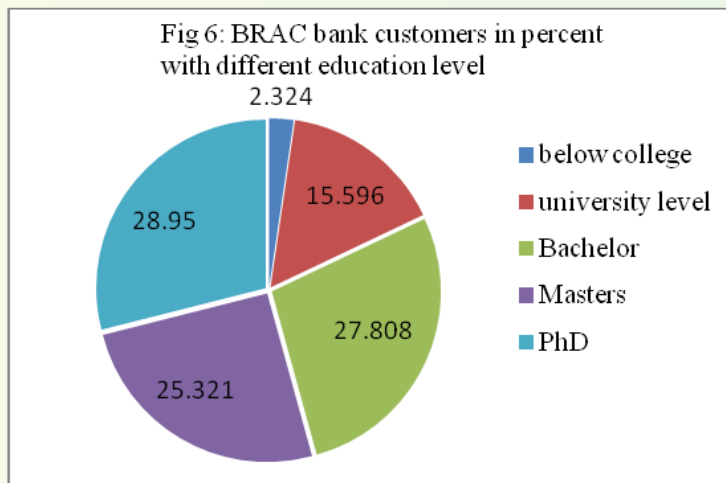
Fig-5 shows that 16.23 percent customers are university or college level students in case of Dutch Bangla Bank where Master degree holders dominated the Dutch Bnagla bank custoemts.



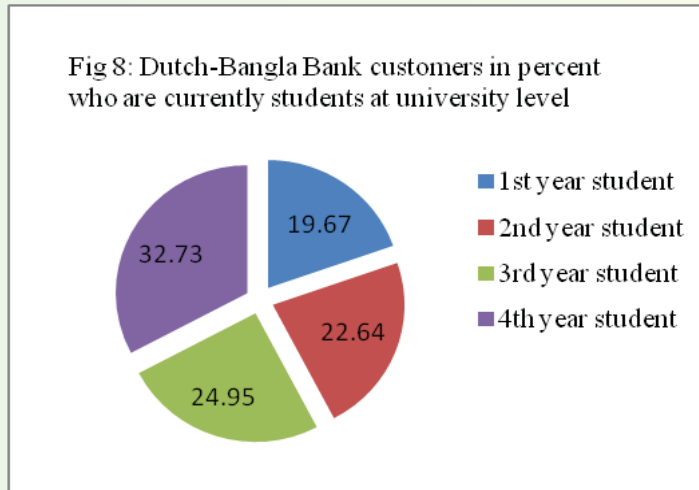
It is worthy to mention here is that the 4th class employees, probably with below college level education, do not require having account with bank for cashing salary from the AIUB. However, all other employees are mandatorily required to cashing salaries through bank accounts. Furthermore, currently AIUB has chosen Dutch- Bnagla Bank for banking services. In contrast Fig-6 shows that 15.60 percent customers are in university or college level students in case of BRAC bank where Bachelor degree dominated the customers.

Whereas, Fig-7 shows that 7.84 percent customers are students in university or college level in case of HSBC bank where PhD degree dominated the customers' percentages.

It is noteworthy to mention here is that choosing HSBC bank has advantages when it comes interest rates. Furthermore, most of the customers in HSBC bank have more than one account with another bank and most of them have investment or savings accounts.

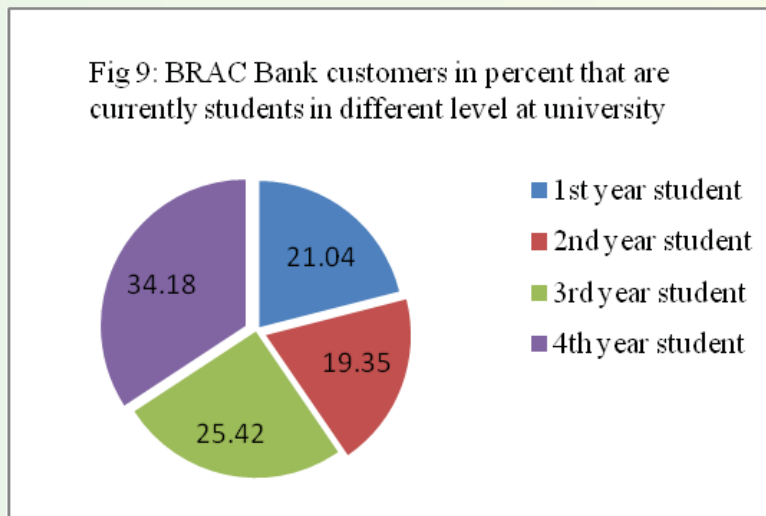


The statistical data on student-customer group is shown in Fig-8 to Fig-9 for Dutch-Bangla, BRAC and HSBC banks respectively.

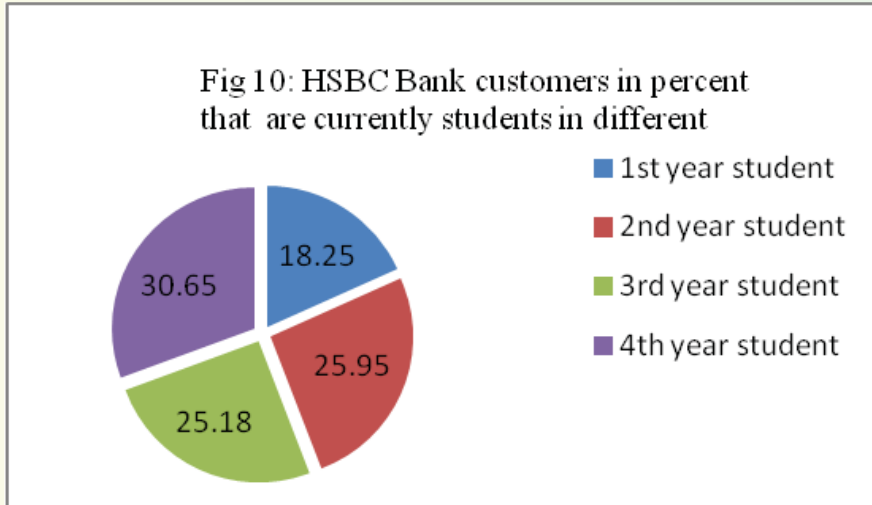


Employment type

Fig-11 shows that little over 50 percent of the Dutch-Bangla Bank customers have fulltime position whereas Fig-12 shows that 64.15 percent of BRAC Bank customers' have fulltime position in employment.



In contrast, Fig-13 shows that 56.75 percent of HSBC bank customers have part-time position.



It is noteworthy that most of the faculty members in different universities located in Dhaka City have par-time positions where they are retired from previous job or they more than one job.

Position type

Fig-14 shows that 49.63 percent Dutch-Bangla bank customers are faculty members whereas Fig 15 shows that 48.24 percent BRAC bank customers are faculty members.

In contrast, Fig-16 shows that 63.56 percent HSBC customers are faculty members in Dhaka City.

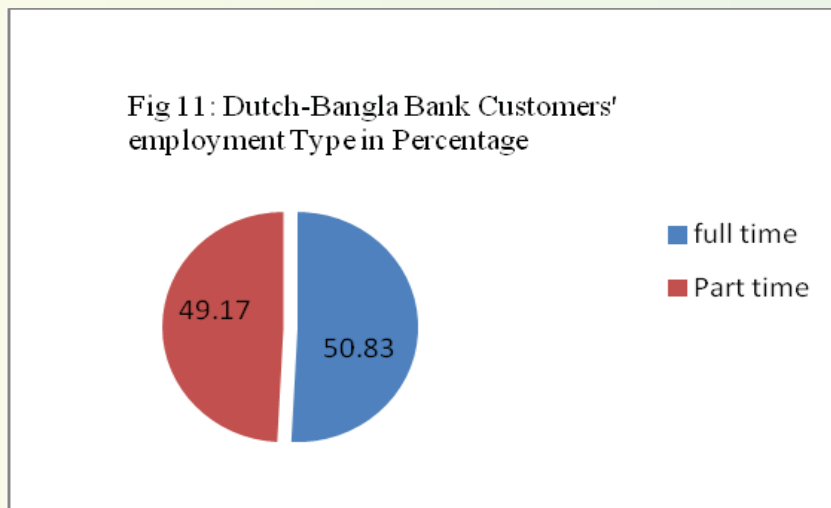


Fig 12: BRAC Bank Customers' Employment Type in Percentage

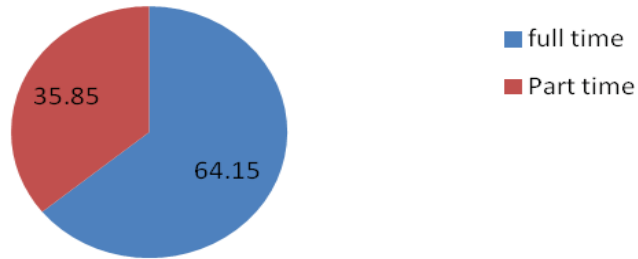


Fig 13: HSBC Bank Customers' Employment Type in Percentage

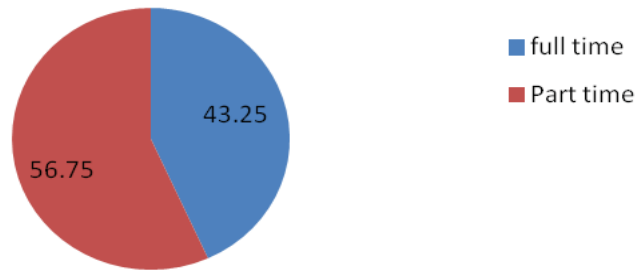


Fig 14: Dutch-Bangla Bank Customers' Position Type in Percent

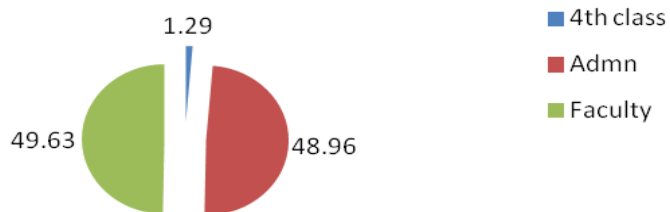


Fig 15: BRAC Bank Customers' Position Type in Percentage

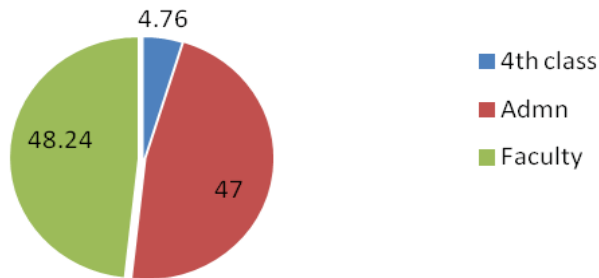
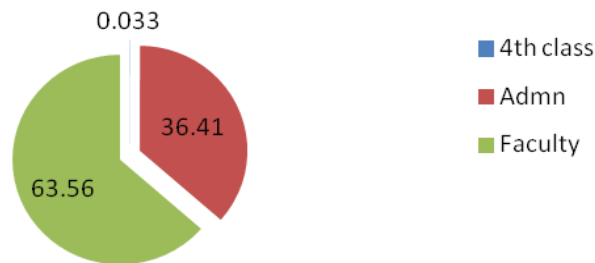


Fig 16: HSBC Bank Customers' Position Type in

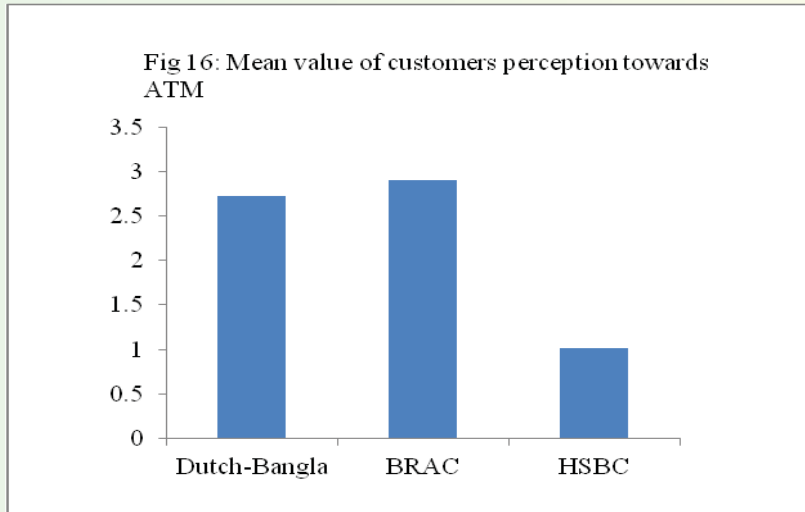


ICT utilization perspective

Table - 2 highlights the customers' perceptions towards the most important factors that they perceive in their choice of PCB in Dhaka City. Mean values are calculated. It was not surprising that the most important factors to bank customers were ICT oriented services where mobile phone services dominated the process and the profit rate placed second where convenient location was also important. In contrast, overdraft protection & motivational efforts by banks were identified as least important factors. In preference evaluation perspective, Table - 2 clearly shows that customers of three PCB banks namely Dutch-Bangla, BRAC and HSBC have dominated the utilization of ICT. Therefore, this study has chosen the customers of the said three banks for further evaluation on utilization of ICT in choosing banks for banking services.

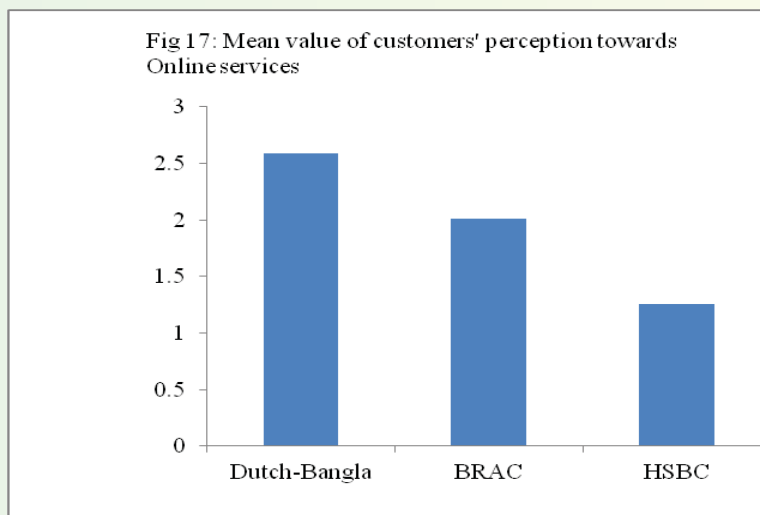
Utilization of Automatic Transaction Machine (ATM)

Fig-16 shows that the BRAC bank has dominated attracting customers when it comes facilitating the utilization of ATM where mean value of the of customers' perceptions toward ATM is 2.9 whereas the mean value in case of Dutch-Bangla bank is 2.79 and HSBC depicts 1.01, which placed the 3rd among all PCBs.



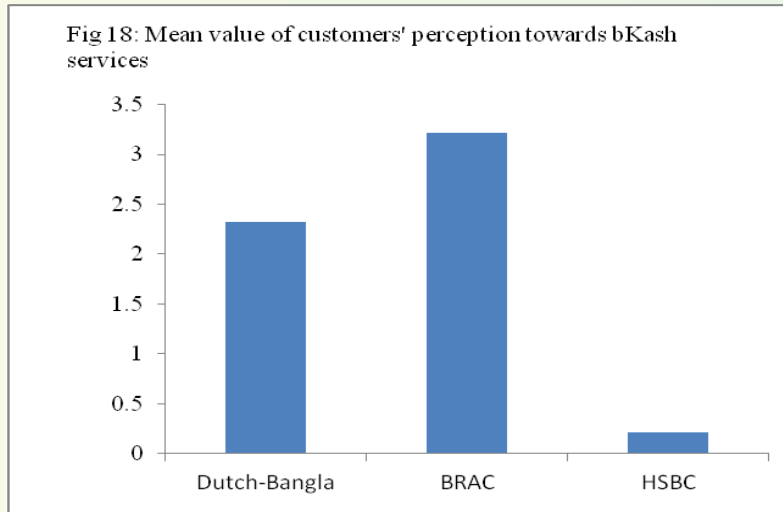
Online services

Fig-17 shows that, the Dutch-Bangla bank has dominated attracting customers when it comes providing Online services. In this aspect, BRAC placed 2nd and the HSBC placed the 3rd among all PCBs located in Dhaka City.



Mobile phone services

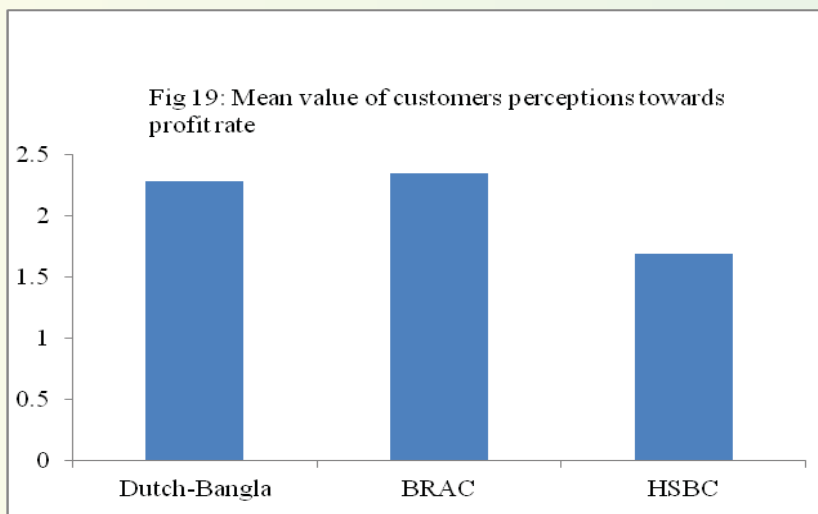
Fig 18 shows that the highest mean value of customers' perceptions towards



attracting customer is 3.12 when it comes mobile phone services, which is dominated by Dutch-Bangla bank in Dhaka City. In this aspect, BRAC placed the second, which depicts mean value 2.49. The HSBC shows 0.79 and placed the 3rd among all PCBs in Dhaka City.

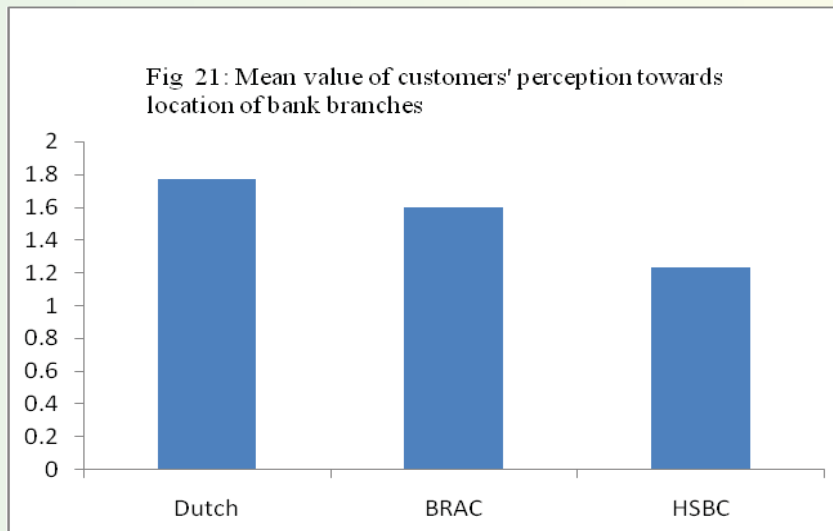
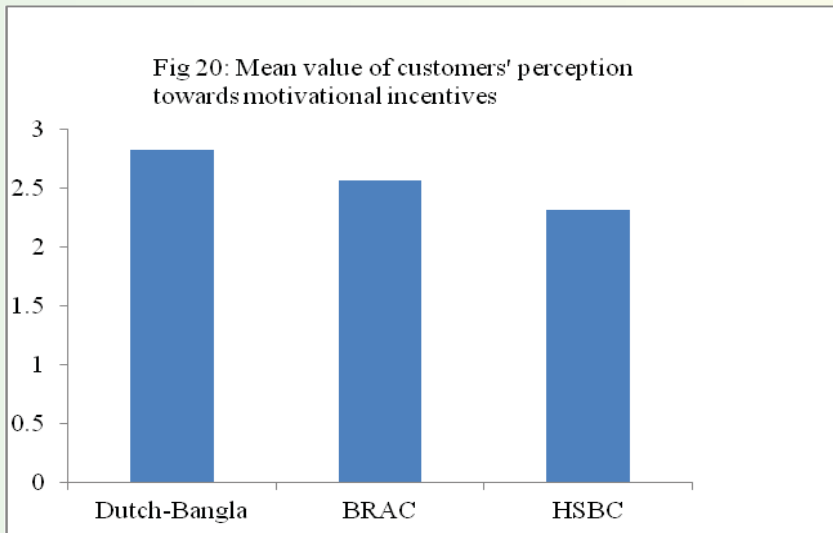
bKash services

The BRAC bank has dominated the bKash services when it come attracting customers where the mean value is 3.22. In contrast, Figure 19 shows that the Dutch-Bangla bank placed the 2nd.



Other factors that influence attracting customers

Beside demographic, socioeconomic and ICT utilization factors, PCBs influence customers' preferences using many other factors including profit rate, other incentives and location of bank branches.



Profit rate

Fig-20 shows that the Dutch-Bangla bank dominated when it comes attracting customers by offering profit rate for higher investment. The BRAC placed the 2nd, which depicts mean value 2.35 and the HSBC placed the 3rd among all PCBs in Dhaka City.

Motivational incentive

Fig-20 shows that the Dutch-Bangla barely dominated when it comes offering motivational incentives. The BRAC bank placed the 2nd which depicts mean value 2.56. The HSBC placed the 3rd among the PCBs in Dhaka City.

Location as a factor

Since differences among mean values are not significant, Figure 21 shows that most of the PCBs have tried attracting customers by reaching or locating branches near to them. In this aspect, the Dutch-Bangla dominated attracting customers. The mean value 1.596 puts the BRAC in the 2nd position and the HSBC with mean value 1.236 placed it 3rd among all PCBs.

Factor analysis and the findings

Factor Analysis was used to identify the primary factors that customers perceive as important for their bank selection. The Table-3 represents the results of factor analysis. All characteristics with factor loadings of 0.50 and above were retained. Extraction method is based on Principal Component Analysis. This study has identified three major factors for the customer choice for each of our seven PCBs namely DBBL, BRAC, HSBC, Asia, Trust, Mercantile and Eastern Bank. The most important factors for bank selection were digital banking services, particularly the mobile phone & ATM services dominated accordingly; profit rate and convenient location placed second and the third according. Next to these are the factors related to customer-oriented services, fees & easy to open and overdraft services accordingly protection provided by the banks. Convenient location and then profit rate played role in attracting customers significantly in case of Asian, Trust, HSBC and Mercantile accordingly. Survey interviews where faculty members, administrative personnel and 4th class employees were very often interviewed informally on additional factors were helpful for better understanding on customers' perceptions. This extra information suggests that higher degrees along with higher salary customers had more than one account namely fixed, savings and other accounts with small PCBs in addition to their checking accounts with DBBL or BRAC. Therefore, it can be claimed that education level and certain cohort population (age > 50) were customers mainly at small PCBs where banks profit rate & convenient location, bank image and better customer services attracted them. Table-4 provides with results of multivariate analysis.

These results provide bankers in PCBs sector with insight into demographics of their customers' bases. This should help banks to position themselves in accordance with the needs of their respective customers. In depth review of this analysis reveals that employees holding at least two jobs are more likely to hold a bank account in small PCBs. Similarly, higher qualification level makes bank customers more in favor of certain factors that small PCBs likely to offer for attracting them where the customers care more ICT services than that of others because of their time values.

Implication of the Findings of the Study

Implication of the findings of this study can be seen in two phases, government and private sector perspectives. Because of inappropriate plans and of poor implementation, the National ICT Policy 2002 could not reach the perceived levels of success. Consequently, government took initiatives in 2008 and then in 2009 for updating the National ICT Policy in aim to make it befitting with the current and foreseeable future needs of the country. Parallel to this development, banking sector was inspired by BB and introduced privatization and began licensing significantly for new additional private banks since 2000s.

The objectives of the latest National ICT Policy are enhancing the following for a sustainable economic growth

- Social equity
- Productively
- Integrity
- Education and research
- Employment
- Strengthening exports
- Healthcare services
- Universal access to ICT
- Environment, climate and disaster management
- Supports for worldwide movement for utilization of ICT

By voicing with the Worldwide Movement for utilization of ICT, Bangladesh has aspired to prosper with its exciting opportunities and by managing its challenges. And under the umbrella of government efforts & policies, few foreign countries & organization have extended its cooperative hands in many faucets including monetary funds. With this help, few local private organizations namely the BRAC, BIID, Grameen Phone and to a lesser extent Tele Talk has professionally entered the mobile applications market (Wagemaker, et al., 2013). In returns, number of users of mobile phones in Bangladesh now surpasses that of other Southeast Asian Countries including Pakistan and India. The ownership of this achievement is not just limited within the government but it is beyond the government where the local private organizations including the banking industry have played significantly for the success.

Since the profit of a bank and the number of its customers are directly linked and since the ICT sector is expected to contribute significantly to government revenue generation, the application of the findings of the study can be a win-win situation for both the banking sector and then for the government as a whole. With the success in mobile phone sector as an inspiration in journey, the nation should be encouraged completing the daunting task

under the BB umbrella where banking sector can play significantly by providing ICT based services to its customers and for attracting the new ones to be its customers. Therefore, the findings can be inspirational tools in designing banking policies for its better outcome. It can further be an educational guidance for the government when it comes designing banking policies so that banking sector as a whole can be inspired and in default the government should be able generating additional revenues through ICT policies.

Conclusion

The PCBs in Bangladesh are desperately moving into a further competitive financial atmosphere with a wider variety of financial and customer oriented services utilizing ICT. This study has focused on determining major factors in bank selection by its customers. The findings of this study reveal that ICT banking facilities, particularly the mobile bKash & electronic notification on transactions, ATM & Online services and profit & interest rate have dominated when it comes to bank selection. Convenient location of bank-branches, mostly in case of small PCBs is also considered to be one of the important choice determinants. While bank service charges, bank documentations, employees' attitudes and sitting arrangements were found to be insignificant factors in this study. However, bank employee attitude & behavior was considered to be a significant factor in certain age group customers where customers looked for friendly attitude of employees working at their selected banks. These determinants may vary slightly from city to city but it should not be significant because here population is not significantly divided based on culture in Bangladesh. The findings of this study can provide a guide to banks in designing their future strategies in competitive economy.

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