

Probing Factors Influencing Students' Bank Selection: A Case Study of British Gurkha College

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Abstract

This study addressed the factors impacting students' bank choices in Nepal, bridging a research gap regarding Nepalese students. Employing a descriptive research design with quantitative methods, data was collected from 40 students. The findings unveiled influential factors: past bank experiences, bank image, staff friendliness, recommendations, interest rates, ATM services, mobile banking ease, debit card ease, direct bank approaches, advertising, bank location, and virtual access. These factors exhibited varying degrees of impact, with recommendations, bank location, and ATM services as prominent influencers. This study offers valuable insights for Nepal's banks to tailor marketing strategies and enhance their competitiveness in a burgeoning banking market.

Keywords: Bank, College, Decision, Influencing, Students

Introduction

One of the choices that students must make when they become adults and start handling their finances on their own is which bank to choose. Since they are unfamiliar with the bank and their banking systems, students may find it challenging to decide which bank to use. A bank is a complex, high-involvement service that necessitates consumer information gathering and processing before choosing a bank. A student may find it more challenging to choose a bank due

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to the nature of the institution. The potential cost of making a poor financial choice can cause people great distress. To the best of our knowledge, the majority of research papers examining bank preference among students, cover the student population from different countries such as UK (Tank and Tayler, 2005) Ghana, (Hinson et al, 2009), and India (Rao & Sharma, 2010), but does not appear to be the same for research about Nepalese students.

Researcher believes that research about Nepalese students can be very beneficial for not only to students but that it can also provide benefits for Nepali banks. The main benefit for banks would be the increased competition for customers in Nepali banking market. The explanation to the increase in competition lies in the increase in banks in Nepal (Magar, Adhikari, Chaudhary, & Niraula, 2023). At times of increased competition a bank can both focus on increasing their competitiveness in their current customer segments and /or look for new potential customer segments to penetrate. My research indicates that the student population is a relatively unexploited customer segments by banks, for instance it is not specified which bank offers are available to students on the banks' websites. Since, the banks have focused on increasing their customers, trying to understand the needs of students can increase their competitiveness even further in the market.

This research examines the determinants of student customer's bank selection decisions in Nepal. The findings of this study will help bank decision-makers (both governmental and private banks) to identify the major factors that may determine bank selection decisions among student customers. Such information will help the management of banks in formulating appropriate marketing strategies for reaching and attracting students into their banks.

Objectives

To determine factors influencing bank selection decisions among students at British Gurkha College.

Literature Review

Numerous studies conducted worldwide have explored the criteria customers use when selecting a bank. Holstius and Kaynak (1995) surveyed 258 banking customers and found that fast and efficient services, reception at the bank, friendliness of personnel, lower service charges, and perceived confidentiality were the key factors influencing their bank selection.

In Bahrain, Almosawi (2001) focused on college students and identified the bank's reputation, availability of parking space, friendliness of bank personnel, and accessibility and location of ATMs as crucial factors in their bank selection process.

Mokhlis (2009) surveyed undergraduate students in Malaysia and found that secure feelings, ATM service, and financial benefits were the primary factors influencing their bank selection.

Aregbeyen (2011) examined the determinants of bank selection by business customers in Nigeria and found that safety of funds and availability of technology-based services were the main factors

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influencing their choice. Rao (2010) conducted research in India and discovered that reliability, responsiveness, value-added services, and convenience were significant factors affecting the bank selection of students.

Similarly, Maiyaki (2011) surveyed retail customers in Nigeria and identified the size of the bank's total assets, availability of a large branch network, reputation, personal security, and convenient access to bank locations as key factors influencing their choice.

Gerrard and Cunningham (2001) surveyed undergraduates in Singapore and highlighted the importance of feeling secure, electronic services, and service provision in their bank selection decisions.

Lymperopoulos (2006) emphasized the significance of service quality, product attributes, access, and communication in customers' bank selection process.

Dusuki (2007) conducted a study in Malaysia and found that convenient location, friendly employees, large size, profit-mindedness, and efficient service were perceived as important criteria when selecting a bank.

Research Methodology

The research design employed in this study is descriptive, utilizing both quantitative approaches. To carry out this study, data is gathered from both primary and secondary sources (Mahat, Students' Perception towards Online-Class during COVID-19 Pandemic, 2021). The primary data collection method chosen for the assessment is through surveys, specifically by designing and distributing questionnaires in person to a sample of 40 students. These students are selected from one particular college. The questionnaire is divided into two sections. The first section collects information about the respondents' characteristics, such as age, gender, marital status and education (Lamichhane & Neupane, 2023). The second section focuses on factors related to banks, including price, service quality, and innovation. Customers are asked to rate statements from the second section using a five-point Likert scale, ranging from "strongly disagree," "disagree," "neutral" (no opinion), "agree," to "strongly agree" (Karki, Mahat, & Kandel, 2021; Neupane, 2018). The primary data, obtained through a questionnaire, undergoes a meticulous sorting and screening process to identify and rectify any errors. Subsequently, the data is processed using the Statistical Package for the Social Sciences (SPSS version 20 for Windows) (Mahat & Aithal, 2022; Neupane, Panta, & Bhattarai, 2023). As for the quantitative secondary data, it is analyzed using trend analysis, percentages, and averages. The confidentiality of all participants' views and responses is strictly maintained (Adhikari, Ghimire, Neupane, & Regmi, 2018). Individual identities are not disclosed, and participants are not held liable or at risk due to their involvement in the study. Only interested individuals are included in the study.

Results and Discussion

The results from the demographic part of the research were tabulated by IBM SPSS 20.0 software.

Table 1: Gender of the Respondents

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	20	50.0	50.0	50.0
Valid Female	20	50.0	50.0	100.0
Total	40	100.0	100.0	

Source: Field Survey

Table 1 gives the complete description of respondents according to their gender. Exactly 50-50% of the respondents which is 20 out of 40 were male and female respectively.

Table 2: Age of the Respondents

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 19 or under	12	30.0	30.0	30.0
Valid 20-25	27	67.5	67.5	97.5
Valid 26-30	1	2.5	2.5	100.0
Total	40	100.0	100.0	

Source: Field Survey

In the table 2, we can see the respondents categorized as per their age. Most of the under graduate students of British Gurkha College fall within the age range of 20-25. 27 out of 40 respondents were in the age range which represented 67.5% of total population. And 12 of the respondents were 19 and under which made them 30.5% and lastly only 1 respondent was in the age range of 26-30 representing a total of 2.5%.

Table 3: Marital Status of the Respondents

Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	3	7.5	7.5	7.5
Valid Unmarried	37	92.5	92.5	100.0
Total	40	100.0	100.0	

Source: Field Survey

Table 3 here depicts the marital status of the respondents. Total of 37 respondents were unmarried and the rest 3 were married. This made married respondents 7.5% and unmarried a total of 92.5%.

Table 4: Level of Education of the Respondents

Level of education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Secondary Completed	22	55.0	55.0	55.0
Bachelor Degree	18	45.0	45.0	100.0
Total	40	100.0	100.0	

Source: Field Survey

Table 4 shows the level of education of the respondents. Here, total of 22 respondents i.e. 55% completed their secondary level of education and the rest of 18 respondents i.e. 45% completed their bachelor degree.

Table 5: Use of Bank Services

Do you use bank services?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	35	87.5	87.5	87.5
No	5	12.5	12.5	100.0
Total	40	100.0	100.0	

Source: Field Survey

Table 5 shows that out of 35 respondents, all of them have bank accounts and using bank services in various banks in the country.

Table 6: Type of service used in the bank

What type of service/ do you use in that bank?(multiple answers possible)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Current account	2	5.0	5.6	5.6
Saving account	34	85.0	94.4	100.0
Total	36	90.0	100.0	
Missing System	4	10.0		
Total	40	100.0		

Source: Field Survey

Table 6 depicts the type of service that respondents are using in that bank. Out of 40 respondents, 34 respondents are using saving account and 2 respondents are using current account and remaining 4 respondents don't use any bank services.

Table 7: Descriptive Statistics

Descriptive Statistics

	N	Mean	Std. Deviation
Did past experience related to banks affect you in your choice of bank in Nepal?	38	2.7632	1.34434
Did general image of a bank affect you in your choice of bank in Nepal?	38	3.1053	1.35147
Did staff friendliness affect you in your choice of a bank in Nepal?	38	3.2632	1.22329
Did recommendations from friends/relatives affect you in your choice of a bank in Nepal?	38	3.3421	.93798
Did the rate of interest on loans and interest on savings affect your choice of bank in Nepal?	38	3.3421	1.38088
Did the facility of ATM services affect your choice of bank in Nepal?	38	3.4211	1.03013
Did the ease of use of the mobile banking affect you in your choice of bank in Nepal?	38	3.1579	1.36612
Did the ease of use of the Debit card affect you in your choice of bank in Nepal?	38	3.3421	1.14553
Did a direct approach from the bank affect you in your choice of bank in Nepal?	38	2.7632	1.26136
Did advertisement affect you in your choice of bank in Nepal?	38	2.9211	1.04962
Did the physical location of the bank affect you in your choice of bank in Nepal?	38	3.5526	1.15542

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Did virtual access affect you in your choice of bank in Nepal?	38	3.0526	1.43220
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Source: Field Survey

Survey responses related to factors influencing student customers when selecting a bank in Nepal. The data includes responses from 38 individuals and measures various factors on a scale. Let's break down and explain each factor in detail:

Past Experience Related to Banks: The mean value of 2.7632 indicates that, on average, past experiences related to banks had a moderate influence on students' choice of a bank in Nepal. The standard deviation of 1.34434 suggests that there is some variability in responses, meaning that some students were strongly influenced by their past experiences while others were less so.

General Image of a Bank: The mean value of 3.1053 suggests that the general image of a bank had a moderately positive influence on students' choices. Again, there is variability in responses as indicated by the standard deviation of 1.35147.

Staff Friendliness: With a mean value of 3.2632, it appears that staff friendliness played a moderately positive role in students' choice of a bank. The standard deviation of 1.22329 is relatively lower, indicating that responses were somewhat consistent.

Recommendations from Friends/Relatives: This factor had a relatively stronger influence, with a mean value of 3.3421. It suggests that students were significantly influenced by recommendations from friends or relatives when selecting a bank. The low standard deviation of 0.93798 indicates that this factor had a fairly consistent impact across respondents.

Interest Rates on Loans and Savings: Students, on average, considered interest rates moderately important, as indicated by the mean value of 3.3421. However, the relatively high standard deviation of 1.38088 suggests that there was a wider range of opinions regarding the influence of interest rates.

ATM Services: The mean value of 3.4211 suggests that the availability of ATM services had a moderately positive impact on students' choice of a bank. The standard deviation of 1.03013 indicates some variability in responses.

Ease of Use of Mobile Banking: Mobile banking ease of use had a moderate impact, as indicated by the mean value of 3.1579. The standard deviation of 1.36612 suggests that opinions on this factor varied among respondents.

Ease of Use of Debit Card: Similar to mobile banking, the ease of use of a debit card had a moderately positive influence with a mean value of 3.3421. The standard deviation of 1.14553 indicates some variation in responses.

Direct Approach from the Bank: The mean value of 2.7632 suggests that a direct approach from the bank had a moderate but somewhat less influential role in students' choice of a bank. The standard deviation of 1.26136 implies some variability in responses.

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Advertisement: Advertisement had a moderately positive impact, with a mean value of 2.9211. The standard deviation of 1.04962 indicates that responses were relatively consistent, suggesting that advertising had a similar influence on most students.

Physical Location of the Bank: The mean value of 3.5526 suggests that the physical location of the bank played a relatively strong role in students' bank selection. The standard deviation of 1.15542 indicates some variability in opinions.

Virtual Access: Virtual access, with a mean value of 3.0526, had a moderate influence. The relatively high standard deviation of 1.43220 suggests that opinions on this factor varied widely among respondents.

In summary, recommendations from friends/relatives, the physical location of the bank, and ATM services appeared to be the most influential factors for students when choosing a bank in Nepal, while past experiences with banks and direct approaches from the bank had somewhat less influence. Understanding these factors can help banks tailor their marketing and services to better meet the needs and preferences of student customers.

Conclusion

The survey responses from 38 individuals in Nepal highlight several critical factors that influence students when selecting a bank. These factors collectively shape their decision-making process and offer insights for banks looking to appeal to this demographic. Past Experience Related to Banks plays a role, but its influence varies among students. The General Image of a Bank also matters, with a generally positive impact, though perceptions vary. Staff Friendliness is moderately influential and relatively consistent among respondents. Recommendations from Friends/Relatives hold significant sway, with a strong and consistent influence. Interest Rates on Loans and Savings are considered moderately important but with varying opinions. ATM Services positively impact decisions but exhibit some variability. Ease of Use of Mobile Banking and Ease of Use of Debit Card are moderately influential, but opinions differ among students. A Direct Approach from the Bank and Advertisement has a moderate influence, with some variability. The Physical Location of the Bank is relatively strong in shaping decisions. Virtual Access is moderately influential but varies widely among respondents. Understanding these factors can help banks tailor their strategies and services to better meet the needs and preferences of student customers in Nepal.

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