

PalArch's Journal of Archaeology of Egypt / Egyptology

BANK SELECTION CRITERIA OF THE STUDENTS: EXPLORATORY STUDY ON SAUDI UNDERGRADUATE STUDENT'S BEHAVIOR ON SELECTING THE BANKS IN SAUDI ARABIA

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Wajd Alghamdi, Jamaldeen Faleel. Bank Selection Criteria of The Students: Exploratory Study on Saudi Undergraduate Student's Behavior on Selecting the Banks in Saudi Arabia -- Palarch's Journal of Archaeology of Egypt/Egyptology 18(13), 326-333. ISSN 1567-214x

Keywords: Banking, Saudi Arabia, Students, Facilities

ABSTRACT

Bank and banking sectors are continuously trying to attract their customers by providing them facilities in their bank. Internet banking is the innovative idea in the banking sectors that attracts large share of customers in the bank. This study mainly shade light on importance of opening bank account to students of Saudi Arab. Considering the quantitative data collection method, the researcher has developed the data findings from the response. A sample of 131 customers has been chosen for survey. From the outcome of the respondents, it has been concluded that internet banking system is very much effective for the customer in order to continue their banking activity. Apart from this it is also found that selection of bank mainly depends on the facilities that are offering by the banks.

INTRODUCTION

It is quite normal for an individual to have a bank account for savings and transactions. In Saudi Arabia, it is one of the usual practices to have a bank account once becoming major. Therefore, in such cases, it becomes very important to select an appropriate bank to have an account. There are several commercial banks in different cities of Saudi Arabia offering different interest rates and facilities to their customers. As per the resources, it is found that only 24 banks are licensed under the Saudi Arabian Monetary Agency (SAMA) and remaining are comprised of local banks and foreign banks [1]. As different banks offer different facilities in regards to the services offered, the factor of restriction of opening a bank account also varies. However, there is only 1 commercial bank in Dhahran and 3 commercial bank in Jeddah, it

becomes very limited for the customers who want to avail banking in these two regions of Saudi Arabia. Therefore, it is very easy for the customers to choose the bank in these two regions, just by comparing the facilities being offered by the banks. There are several privileges offered by the commercial banks to the students in order to encourage them to open a bank account. In most of the commercial banks, they offer zero balance account for the students and offered different facilities like online banking, high interest rate to encourage the students for savings [2-3]. Furthermore, 24 hours banking facilities are also provided to the student along with privilege debit or credit card. This privilege card offers less or free maintenance charge for the students and enables them to make a transaction free of charge [4]. The student can also avail the offer to pay their fees by taking a small amount of loan by the bank and paying them back within next three months. In the case of the student, the bank must approve the minimum documents to open an account rather than asking several documents. On the other hand, the bank ensures safety and pay high interest to the students in case of their saving amount [5]. Furthermore, privilege card must be offered to the student in order to attract their attention towards savings and enjoying other facilities of banking. From the studies of Gulati (2011), it can be stated that when students open their bank account for the first time, it is observed that they tend to become confused regarding which particular bank to choose. One of the major reasons behind this phenomenon can be highlighted as the fact that students are often busy with study, sports and friends [6]. In this regard, the parents decide which bank to choose on behalf of the particular student. Hence, the satisfaction level of the parents plays an important role [7-8]. In the words of (Allred and Addams, 2013 and Gazie S. Okpara1 & Onuoha A. Onuoh 2013), when a student has to choose an option for opening a bank account, the first thing that is taken into consideration is the quality of the service that is provided to the customers [9-10].

The bank should give loan facilities to the students for their education purpose. Apart from this, the interest rate should be low for the students. This is the reason why most of the students conduct an intensive survey before taking into consideration one specific bank. Online facility in bank enhances the chance of the customers to be more connect with the bank [11]. The online facilities in the banking sector such as, internet banking, e statements and other service enables the customers to conduct their work effectively. Internet banking gives many facilities to the customers such as account summary, over draft details, transaction details and fund transfer between own accounts. Students who are using internet-banking facilities can transfer fund for the educational purpose. In addition, through telephone banking, bank service details can be providing to the customers from various call center. The students, who are getting bank service details from telephone banking, can be enabled to create an account. Apart from this, it can be said that, internet-banking facilities enhanced the chance of the student to conduct their transaction for academic purpose [12].

The current research dealt with different commercial banks available in Saudi Arabia and selection of relevant bank for opening the account of the students. As different banks offer different facilities, therefore it is very important to

choose the right bank meeting the requirement of an individual. This study as well highlights the criteria considered by students in choosing the bank for opening the account.

METHODOLOY

The researcher here selects the deductive approach for the research study as it helps the study to be addressed with the help of the information that is already established in the literature. In this research, the research has used quantitative data collection method in order to get data that is very helpful to get outcome of the research. Quantitative data collection method allowed the researcher to get information from a large number of people. The research has taken random probability sampling method to get data from sample size of 131 respondents. Questionnaire consisting of 9 questions related to the topic of study was distributed to these 131 students.

RESULTS AND DISCUSSION

Facilities Provided by Banks

From the tabulated data in Table 1, it has been analyzed that 49.6% of the total customers open bank account after getting some facilities such as priority banking, over draft facility, loan and credit cards. On the other hand, 0.3% of the total respondents strongly disagreed with the statement. Students are eager to open a bank account after getting some banking facilities as they need education loan to continue their study. Students take education loan for higher study. Furthermore, draft facility and credits card helps them for money transaction. Most of the educational institution conducts online fees submission procedure. Hence the banking facilities enable the students to continue their study with the help of bank. On the other hand, some respondents have disagreed with this as they argue that bank account is needed only for the admission process. Education loan that is provided by the bank is not enough for their study.

Table 1. Facilities Given by Bank

Options	Responses in percentage (%)
Strongly Agree	31.3
Agree	49.6
Neutral	18.3
Disagree	0.5
Strongly Disagree	0.3

Preference

Based on Table 2, it is seen that 42% of the total respondents strongly agreed that they would like to open a bank account in zero balance. On the other hand, 2.2% of the total respondents strongly disagreed with the statement. From this analysis, it is proven that students prefer to open the bank account in zero balance as they are not financially strong. Apart from this, it can be said that students preferred to get all kinds of banking facilities in zero balance

banking account. Conversely, some students strongly disagreed with the proposal of opening bank account in zero balance as they think that zero balance bank account has no facility in their way of study. Therefore, it can be said that, bank offers zero balance bank account is preferable for the students.

Table 2. Preference

Options	Responses in percentage (%)
Strongly Agree	42
Agree	39.7
Neutral	14.0
Disagree	2.1
Strongly Disagree	2.2

Bank with Banking Facilities

As shown in Table 3, 48.1% of the total respondents strongly agreed to get 24 hours banking facilities. On the contrary, 5.1% of the total respondents disagreed with this. From the analysis, those students' who need 24 hours banking facility are mainly for money transaction and other facilities. Furthermore, 24 hours banking facilities provide the students the chance to conduct banking activities without any problem. Those who disagreed stated their concern of high chances of security breaching in 24 hours banking facilities. Moreover, the respondents argued that, they would prefer to do banking activity in the banking regularly in order to get help for any type of problems.

Table 3. Bank with Banking Facilities

Options	Responses in percentage (%)
Strongly Agree	48.1
Agree	34.0
Neutral	10.7
Disagree	5.1
Strongly Disagree	2.1

Documents for Bank Account Facilities

With reference to Table 4, it is found that 48.9%% of the total respondents strongly preferred to provide minimum document in getting easy bank account facility. However, 2.5% of the total respondents strongly disagreed with the facilities giving minimum documents to open a banking account. From this analysis, there is a chance of security breaching with minimum documents banking account. The customers may be cheated by the unknown bank to open this kind of banking account. In addition, their money can be transferred into another account because of the lack of proper identification. Despite that, some respondents still prefer minimum documentations for the facility provided by the banks.

Table 4. Documents for Bank Account Facilities

Options	Responses in percentage (%)
Strongly Agree	48.8
Agree	31.3
Neutral	14.9
Disagree	2.5
Strongly Disagree	2.5

Family Influence in Bank Selection

Table 5 showed that 26.7% of the total respondents strongly agreed that their family has a great influence in the time of opening a bank account whereas, 5.4% of the total respondents strongly disagreed. Family member, especially parents have a great influence in the selection of bank. Students expressed that they takers concern of their parents for their experience. Apart from this, it can be said that, students prefer to take advice of their parents before opening a bank account to avoid the problems related to bank transaction. On the other hand, some respondents argued that, they do not like to take advice of their parents before opening a banking account since it is the students' duty to gather enough information about the bank before opening a bank account. Every student needs to have enough information about the bank before opening an account. In this way, the possibility of information security breaching and other threat can be reduced.

Table 5. Family Influence in Bank Selection

Options	Responses in percentage (%)
Strongly Agree	26.7
Agree	32.0
Neutral	22.9
Disagree	13.0
Strongly Disagree	5.4

Loyalty Card Offered By Banks

From the data in Table 6, 32.1% of the customers strongly agreed that wish to take bank loyalty card while selecting the bank. On the other hand, 4% disapproved. Those who agreed showed that they want to be a loyal customer of their selected bank with the desire of getting most effective facility from their selected bank. Furthermore, loyalty card offers the customers some facilities such as free transaction, zero balance account facility and benefited in interest rate. These facilities offer student's the chance to gain more benefits from the bank. The customer, who is given loyalty card, has to join in the bank loyalty program. Therefore, it can be said that loyalty card of a bank has both positive and negative sides.

Table 6. Loyalty Card Offered by Banks

Options	Responses in percentage (%)
Strongly Agree	32.1
Agree	33.6
Neutral	25.3
Disagree	5.0
Strongly Disagree	4.0

Bank Service for Customer Satisfaction

From the above table of collected data (refer Table 7), it has been analyzed that, 59.5% of the total customers strongly agreed that they prefer the bank that provides them customer service facilities such as telephone banking and online banking. Nevertheless, 0.6% of the total respondents strongly disagreed with these services. From the analysis, it was found that customers are eager to get extra facility from the bank such as telephone banking for their daily activity. Apart from this, it can be said that telephone banking opens the chance to make changes to establish cordial relation with the bank.

Table 7. Bank Service for Customer Satisfaction

Options	Responses in percentage (%)
Strongly Agree	59.5
Agree	24.4
Neutral	14.5
Disagree	1.0
Strongly Disagree	0.6

Secure Online Banking Facilities

The table of collected data in Table 8 showed that, 56.5% of the total customers strongly agreed and said that they prefer the banks that provide banking facilities which attract the customers to avail this service. Apart from this, it can be said that, gives them secure online banking facilities. On the other hand, 1.1 % of the total respondents strongly disagreed with this. Secure online banking facilities provide the customer the chance to perform their transaction process without any problem at anywhere as long as there is internet connectivity. Therefore, it can be deduced that, online banking facilities is very important factor for students to consider be opening a bank account.

Table 8. Secure Online Banking Facilities

Options	Responses in percentage (%)
Strongly Agree	56.5
Agree	30.5
Neutral	9.9
Disagree	2.0

Strongly Disagree	1.1
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Bank Reputation

According to the survey conducted it is ascertained that 78.6 % of the participants look at reputation of the bank while opening a bank account. In their perspectives, it also plays an important role while selecting the right bank considering the safety and facilities provided by the bank to its customers. By analyzing the data of the survey, it is observed that 14.5% of the participants are neutral and the reputation of the bank does not make much difference while choosing a bank for account. Additionally, the data reveals 6.9 % of the participants disagreed that people go for the reputation of the bank while opening the account. Therefore, in such cases, those banks must be providing very good service to their customers due to which the reputation of the bank is not making any difference to approach. Table 9 tabulated the results of the survey regarding to bank reputation.

Table 9. Bank Reputation

Options	Responses in percentage (%)
Strongly Agree	38.9
Agree	39.7
Neutral	14.5
Disagree	6.9
Strongly Disagree	0.0

CONCLUSION

Based on the findings and analysis of the questionnaires, it is proven that there are few factors affect the decision of the students in opening a bank account. The students are motivated by the offers and facilities offered by the banks and students become highly satisfied with the zero balance account facilities and 24 hours services without any extra charge. Apart from that, it is also found that the students trust banks that have a reputed name. The parents indeed play major role to select appropriate bank for the students. Nonetheless, students may face dilemma while selecting a bank because of its reputation and different offers.

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