

PalArch's Journal of Archaeology of Egypt / Egyptology

BANK SELECTION CRITERIA OF A BUSINESSMAN

Layla A Alamoudi¹, Jamaldeen Faleel²

^{1,2}College of Business, Effat University, Qasr Khuzam Saudi Arabia,

E.mail: ¹ lalamoudi@effat.edu.sa , ² jfaleel@effatuniversity.edu.sa

**Layla A Alamoudi, Jamaldeen Faleel. Bank Selection Criteria Of A Businessman--
Palarch's Journal Of Archaeology Of Egypt/Egyptology 18(13), 49-57. ISSN 1567-214x**

**Additional Keywords And Phrases: Banks, Commercial, Customers, Decisions, Factors,
Investing, Select**

ABSTRACT

Each individual has their own way of investing, spending and saving money. The decision an individual takes affect the whole financial system. Based on their decisions, banks can attract their customers to use their services. The businessman has different factors of selection of a bank. This study identifies the selection criteria of banking of businessman for the business in Saudi Arabia. The methodology of this research was conducted a survey analysis whereby it will determine and understand the factors that a businessman looks in for while selecting a bank. The results showed us that the businessmen looked more into commercial banking. The most important factor is the products and services provided by the bank, Internet banking, more ATMs and the thing that motivates customers to use bank is the economy of the country and the situation that caused them to bring about the decision related to the bank. This research highlighted the importance of looking into the decisions of each and every individual and business separately to understand the factors they are looking for while putting their money or investing it in any bank.

CCS CONCEPTS • Insert your first CCS term here • Insert your second CCS term here •
Insert your third CCS term here

ACM Reference Format:

First Author's Name, Initials, and Last Name, Second Author's Name, Initials, and Last Name, and Third Author's Name, Initials, and Last Name. 2018. The Title of the Paper: ACM Conference Proceedings Manuscript Submission Template: This is the subtitle of the paper, this document both explains and embodies the submission format for authors using Word. In Woodstock '18: ACM Symposium on Neural Gaze Detection, June 03–05, 2018, Woodstock, NY. ACM, New York, NY, USA, 10 pages. NOTE: This block will be automatically generated when manuscripts are processed after acceptance.

INTRODUCTION

Banks play an important role in both the financial world and the economy. They have always been associated with the safekeeping of money [1]. Modern day banks perform more functions than the former banks. There are different types of banks such as investment and the commercial banks separately. They are still into safekeeping but have added a lot of operations under their names. They help in merging the financial world to that of the economy and thereby help it in its development. They have opened up their shares in the market allowing people to become part owners in the banks as well. This will help people in many ways and definitely increase the functions of banks with the passing of time.

Bollard et al. [2] reported in their article that banks help in the transactions of money circulation of money between saver and borrower, help in improvement of standard of living of people, influencing trade of products and services, and even help in investment nowadays. The functions of the banking are divided into two categories and are classified as primary and secondary. The primary functions are accepting deposits and lending money [3]. Accepting deposit means they are actually taking in the money from the saver and safekeeping it. Lending money comes under giving it off as a loan to the needy people and even businessmen. They do so by charging interest that serves as their service fee and most of their earnings. The secondary functions include general utility functions and most of the agency work done by them. They collect and discount bills, sell securities, are a part of purchasing and selling foreign exchange, and sometimes even pose as tax consultants [4]. The role investment bank is completely different from that of the roles of commercial banks that are mentioned above. Also, investment banks are only there for the purpose of investment, and they do not entertain commercial activities.

Most customers are looking for the customer satisfaction as they want something that is easy and convenient that is in accordance to their desires and needs; that can fulfil their requirements. Sells [5] identified three factors that attract customers to the bank as he has studied consumer behaviour of the people using banks. The three factors are internal, situational and social based on the needs and wants of the people. There is an additional economic factor that plays a part in the decision as well. Sells [5] reported in his article that, "Perception is the process by which people select, organize and interpret information from the outside world." This means that people will choose by looking at the surrounding environment. People look for their convenience, availability and feasibility.

They will choose options that are easily accessible. They will look for lower interest rates and brand of the bank. This is their behaviour towards the bank that comes from within. Maiyaki [6] noticed that the customers will look forward to the number of branches a bank has and its position in the market. Katirchioglu, et al. [7] mentioned ATM as one of the important factors of selection for choosing a bank. Abduh and Azmin Omar [8] said that the type of bank affects the decision as well. Most of the customers in Muslim

countries prefer Islamic banking such as Shariah compliant. The age group and lifestyle also impacts the decisions of the customers, like students opening up accounts for student loans [5].

These factors according to Sells [5], the ones that gather attention of the customers based on situations like physical environment and time. Most of the customers in the bank prefer ATM or internet banking rather than going and having one on one meeting with the respective manager. They will choose the nearest ATM available to them as it is feasible and accessible. This means they are in no mood to spend time for meeting the manager and discussing anything or everything about the account. They would rather use internet or ATM services for the saving of time. Most young adults are into technological advancements. They will show and give more attention to the banks with good internet service and affordability of it in the saving of time and money. If anyhow they opt for direct meetings, they will prefer optimal location for their banks as stated by Mokhlis et al. [9].

The social factors come in a lot when one thinks about the banks according to the social norms and culture. One has to think about society, its culture and sub-cultures that forms group and differentiate each other based on social groups. This definitely impacts the decision and affects the bank and customers on a whole as pointed out by Mariam [10].

The different people living with different standards of living in the economy are another factor that influences their decisions in selecting of the bank. The attributes of different banks are into catering the needs of people of various economic backgrounds and classes. Even the economic crises that arise affect customers deeply due to the imbalances caused in the economy. Businessmen are very particular with their selection of bank as they do not have time to spend mostly in the banks. They will also look into the economic factors and situations that will help them decide which bank they should opt for their financial transaction.

A businessman should look into the transparency, open up with the information, provide liquidity and help them in their financial decisions. They will also look for banks that are financially stable and are performing well in the economy. They want someone who can help them through difficult times and guide them into the right direction. They will look into products, offers, services and their quality as well. They are also looking for banks that can cater their needs and customize accordingly. The selection also depends on their choice and nature of the bank. This means that they should look for commercial banks for general use and investment banks if they are looking for investment opportunities. Therefore, one should be sure of their needs and requirements when looking for and selecting the banks and this study determine the bank selection criteria of a businessman in Saudi Arabia.

METHODOLOGY

The methodology of this research involves quantitative method. The quantitative analysis is used to conduct survey and gather and analyse information about businessmen in Saudi Arabia. There are a lot of budding

entrepreneurs and businessmen who want to have access to the bank. There will be survey analysis of the data collected.

Sample of the research

The sample of the research is the businessmen residing in the KSA. There were 16 responses collected for the research.

Primary and Secondary data

The data collected from the survey accounts for the primary data of the research. It does not account for any kind of secondary data.

Research instruments

The survey and the questionnaire are the research instruments used in this research.

Ethics consideration

Ethics are very important for any kind of research done in the academic or for reality check purpose. It plays a significant role in determining the credibility of the research. The research idea should be in relation to the problem statement.

Result And Discussion

The aim of this study is to identify the factors that influence the bank selection criteria of a businessman. The demographic data of the respondents is shown in Figure 1, which is the age group of the participants. Majority of the respondent about 50% are age between 30 and 40 years old, followed by 25% of respondent at age 40-50 years old.

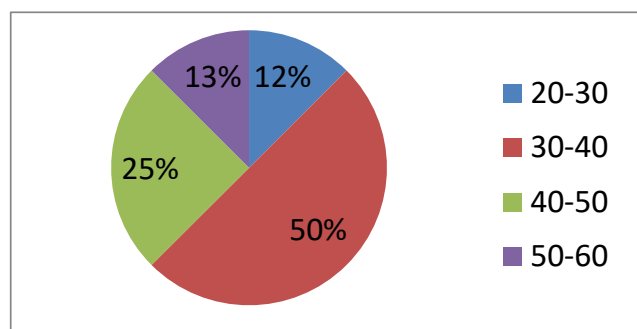


Figure 1: Respondent's age group

Figure 2 shows most of them about 81% used commercial bank while the others 19% wanted to avail the services of the investment bank.

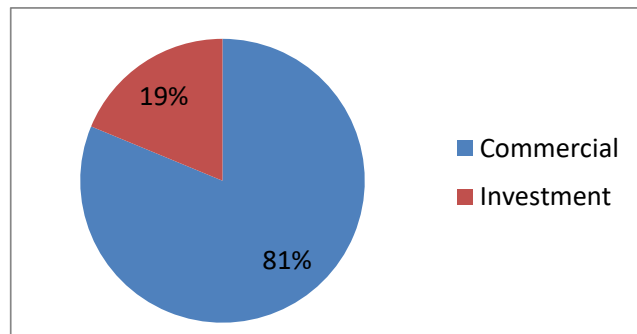


Figure 2: Type of bank the respondents used

Figure 3 indicates all of them had different functions and access to banking system like that of personal meeting (12%), internet banking (69%), SMS banking (6%), ATM (13%).

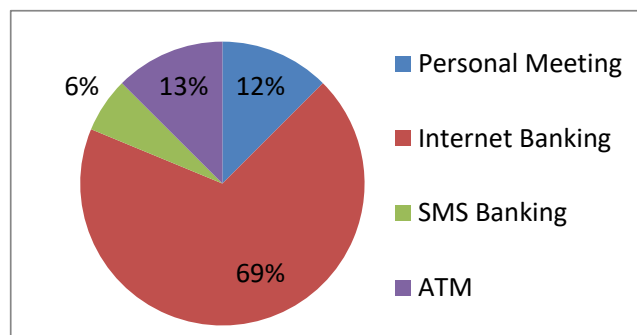


Figure 3: Respondent's preferable bank services

Figure 4 demonstrates the reason most of the participants (businessmen) looked forward to marketing is the economy (44%), culture (19%), and self-interest (37%) out of which economy and the self-interest factor played a big role in helping the businessmen motivate towards the idea of banking.

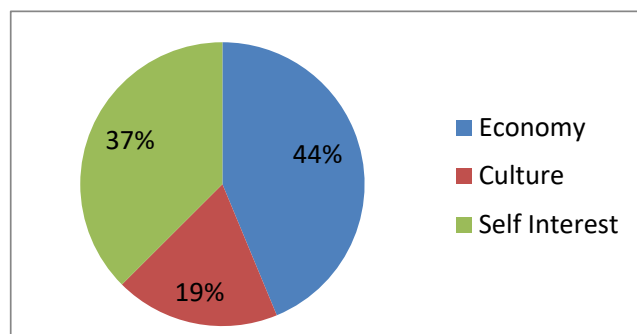


Figure 4: The motivation of respondent to use bank

Figure 5 shows majority of the respondent about 44% used the bank for depositing money, followed by 31% for lending money and 25% for investment.

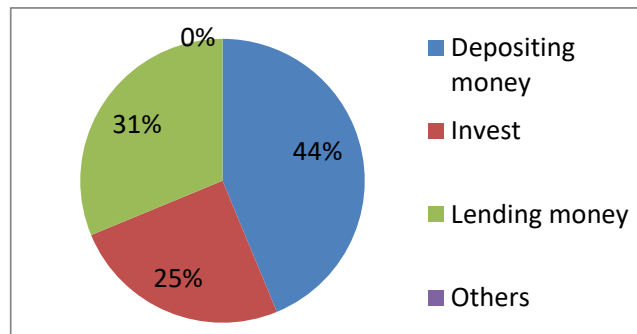


Figure 5: Respondent's opinion regarding the important of using bank

It was very important to ask the businessmen about the businesses they owned as this will determine the type of bank they will use for banking purposes. Figure 6 indicates about 56% of businessmen had medium scaled businesses while 25 % had small and 19% of the businesses had large scale business.

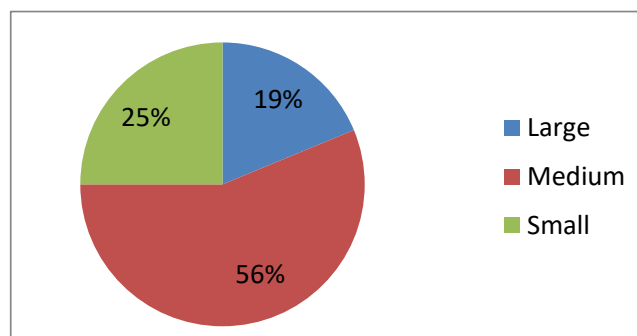


Figure 6: Respondent's business size

Different businessmen had different reason on approach a bank. Figure 7 shows that majority about 50% of the respondents approach a bank due to economic reason followed by social about 25%. The reasons of internal and situational mark the percentage by 13% and 12% respectively.

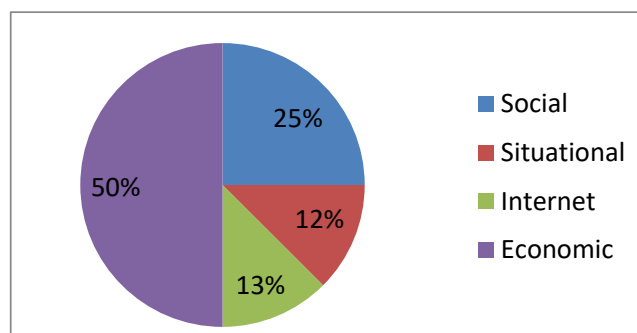


Figure 7: Factors of approach a bank

Figure 8 shows that businessmen wanted a bank with name is about 63%, while 25% of them wanted lower interest rates and 12% of them preferred accessible ATM.

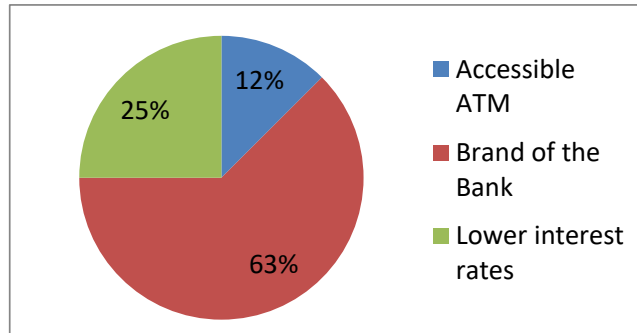


Figure 8: Important of selecting a bank

Figure 9 demonstrates that majority of the businessmen about 81% preferred Internet banking over the other factors as it is reliable and accessible followed by direct meeting about 13% along with optimal location by 6%.

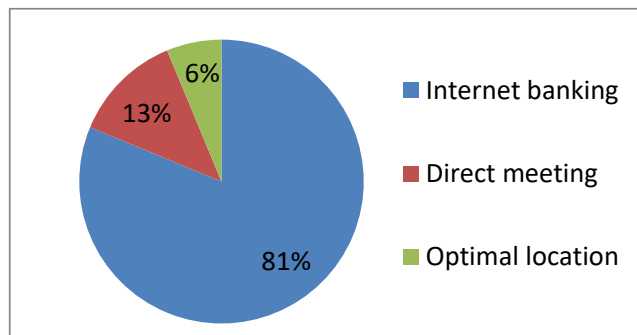


Figure 9: Respondent’s preferable situation

Figure 10 shows 75% of the respondents preferable the products and services of a bank over others. They would also look up for investment opportunities about 13%, while 12% preferred the interest rates. Regarding the choice of bank based on the business in KSA.

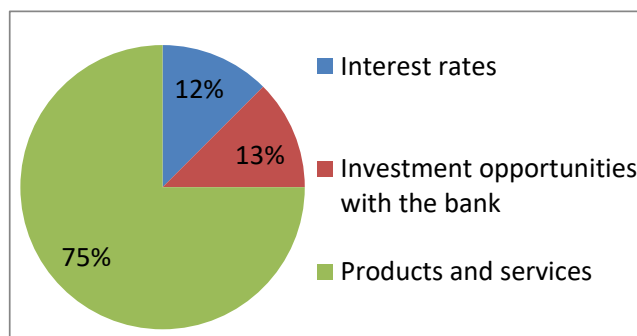


Figure 10: The preferable bank as a businessman

Figure 11 demonstrated the respondent about 50% choose for commercial bank, followed by 38% for Islamic bank and 12% for investment bank.

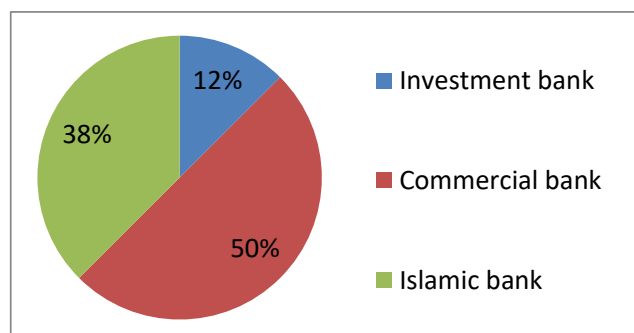


Figure 11: Respondent's choice of bank based on their business in KSA

CONCLUSION

Banking has become one of the important functions in both the financial and the economic world. The banks serve as intermediaries between the lenders and borrowers. Now, with the globalization and technological advancements, banks are into serving more than the mentioned purposes. They have expanded into the function of retailing as well. They are now available in each and every corner of the street. Each individual and corporation has varying choice over the preferences of selecting banks. They do it based on considering certain factors like accessibility, feasibility, ease and helping in making financial decisions, availability of products and services over a wide range in the market. Businessmen in the KSA preferred numerous factors like Internet banking, accessible ATM, products and services, etc. They preferred commercial banking over all other options provided and said that the reason for motivation of banking was either economic or social that drove them to the path of banking.

Acknowledgements

The authors are grateful to the support from College of Business, Effat University.

REFERENCES

- Williams, R. 2011 An introduction to trading in the financial markets. Academic Press, Amsterdam.
- Bollard, A., Hunt, C. and Hodgetts, B. 2011. The role of banks in the economy – improving the performance of the New Zealand banking system after the global financial crisis. Retrieved September 7, 2019 from: <http://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Speeches/2011/4487145.pdf>
- Werner, R. 2014. How do banks create money, and why can other firms not do the same? An explanation for the coexistence of lending and deposit-taking. *International Review of Financial Analysis*. 36, 71-77.
- Chand, S. Commercial Banks: Primary and Secondary Functions of Commercial Banks. Your Article Library. Retrieved September 7, 2019 from <http://www.yourarticlelibrary.com/banking/commercial-banks/commercial-banks-primary-and-secondary-functions-of-commercial-banks/30321>.
- Sells M. R. (n.d.), Consumers Behavior Real People. Real Decisions: Decision

time at Electrolux. 176-83

- Maiyaki, A. A. 2011. Factors Determining Bank's Selection and Preference in Nigerian Retail Banking. *International Journal of Business and Management*. 6, 1, 253-257.
- Katircioglu S. T., Fethi S., Unlucan D., Dalci I. 2011. Bank Selection Factors in the Banking Industry: An Empirical Investigation from Potential Customers in Northern Cyprus. *Acta Oeconomica*. 61, 1, 77-89.
- Abduh, M. and Azmi Omar, M. 2012. Islamic banking and economic growth: the Indonesian experience. *International Journal of Islamic and Middle Eastern Finance and Management*. 5, 1, 35-47.
- Mokhlis, S., Mat, N. and Salleh, H. 2008. Commercial Bank Selection: the case of undergraduate students in Malaysia. *International review of Business Research Papers*. 4, 5, 258-70.
- Mariam, G. 2011. Bank selection decision: factors influencing the choice of banking Services. Retrieved September 7, 2019 from: [http://etd.aau.edu.et/bitstream/123456789/2291/3/Goiteom%20Wmaria m.pdf](http://etd.aau.edu.et/bitstream/123456789/2291/3/Goiteom%20Wmaria%20m.pdf)