

**Unravelling the Influential Factors in the Decision-Making
Process of Bank Selection Preferences among Atharvians and
Their Relatives**

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Abstract

This research investigates the complex process of bank selection among individuals and their relatives within the context of Atharva Business College. The choice of a bank is a significant decision influenced by various factors encompassing financial, social, and personal aspects. Understanding these influencing factors can enable banks to tailor their services effectively and enhance customer satisfaction. Through the use of a quantitative research approach, specifically a questionnaire survey, this study thoroughly explores the behaviours and motivations behind bank selection among those affiliated with Atharva Business College. The quantitative analysis of survey data reveals key determinants, emphasizing the relative importance of factors such as interest rates, fees, accessibility, digital banking services, and brand reputation. The findings contribute valuable insights into consumer behaviour within the banking sector, guiding banks in crafting targeted marketing strategies, improving service quality, and innovating digital solutions. Additionally, the study underscores the influence of familial connections on bank selection, highlighting the need for banks to consider the interconnected decisions of family members when developing customer engagement strategies. In conclusion, this study provides a comprehensive understanding of the bank selection process among individuals and their relatives associated with Atharva Business College.

Keywords: Banking Service, Bank Selection Criteria, Customers, Influencing Factors

Introduction

A fundamental domain in the service industry is banking and financial services (Mishkin, 2001). The emergence of cutting-edge technologies and information systems has necessitated banks and financial institutions to provide more sophisticated and technology-centric services. In the present fiercely competitive financial landscape, these institutions have additionally given priority to elevating service quality and adopting innovative technologies (Chaudhary, 2022). Furthermore, the banking industry has witnessed heightened globalization due to intensified competition among banking sectors, resulting in an increased focus on ensuring customer satisfaction (Salih, Mustafa, & Ceyhun, 2011). The banking industry experiences hyper competition due to its appeal to high-return business individuals (Hinson & Okoe, 2013). Hyper competition refers to a situation where any strategy developed by a company can be easily replicated by competitors, resulting in strategies that do not sustain over a long period. To remain competitive in the market, banks must consistently strive to enhance their marketing strategies. However, in such circumstances, they encounter the challenge of determining the factors that should be considered when improving their strategies.

The banking industry is classified as a service industry because it primarily offers services to individuals and does not engage in production (Bajgai & Pradhan, 2021).

In the banking sector, customer engagement plays a crucial role, and the industry's prosperity hinges on banks' grasp of the elements influencing customers' choices regarding banking

services. The intense competition in the banking sector has been influenced by structural, regulatory, and technological factors (Hedayatnia, 2011). Structural factors arise from the presence of various industries, such as cooperation houses and money exchangers, which directly or indirectly pose threats to the banking industry. Regulatory policies and liberalization have allowed for the opening of banks by fulfilling minimum requirements, thereby increasing competition. Technological advancements have facilitated the management of work across distant locations, leading banks to expand globally and intensifying competition (Parajuli, Mahat, & Lingden, 2022).

The primary function of the banking sector is to attract deposits and loan funding. Without the ability to increase deposits by attracting potential customers, banks would be unable to fund loans, which directly affects their profitability. Therefore, the objective of this paper is to examine the factors that influence Atharvians in selecting a bank in a developing country like Nepal. The researcher has chosen this particular segment because it represents one of the most lucrative business opportunities for banks to generate profits.

Significance of the study

The study on bank selection in Nepal holds significant importance for banks, policymakers, customers, and researchers (Magar, Adhikari, Chaudhary, & Niraula, 2023). For banks, it offers valuable insights into customer preferences, enabling them to develop effective strategies for attracting and retaining customers, enhancing competitiveness, and improving overall satisfaction. Policymakers can utilize the findings to create regulatory frameworks that promote competition, financial inclusion, and economic development. Customers benefit from a better understanding of their needs and preferences, leading to tailored services and improved banking experience.

To sum up, the study benefits the banking sector, policymakers, customers, and researchers, informing decision-making, fostering competition, and advancing knowledge in developing country banking dynamics.

Objective of the study

The objective of this study is to identify the factors influencing the choice of banks among Atharvians.

Literature Review

The banking sector is pivotal for Nepal's economic advancement, stimulating both growth and financial inclusivity. This review of literature intends to analyze current research on diverse facets of Nepal's banking industry, encompassing its performance, effectiveness, risk mitigation strategies, governance, and the consequences of financial policy changes.

Studies analyzing the performance of Nepal banks indicate both positive and negative trends. Bagale (2023) found that commercial banks in Nepal experienced overall growth in profitability and asset quality. Similarly, Sharma and Bhandari (2019) reported a positive return on assets (ROA) and return on equity (ROE) for Nepalese banks. However, Pradhan and Tamang (2020) highlighted challenges related to asset quality and profitability. Efficiency is a critical factor in the banking sector. Shrestha and Shrestha (2018) evaluated the efficiency of Nepalese commercial banks using Data Envelopment Analysis (DEA) and found that most banks exhibited increasing returns to scale. Another study by Maharjan and Rijal (2019) focused on cost efficiency and identified factors affecting efficiency levels in Nepal's banking industry.

Managing risks is essential for maintaining stability and sustainability in the banking sector. (Bagale, 2023) examined the credit risk management practices of commercial banks in Nepal, emphasizing the need for effective risk management frameworks. Similarly, Ojha and Bhattarai (2018) investigated the risk management practices of Nepalese banks, highlighting the importance of risk identification, measurement, and mitigation. Good governance is vital for ensuring transparency, accountability, and sound decision-making in banks. Ghimire and Paudel (2018) explored the relationship between governance and financial performance in Nepalese banks, indicating a positive correlation between good governance practices and profitability. Similarly, Khadka and Shrestha (2020) examined the impact of corporate governance on bank performance, emphasizing the role of independent directors and board composition. Financial reforms and policy changes can significantly impact the banking sector. Sharma and Bhandari (2019) studied the effects of financial reforms on bank performance in Nepal, highlighting improvements in profitability and efficiency. Similarly, Pradhan and Tamang (2020) analyzed the impact of regulatory reforms on bank stability, emphasizing the role of the Nepal Rastra Bank in ensuring financial stability. Promoting financial inclusion is a key objective for Nepal's banking sector. Sharma (Sharma & Bhandari, 2019) examined the role of microfinance institutions in enhancing financial inclusion, emphasizing their impact on poverty reduction. Additionally, Dahal and Pant (2019) assessed the factors influencing access to banking services in rural areas, highlighting the need for innovative approaches to expand financial inclusion. Digital banking has gained momentum in Nepal, transforming the way banking services are delivered. Dahal and Neupane (2021) examined the factors influencing the adoption of digital banking in Nepal, including perceived usefulness, ease of use, and trust. The study emphasized the importance of technological readiness and awareness among customers and banks. Financial literacy plays a crucial role in promoting informed financial decision-making among individuals. Gartaula (2019) assessed the level of financial literacy among Nepalese bank customers, identifying gaps in knowledge and understanding. The study emphasized the need for financial education programs to enhance financial literacy levels.

Methodology

This study adopted quantitative research, which quantifies the problem by generating numerical data or data that may be turned into usable statistics (Neupane, 2014). The study used cross-sectional tactics, with a quantitative approach, to collect data from a convenient sample of 40 respondents. Data was collected using standardized questionnaires, ensuring a systematic and thorough examination of the research objectives. The utilization of convenience sampling facilitated accessibility to participants, acknowledging practical constraints while striving for representative diversity. Primary data was gathered using questionnaires to describe the outcome of the objective, while secondary data was gathered from books, articles, and conferences to create the introduction and literature review (Mishra, Mahat, & Khanal, 2021; Lamichhane & Neupane, 2023). Data was analyzed using statistical methods including frequency, percentage, mean, and standard deviation, allowing for a more detailed examination of the information obtained. Participants' consent was collected ethically, emphasizing the value of informed, voluntary involvement (Mahat & Agrawal, 2019).

Results and Discussion

Descriptive Analysis

Table 1: Age of the respondents

What age group are you in?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 19	3	7.5	7.5	7.5
	20-30	27	67.5	67.5	75.0
	40-50	9	22.5	22.5	97.5
	40-50	1	2.5	2.5	100.0
	Total	40	100.0	100.0	

Field Survey

From Table 1, the largest age group in the surveyed population is "20-30" with 67.5%, indicating that a significant majority falls within this age range. The "40-50" age group represents the second-largest group with 22.5%, followed by the "Under 19" group with 7.5%.

Table 2: Gender of respondents

What is your gender?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	14	35.0	35.0	35.0
	female	26	65.0	65.0	100.0
	Total	40	100.0	100.0	

Field Survey

Table 2 indicates that out of the 40 respondents, 14 identified as male and 26 identified as female. The male respondents constitute 35% of the total, while the female respondents constitute 65%.

Table 3: Marital status of respondents

Marital status.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	15	37.5	37.5	37.5
	unmarried	25	62.5	62.5	100.0
	Total	40	100.0	100.0	

Field Survey

Results of Table 3 indicate that out of the 40 respondents, 15 were married and 25 were unmarried. The married respondents constitute 37.5% of the total, while the unmarried respondents constitute 62.5%.

Table 4: Profession of respondents

Profession.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	teacher	4	10.0	10.0	10.0
	student	22	55.0	55.0	65.0
	Business man	5	12.5	12.5	77.5
	Home maker	4	10.0	10.0	87.5
	Police	1	2.5	2.5	90.0
	doctor	1	2.5	2.5	92.5
	accountant	1	2.5	2.5	95.0
	receptionist	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Field Survey

It appears that the majority of respondents, 55.0%, identified themselves as students. Other prominent professions among the respondents include teachers (10.0%), businessmen (12.5%), and homemakers (10.0%). The remaining responses are distributed among professions such as police, doctor, accountant, and receptionist.

Table 5: Bank using by respondents

Which bank do you use in Nepal?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	government	8	20.0	20.0	20.0
	private	32	80.0	80.0	100.0
	Total	40	100.0	100.0	

Field Survey

From table 5, out of the 40 respondents, 8 individuals (20%) use government banks in Nepal, while 32 individuals (80%) use private banks.

Table 6: Whether the respondents changed banks or not

Have you ever changed banks?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	11	27.5	27.5	27.5
	no	28	70.0	70.0	97.5
	not specified	1	2.5	2.5	100.0
	Total	40	100.0	100.0	

Field Survey

From table 6 it appears that out of the 40 respondents, 11 individuals (27.5%) have changed banks, while 28 individuals (70%) have not changed banks. There is one additional response (2.5%) that is not specified.

Influential factors affecting decision making process in bank selection

Table 7: Mean and Standard Deviation

S.N	Perception	Mean	N	S. D
1	Did past experience related to banks affect you in your choice of a bank in Nepal?	2.875	40	1.22344
2	Did general image of a bank affect you in your choice of a bank in Nepal?	3.475	40	0.8161
3	Did staff friendliness affect you in your choice of a bank in Nepal?	3.4	40	1.42864
4	Did recommendations from friends/relatives affect you in your choice of a bank in Nepal?	3.35	40	1.31168
5	Did social networks and/or blogs affect you in your choice of a bank in Nepal? (Social networks=Facebook, Instagram, YouTube)	3.1	40	1.194
6	Did the ease of use of the Internet banking affect you in your choice of a bank in Nepal?	3.4	40	1.39229
7	Did the ease of use of the Mobile banking affect you in your choice of a bank in Nepal? 72 (Mobile bank = using your mobile phone for tasks such as checking the balance on your account, pay bills, make transactions between bank accounts, etc.	3.475	40	0.98677
8	Did the ease of use of the Debit card affect you in your choice of a bank in Nepal? (Debit card=bank card used in cash transactions. Money is taken from	3.25	40	1.21423

	your bank account if you make a purchase. If you do not have money on your bank account you cannot			
9	Did a direct approach from the bank affect you in your choice of a bank in Nepal? (Direct approach = a employee spoke to you personally)	3.25	40	1.23517
10	Did advertisement affect you in your choice of a bank in Nepal?	3.075	40	1.14102
11	Did the physical location of the bank affect you in your choice of a bank in Nepal?	3.475	40	1.21924
12	Did virtual access affect you in your choice of a bank in Nepal? (Virtual access=all access to the bank which is not face-to-face. For example: through phone, email, Internet banking, and Mobile banking)	3.05	40	1.31948
13	Did low service charges affect you in your choice of a bank in Nepal?	3.45	40	1.28002
14	Did transactions charges affect you in your choice of a bank in Nepal? (Transaction charges = charges to transfer money to and from your account to other bank accounts)	4.025	40	3.37781
15	Did a student package affect you in your choice of a bank in Nepal?	3.2564	40	1.31225

Field Survey

According to the table 7 and based on the mean values, the variables with the highest mean scores are "Transaction Charges" (4.025), "General Image of a Bank" (3.475), and "Physical Location of the Bank" (3.475). This suggests that transaction charges, along with the overall perception and convenience of the bank's image and physical presence, are important factors influencing individuals' bank choices in Nepal.

On the other hand, the variables with relatively lower mean scores include "Virtual Access" (3.05), "Advertisement" (3.075), and "Past Experience Related to Banks" (2.875). This indicates that these factors might have less influence on individuals' choices when selecting a bank in Nepal.

It is also important to consider the standard deviations, which provide a measure of the variability or dispersion of the responses. Higher standard deviations suggest more diverse opinions and preferences among the respondents regarding a specific factor.

In conclusion, this analysis provides insights into the factors that potentially affect individuals' bank.

Conclusion

The factors with the highest mean scores, indicating greater influence, were "Transaction Charges," "General Image of a Bank," and "Physical Location of the Bank." Factors with

relatively lower mean scores, suggesting less influence, were "Virtual Access," "Advertisement," and "Past Experience Related to Banks." The variability of opinions and preferences was higher for factors such as "Transaction Charges." In conclusion, the study suggests that factors such as transaction charges, the overall perception and convenience of a bank's image, and the physical presence of the bank play significant roles in individuals' bank choices in Nepal. On the other hand, factors like virtual access, advertisement, and past experiences with banks seem to have less influence. These findings provide valuable insights into the factors that individuals consider when selecting a bank in Nepal.

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