

Commercial Bank Selection: The Case of Undergraduate Students in Malaysia

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Although retail bank patronage have been a topic of interest to marketing researchers since late 1960s, the attraction between banks and undergraduate segment has received little interest from marketing academics. This paper analysed the factors considered important by undergraduates in Malaysia in selecting a bank and to examine 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. 'Secure feelings' 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. It is interesting to note that the responses did not constitute a homogenous group since gender, stream of study, ethnicity and number of saving accounts held produced different prioritized factors in bank selection.

Field of Research: Bank Selection, Undergraduate, Malaysia.

1. Introduction

Studies on retail bank marketing are not a new research paradigm. In fact, much has been written since late 1960s on the theme of retail bank marketing with the majority of the literature relating to banking behavior of retail customers (alternatively called individual customers). A wide variety of marketing constructs related to retail customers has been investigated, including market segmentation, attitudes, intention, preferences, bank loyalty, bank selection decisions, bank image, bank service quality, satisfaction and multiple bank users. One marketing construct related to retail customers that has attracted a plethora of studies has been the patronization process of retail customers or the reasons on the basis of which customers choose to bank with specific commercial banks (for example, Kaufman, 1967; Mason and Mayer, 1974; Anderson, Cox and Fulcher, 1976; Evans, 1979; Kaynak, 1986; Gupta and Torkzadeh, 1988; Hon and Tom, 1994-95; Boyd, Leonard and White, 1994; Holstius and Kaynak, 1995; Zineldin, 1996). An exhaustive review of the pertinent literature suggests two generalizations concerning the patronization process of retail customers. First, it is apparent that the majority of previous studies related to bank selection decisions have been conducted in the West (Denton and Chan, 1991). Although the findings of such studies undoubtedly have made a significant contribution to the literature on bank selection criteria of retail customers, the Western focus of the studies raises critical questions as to the transportability of their findings to other countries due to differences in cultural, political, economic and legal environments (Almossawi, 2001).

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Secondly, the population of interest in the great majority of such customer studies has been the general population. Only a handful of investigation has been directed towards younger age groups such as the undergraduate segment although over recent years bank marketers have begun to take interest in this group. The present study addresses these two issues by extending the study of bank selection criteria to an examination of undergraduate students in Malaysia.

Despite the fact that the majority of undergraduate students are unemployed and their 'earning' comes mainly from educational loans, they provides an excellent business opportunity for commercial banks. First, in terms of its buying power, the student market is expanding and has become lucrative. With the expansion of educational services in Malaysia, which resulted in the establishment of 20 public universities and many more private colleges, the number of students in further and higher education has been increasing steadily over the years. Recent statistics released by the Ministry of Higher Education (2007) showed that the number of students entering local public universities for undergraduate studies rose dramatically from 29,962 in 2001 to 58,304 in 2006 – a 95 per cent increase within a five year period. Government policy to have at least 35% of the labor force with tertiary education should see this growth continue (Government of Malaysia, 2001).

Second, students are likely to need a bank account to negotiate their educational loans or parental contribution and may be obliged to administer their own personal financial affairs for the first time. Those who do not yet have bank accounts will need to open one as they started college because all grant providers pay allowances directly through students' bank accounts. Despite their relatively basic banking needs, students are to some degree a captive audience and at the stage in the purchase cycle where they may be more responsive to marketing activities from financial institutions (Thwaites & Vere, 1995).

A third important feature of the student market is the potential for above-average profitability in the future. Lewis (1982) commented that "the banks believed that it might well be in their interest to attract these young people to open accounts as they started college in the anticipation that they would remain, after graduation, with the bank and be profitable, in the long term, to that bank" (p. 63). The underlying logic of this comment is that college student is the segment of the population who has the potential of earning a greater income than any other segment of the population. As asserted by Duncan, Smeeding and Rodgers (1992), only college educated individuals have a significantly higher than average chance of rising from the low income group into the middle class. Specifically, as compared with non-graduates of the same age, graduates should normally secure more highly paid employment, to have a more progressive career and hence, develop a need for a wider range of personnel financial services as they pass through their own life cycle. The ability to develop a presence in the student market through appropriate acquisition and retention strategies is therefore likely to have an influence on banks' future market share and profitability (Thwaites and Vere, 1995).

College students, not surprisingly, represent a critically important target market for banking services. The ability to value, understand and address the specific needs of this segment is now a critical market reality. Commercial bankers can no longer uphold their traditional

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belief that only business and wage earning customers will bring income to the bank. They must realize that student customers too are potentially profitable market segment and future market share gains will be realized by banks that target this emerging segment and win them. Banks that would seize student segment must understand the critical factors that determine the basis upon which students choose between financial service providers. Bank marketers must be able to discern what is important to student customers in their market and how their strengths compare with those of their competitors.

The objectives in this study are two-folds:

1. to determine the criteria that undergraduates consider important when selecting a bank and how these criteria are prioritized according to their importance
2. To examine whether undergraduates constitute a homogeneous group in relation to the way they select a bank.

2 Literature Review

A limited number of studies dealing with the topic of bank selection criteria of college students have been conducted in the West. One earlier study reported in unpublished dissertation of Gray (1977) described an investigation of student attitudes towards banking in the U.K. He reported convenience and parental influence to be the most important factors influencing British students' bank selection.

Lewis (1982) also conducted a study on banking behavior among British students. A total sample of 716 students (514 first year and 202 final year) in 11 universities and colleges in the Greater Manchester area were surveyed for the study. She found that 92 per cent of the first-year college students surveyed thought they would stay with their present bank until the end of their course while 44 per cent believed they would continue with the same bank. About 80 per cent of the final year students believed they would continue with the same bank even after graduation. In addition, it was found that convenience of location to college and parental advice and influence were the predominant factors having a bearing on students' choice of bank.

A study by Thwaites and Vere (1995), also conducted in a British setting, showed that proximity of an ATM to college, free banking service and overall student offer were the top three selection criteria employed by college students in selecting which banks to patronize. Their cluster analysis revealed four distinct student segments: *Incentivisers*, *Borrowers*, *Collegiates* and *Traditionalists*. Each segment represents distinct customer characteristics in terms of selection criteria employed in selecting banks.

In his article about American college students, Schram (1991) pointed out that "convenience ... remains the primary reason why most college students choose their banks." Family tradition also seemed an important factor for college students. He noted that "sometimes it takes very little effort to keep the account of a student whose family has been with the bank for some time." Thus, family loyalty to banks appears to be exhibited among students.

Khazeh and Decker (1992-93) surveyed the opinions of 209 university students in Maryland, USA to determine customers' bank selection criteria. Their methodology was

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particularly useful in that it focuses attention on the selection criteria which would lead a customer to choose one bank over another, that is, the importance of the item to customers and also the degree to which they perceived they could differentiate between banks on the provision of this item. The five most important determinant attributes of bank selection decisions identified in their study were service charge policy, reputation, interest charged on loans, quick loan approval and friendly tellers.

Poh (in Gerard and Cunningham, 2001), in a study which sampled Singapore's university and polytechnic students, found that factors relating to ATMs and speed of service were of the most important criteria affecting their bank selection. Criteria relating to third party influences were found to be so unimportant during the pilot test and therefore were excluded from the actual study.

Huu and Karr (2000) sampled 198 undergraduate students in Singapore to identify factors which influence their bank selection decisions. Using "analytical hierarchy process" they found that undergraduates place high emphasis on the pricing and product dimensions of bank services. The third party influences were found to be the least important selection criteria.

Gerrard and Cunningham (2001) surveyed a sample of 184 Singapore's undergraduates to establish a ranking of the various dimensions which influence their bank selection decisions. Using factor analysis, seven bank selection dimensions were identified by the researchers, the most important being undergraduates should "feel secure", followed by "electronic services" and "service provision". Consistent with the findings of Huu and Karr (2000), the "third party influences" was found to be the least important dimension rated by undergraduates.

Almossawi (2001) conducted a study in Bahrain to examine the bank selection criteria employed by college students. A total sample of 1000 students from five colleges of the University of Bahrain was surveyed in the study. He found that the key factors determining college students' 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).

More recently, Pass (2006) surveyed 373 students from four community colleges and universities located in a large metropolitan area of the Western United States to obtain information about the reasons for students switching banks and selecting new banks. Pricing and convenience were found to be the principal reasons for selecting a new bank and 'hypothetically' switching banks. The finding that price is a chief reason for switching to another bank and selecting a new one.

A perusal of the literature presented above revealed that research studies conducted on bank selection decisions examined a variety of attributes as determinants of the bank selection process and unearthed a variance in the nature and importance of these attributes. It is worth noting from the review that no relevant published work to date has appeared concerning the banking behavior of student segment in the Malaysian bank market. Far less is known about the relative homogeneity of undergraduates in relation to their choice criteria with Gerrard and Cunningham (2001) being the only study of note. The

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present study attempts to partially fill the gap in the literature through an empirical analysis of bank selection criteria employed by undergraduates in Malaysia.

3. Methodology

Research Instrument

A structured questionnaire was prepared for use in the survey based on literature review and objectives of the study. The questions were organized into three sections as follows:

The first section of the questionnaire asked respondents to rate the relative importance of 28 bank attributes when choosing which commercial banks to patronize. They were measured on a five point Likert-type scale of importance ranging from 1 (not important at all) to 5 (very important). The list was based on previous similar studies (Thwaites and Vere, 1995; Almosawi, 2001; Gerrard and Cunningham, 2001).

The second section of the questionnaire sought to obtain information on the banking behavior of respondents. The respondents were asked for the name of banks at which savings accounts were maintained; which bank was the respondent's main bank (in the present study, the term "main bank" was defined as the bank with which the respondents conducted most of their transactions); and which was the respondent's subsidiary bank(s). The length of time that customers have been with their banks was also measured.

To obtain personal background of the respondents, questions regarding their gender, age, ethnicity, faculties and course studied included in the last part of the questionnaire.

To determine the potential effectiveness of the questionnaire and whether further revision is needed prior to conducting the survey, the questionnaire was pilot tested. The researcher distributed the questionnaire to 20 undergraduate students as a sample group. The subjects were asked if they had any problems understanding the questionnaire or have specific comments regarding the questionnaire. The format for responding was through open-ended questions. The subjects were encouraged to be very free with their responses, make suggestions for improvement and delineate any difficulties they found.

After each questionnaire was completed, each subject was asked what he/she meant in checking various answers. Comments were solicited on the clarity of the questions and what the changes should be done in order to make the questions simpler. These respondents also gave their comments on understanding the instructions about the scaling and the time taken to answer the questions. The test found no serious problems and minor amendments were made to the survey questions based on the verbal feedback received from the interview. The final result of the pilot test finally indicated that the questions had face validity.

Sample and Data Collection

The sample for this study was selected from among undergraduate students of Universiti Malaysia Terengganu, who were registered on a range of degree courses. Given the nature of the study, a non-probability (convenience) sampling was chosen. To get a representative

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cross-section of the population, the sample was drawn from a wide range of schemes of study from all four faculties.

Since this is an exploratory study, a sample size of 350 thought to be an adequate one. Self-administered surveys were distributed in January 2007. The survey was taken in a controlled classroom environment; allowing for a stronger research design. Specifically, the researcher read a standard set of instructions to the class, informing them of the survey purpose and conditions and encouraged their participation in the study. Students were assured of the confidentiality of their responses and their names were not solicited. Students were given approximately 20 minutes to complete the questionnaire. Students were prevented from communicating with each other while the survey was in progress.

From a total of 350 questionnaires distributed, 323 were returned, out of which 281 were deemed usable (valid and completed), thereby yielding a response rate of about 87 percent. Such a response rate was considered sufficient for statistical reliability and generalisability (Tabachnick and Fidell, 2001) and most satisfactory especially when compared with earlier research works on bank selection decisions (Khazeh and Decker, 1992-93; Huu and Karr, 2000; Gerrard and Cunningham, 2001). This relatively high response rate was attributed to the self-administered approach undertaken in distributing questionnaires.

4. Results

Demographics of the Respondents

Examination of the respondents ($N = 281$) indicated a majority of females (60.1%) compared to males (39.9%). The over representation of female respondents is expected since the population of female students in universities in Malaysia is 60% females and 40% males (Ministry of Higher Education, 2007). 40.6% of students describe themselves as studying social science schemes (marketing, accountancy, social policy, maritime management and counseling) compared to 59.4% science/technology. The median age of respondents is 21.79 years (\pm s.d. 1.19). In terms of ethnic group, about 82.3% of the respondents were Malay, 7.8% were Chinese and 4.3% were Indian.

Factor Formation

All analyses were conducted using SPSS statistical software version 11 for Windows. As a preliminary step, evaluative criteria items were factor analysed to reduce the variables to a manageable number of components. Factoring ceased when all eigenvalues of greater than one were obtained and when a set of factors explained a large percentage of the total variance was achieved. An accepted method of interpretation of factor loadings is to regard as significant any variable with a loading of 0.4 or greater as associated with the appropriate factor (Hair, Anderson, Tatham and Black, 1998).

Factor analysis was deemed appropriate for the items because the Keiser-Meyer-Olkin (KMO) measure of sampling adequacy test index equaled 0.723 and Bartlett's test gives a significance level of less than 0.0001 confirming the appropriateness of the factor model. The analysis yielded a nine principal components solution, which together explained more than half of the variance observed in the variables (61.84 percent), which satisfies the

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percentage of variance criterion for social science research (Hair et al. 1998). The nine factors identified are attractiveness, people influences, service provision, branch location, secure feeling, non-people influences, ATM service, proximity and financial benefits. Table 1 depicts the sorted rotated factor loadings for the items based on a nine-factor extraction.

To assess the internal consistency of each factor group obtained, the factors were subjected to reliability test. The assumption behind this approach is that the items of a measure work together as a set and should be capable of independently measuring the same construct. The items should be consistent in what they indicate about the concept being measured. The Cronbach alpha was used to measure internal reliability by unit weighting items with salient loadings in a factor where Cronbach's alpha coefficient at 0.5 or higher was considered acceptable (Kerlinger and Lee, 2000). These factors produced alpha coefficients between 0.526 and 0.796, indicating high internal consistencies and reliability (see Table 1).

Table 1: Results of factor analysis

Factor	Label	Items	Factor Loadings	% of variance
1	Attractiveness ($\alpha = 0.796$)	Attractiveness of bank building Interior décor of building Appearance and attire of staff Pleasant bank atmosphere Friendliness of bank personnel Class of people who patronized the bank	0.850 0.839 0.708 0.556 0.545 0.483	10.5
2	People influences ($\alpha = 0.733$)	Recommendations of friends Recommendations of relatives Influence of parents Influence of lecturers Reception at the bank	0.851 0.847 0.612 0.564 0.483	9.17
3	Service provision ($\alpha = 0.712$)	Regular bank statement Professionalism of bank staff Appropriate range of service offered Variety of service offered	0.814 0.712 0.698 0.427	7.57
4	Branch location ($\alpha = 0.642$)	Convenient branch locations Several branches Convenient location of the main branch	0.795 0.790 0.596	6.32
5	Secure feeling ($\alpha = 0.583$)	Financial stability of the bank Confidentiality	0.760 0.733	5.84
6	Marketing promotion ($\alpha = 0.592$)	Free gifts for customers Influential marketing campaign	0.801 0.700	5.79
7	ATM service ($\alpha = 0.509$)	Availability of ATM in several locations 24 hours availability of ATM service Convenient ATM locations	0.748 0.686 0.636	5.72
8	Proximity ($\alpha = 0.714$)	Proximity to university Proximity to home	0.846 0.841	5.63
9	Financial benefits ($\alpha = 0.526$)	Low service charges Low interest rates on loans	0.806 0.756	5.3

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Determinants of Bank Selection

In order to analyse differences in the importance of bank selection criteria employed, a ranking table was produced showing the mean score of each factor. Table 2 presents findings with respect to relative importance of bank selection criteria factors.

The top two factors that head the list were “secure feelings” (mean = 4.698) and “ATM service” (mean = 4.668). The importance of these two factors has been seen in previous studies which have used students as their sample (Thwaites and Vere, 1995; Gerrard and Cunningham, 2001; Almossawi, 2001).

The “financial benefits” (mean = 4.363) factor was rated as the third most important criterion influencing undergraduates when deciding which bank to patronize. The fourth most important criterion was “service provision” (mean = 4.27). In Gerrard and Cunningham’s (2001) study, the service provision factor was ranked third out of seven factors. The “proximity” factor (mean = 4.267) was ranked the fifth most important bank selection criterion by the undergraduates. The fact that the proximity of the banks to the university and to home is far less important than the availability of ATM service (ranked second in this study) supports the view that undergraduates have relatively simple financial needs (Thwaites and Vere, 1995) and are more prefer to conduct transactions electronically away from the branch counter (Gerrard and Cunningham, 2001). The “non-people influential” factor (mean = 3.634) which involve the offering of free gifts and marketing campaign, came next in terms of relative importance. This finding is consistent with the results of Lewis and Bingham (1991), Huu and Kar (2000) and Gerrard and Cunningham (2001). The “attractiveness” factor (mean = 3.517) is not highly ranked by the undergraduates. Again, this finding is reflective of the results of Gerrard and Cunningham (2001). In that study, the bank’s appearance (part of which involves the interior décor and attractiveness of bank buildings) was ranked sixth out of seven factors. The “people influences” (mean = 2.945) factor was found to be the least important criterion rated by the undergraduates. This may indicate that, when making their selection, undergraduates are more confident to act independently rather than relying on the recommendations of others. This finding is reflective of the results of Gerrard and Cunningham (2001) and Almossawi (2001).

Table 2: Ranking Importance of Bank Selection Criteria Factors

Rank	Factors	Mean	Std. dev.
1	Secure feelings	4.698	0.547
2	ATM service	4.668	0.421
3	Financial benefits	4.363	0.740
4	Service provision	4.270	0.572
5	Proximity	4.267	0.762
6	Branch location	4.237	0.608
7	Non-people influences	3.634	0.844
8	Attractiveness	3.517	0.661
9	People influences	2.945	0.662

Descending mean order.

Based on a five-point Likert scale 1 = not important; 5 = very important

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Homogeneity of Undergraduates

This subsection of the analysis sets out to examine whether undergraduates constitute a homogeneous group in relation to the way they select a bank. The t-test was performed to test for the statistical significance of bank selection criteria based on gender, ethnicity, stream of study and number of saving accounts held. The null hypothesis that there is no difference in means between groups is rejected if the t-statistic is sufficiently large to be significant. Following the precedent of previous studies, the probability level accepted for statistical significance of t-statistic in the present study was set at $p < 0.1$, showing there was 10% probability that the result occurred by chance. Tables 3 to 6 show the results of the analyses.

Gender

A t-test was used to test the statistical differences between the means for each of the selection factors between males and females and significant difference occurred for some of the factors (Table 3). At the 0.05 level, factors of which both samples had variation were “attractiveness” ($t = -2.372$, $p = 0.018$), “non-people influences” ($t = 2.56$, $p = 0.011$), “ATM service” ($t = -2.479$, $p = 0.014$) and “proximity” ($t = -1.978$, $p = 0.049$). At the 0.01 significant level, there were variations for factors “people influences” (-2.758 , $p = 0.006$) and “financial benefits” (2.628 , $p = 0.009$). Male students had higher mean values for “non-people influences” and “financial benefits” than female students. Female students, on the other hand, had higher mean values for “attractiveness”, “people influences”, “ATM service” and “proximity” than their male counterparts.

Table 3: Differences in bank selection criteria by gender

Factors	Mean		t-test	p
	Male	Female		
Attractiveness	3.403	3.593	-2.372	0.018*
People influences	2.800	3.039	-2.758	0.006**
Service provision	4.255	4.280	-0.360	0.719
Branch location	4.252	4.227	0.331	0.741
Secure feeling	4.732	4.675	0.864	0.389
Non-people influences	3.790	3.530	2.560	0.011*
ATM service	4.592	4.718	-2.479	0.014*
Proximity	4.152	4.343	-1.978	0.049*
Financial benefits	4.505	4.269	2.628	0.009**

Notes: * Significant at $p < 0.05$; ** significant at $p < 0.01$

Ethnicity

The t-test result (Table 4) indicated that there were significant differences between Malay and non-Malay students in terms of “brand location” ($t = 2.509$, $p = 0.013$) and “non-people influences” ($t = 1.679$, $p = 0.094$). Malay students were found to be significantly higher in their evaluation of both factors as compared to the non-Malay students.

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Table 4: Differences in bank selection criteria by ethnicity

Factors	Mean		t-test	p
	Malay	Non-Malay		
Attractiveness	3.525	3.479	0.437	0.662
People influences	2.954	2.900	0.515	0.607
Service provision	4.294	4.151	1.581	0.115
Branch location	4.277	4.036	2.509	0.013**
Secure feeling	4.693	4.719	-0.295	0.768
Non-people influences	3.672	3.448	1.679	0.094*
ATM service	4.678	4.618	0.801	0.426
Proximity	4.262	4.292	-0.290	0.773
Financial benefits	4.363	4.362	0.008	0.994

Notes: * Significant at $p < 0.1$; ** significant at $p < 0.05$

Stream of Study

The t-test results, displayed in Table 5, indicate that there are significant differences between non-science and science undergraduates with regard to their evaluation of bank attributes. Of those factors which were significantly different, “attractiveness” ($t = 1.964$, $p = 0.051$) was so at 0.1 level, “branch location” ($t = 2.052$, $p = 0.041$) and “ATM service” ($t = 2.274$, $p = 0.024$) were at 0.05 and “financial benefits” ($t = 2.658$, $p = 0.009$) was at 0.01. Respondents coming from the non-science stream appear to place significantly more importance to all these factors.

Table 5: Differences in bank selection criteria by stream of study

Factors	Mean		t-test	p
	Non-Science	Science		
Attractiveness	3.581	3.424	1.964	0.051*
People influences	2.975	2.900	0.926	0.355
Service provision	4.304	4.219	1.218	0.224
Branch location	4.297	4.146	2.052	0.041**
Secure feeling	4.698	4.697	0.004	0.997
Non-people influences	3.653	3.605	0.462	0.664
ATM service	4.715	4.599	2.274	0.024**
Proximity	4.308	4.206	1.105	0.270
Financial benefits	4.464	4.212	2.658	0.009***

Notes: * Significant at $p < 0.1$; ** significant at $p < 0.05$; *** significant at $p < 0.01$

Single/Multiple Banking

Table 6 shows the results of the t-test that were used to examine the statistical difference between single and multiple banking undergraduates with regard to various bank selection factors. At the 0.05 level, factors of which both samples had variation were “attractiveness” ($t = -2.18$, $p = 0.033$), “branch location” ($t = -2.111$, $p = 0.036$) and “ATM service” ($t = -2.338$, $p < 0.022$). “Financial benefits” ($t = -2.636$, $p = 0.01$) factor was significantly different

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at the 0.01 level while “secure feeling” ($t = -1.691$, $p = 0.096$) was at the 0.01 level. Multiple-bankers appear to place significantly more importance to all these factors.

Table 6: Differences in bank selection criteria by number of saving accounts held

Factors	Mean		t-test	p
	Single	Multiple		
Attractiveness	3.311	3.564	-2.180	0.033**
People influences	3.039	2.924	1.128	0.260
Service provision	4.269	4.270	-0.005	0.996
Branch location	4.077	4.273	-2.111	0.036**
Secure feeling	4.558	4.729	-1.691	0.096*
Non-people influences	3.577	3.646	-0.535	0.593
ATM service	4.532	4.699	-2.338	0.022**
Proximity	4.212	4.280	-0.580	0.562
Financial benefits	4.096	4.423	-2.636	0.010***

Notes: * Significant at $p < 0.1$; ** significant at $p < 0.05$; *** significant at $p < 0.01$

5. Concluding Remarks

Patronization process of retail customers towards bank has been widely investigated. However, the literature reflects little effort to understand the undergraduate segment and remarkably, no such study has been carried out in Malaysia. The purpose of this study was to determine the pertinent factors which undergraduates perceive as germane to their selection of banks and also seek to see if the group is homogeneous in regard to bank selection criteria employed.

Findings of this study reveal that undergraduate students place more emphasis on secure feelings, ATM service and financial benefits when choosing a bank to patronize. The findings also show that undergraduate students are not a homogeneous group in regard to the bank selection process.

On the theoretical side, this study contributes to the existing body of literature in three ways. First, the results add to the very limited knowledge presently available about commercial bank selection in Malaysia. Secondly, the study chose to sample a specific consumer segment, namely undergraduates, which have not been given enough attention in the literature. Third, the study has attempted to identify segments of undergraduates based on their bank selection criteria and examines their relative homogeneity in relation to how they choose banks. As a result, the findings will be of particular interest to academics whose interest lies in the marketing financial services to young customers in Malaysia.

The marketplace view provided in this paper indicates areas where commercial banks can gain a competitive advantage. The students' reasons for patronizing a commercial bank were examined to determine their relative importance, thus indicating where a bank marketer should place attention on salient attributes to attract and retain members of this market segment.

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