



## Factors Influencing Selection of a Bank: A Study of Kurnool District in Andhra Pradesh

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**Abstract:** Banks are the prime movers of any economy. Technological changes have brought a paradigm change in the way banking activities were taken place. Banks have expanded their business horizon. Starting with the basic activity of accepting deposits and lending money, they have added many products to their core business. It includes insurance, DEMAT accounts, mutual funds, plastic money, digital currency etc. On the other hand, expectations of the customers are increasing day by day. There is a paradigm shift from the era of class banking to mass banking. Now the customer has wide range of choice with regard to selection of a bank. Customer attraction and Customer retention are the most basic and important functions of any bank now a days. It is at this juncture a study has been initiated to study the factors influencing selection of a bank in backward region of the state of Andhra Pradesh i.e. Rayalaseema Region.

**Key words:** Banks, Bank selection, Factors influencing, Bank factors, Selection factors

### Introduction

Banks are the prime movers of any economy. Technological changes have brought a paradigm change in the way banking activities were taken place. Banks have expanded their business horizon. Starting with the basic activity of accepting deposits and lending money, they have added many products to their core business. It includes insurance, DEMAT accounts, mutual funds, plastic money, digital currency etc. On the other hand, expectations of the customers are increasing day by day. There is a paradigm shift from the era of class banking to mass banking. Now the customer has wide range of choice with regard to selection of a bank. Customer attraction and Customer retention are the most basic and important functions of any bank now a days. It is at this juncture a study has

been initiated to study the factors influencing selection of a bank in backward region of the state of Andhra Pradesh i.e. Rayalaseema Region.

### Review of Literature:

A literature review is an account of what has been published on a topic by qualified scholars and researchers. It is a text written by somebody to consider the vital points of current knowledge including supportive findings, as well as theoretical and methodological hand-outs to a particular topic. In this chapter the researcher has reviewed number of articles related to the consumer attitude and their behavior towards banking sector. The reviews under this chapter not only concentrated one demographic area but covered to determine the previous views of researchers on attitude and behavior of customers towards banking.



Sundar and Lakshmanan<sup>1</sup> stressed the need for customer care management in banks to achieve customer satisfaction. The important ways to establish the customer care are the customer complaints management, knowledge update of bank staff, routine steps in complaint management, customer-help desk, complaint audit, training of employees for attitudinal change, institution of award for zero grievance rank, customer meet, rewarding financial discipline, brainstorming session and computerization of banking operations.

Zillur Rahman<sup>2</sup> compared the expectations and perception on the services offered by commercial banks. In all five aspects of the quality services, the mean of perception is lesser than the mean of expectation. The significant mean difference between the perception

Gustafsson and Johnson<sup>4</sup> concluded that the statistical estimates of importance identify those attributes that have had the greatest impact on a customers' more recent consumption experiences. Whereas direct ratings capture what is more globally salient to customers and thus important over time. As direct and derived ratings contain somewhat different and complementary information, an implication of our results is that researchers might gainfully employ both measures to operationalize importance as a more latent construct to explain loyalty.

Hasanbanu<sup>5</sup> revealed that the customers expect speed, courtesy and concern from the banks. The system followed in banks needs a review for simplifying the various forms and

and expectation is also noticed. The largest discrepancies are found along the 'reliability' dimension. The Punjab National Bank is the highest performing bank since it holds an advantage over others in the area of perceived tangible, reliability, responsiveness and empathy dimension. In general, there are highly significant differences among the banks regarding different dimensions of service quality.

Chowdhary<sup>3</sup> opined that the customers' presence is followed by their demands for customization and responses are to be shifted to their requirements by the frontline personnel. Any service to be provided to the customer can be differentiated by the service provider from the rest of the service providers as it possesses some unique selling proposition.

proceedings for sanctioning loans. The important expected services in rural banks are courteous service, clean bank premises, prompt service, accuracy and introduction and payment on term deposits.

Israel et al.<sup>6</sup> used the correspondence analysis to measure service quality in public and private sector banks. They pointed out that the private sector banks need to focus more on reliability, credibility and security aspects, in delivering service to their customers. The public sector banks need to improve on aspects such as tangibility, fairness and treatment and more importantly on accessibility and 'courteous behavior' of employees towards the customers



Sachdev and Verma<sup>7</sup> revealed that in the case of banking the perceived performance is below would be level of performance in four out of five service dimensions. That is, the banking services do not even perform at the adequate level in respect of reliability, responsiveness, assurance and empathy. The standardized Beta co-efficient have provided the following order of importance of service quality dimensions in banking industry namely empathy, tangibility, reliability, assurance and responsiveness.

Sanjay and Garima<sup>8</sup> found that while the SERVPERF scale is a more convergent and discriminant valid explanation of the service construct, it possesses greater power to explain variations in the overall service quality scores and is also a more parsimonious data collection instrument. It is SERVQUAL scale which entails superior diagnostic power to pinpoint

#### **Statement of the Problem:**

Review of previous research studies has revealed that some research gap is observed. It is at this juncture a study has been initiated to study the factors influencing selection of a bank in backward region of the state of Andhra Pradesh i.e. Rayalaseema Region.

#### **Need for the Study:**

Kurnool District in Rayalaseema Region of Andhra Pradesh is the most backward region in the state. Less rainfall, unfertile lands, less industrialization etc. resulted in poverty and low standard of living. Savings and investments are very meager among the public of this region It is at this juncture a study has been initiated to study the factors influencing selection of a bank in

areas for managerial intervention.

Sivaloganathan<sup>9</sup> identified that the customer services should be personal and professional. In a nutshell, Indian banking has definitely come a long way, in its ultimate mission of providing customer care. However, with a rapidly increasing customer population and the parallel growth of demand for qualitative, competitive services, a lot still remains to be desired. In fact, banking sector reforms will be meaningless if they do not improve customers' perception of bank services.

Sultan Singh<sup>10</sup> identified that the level of customer service and satisfaction is determined by branch location and design, variety of services, rates and changes, systems and procedures, delegation and decentralization, mechanization and computerization, competitive efficiency, complaint redressal and very importantly, staff skills, attitudes and responses backward region of the state of Andhra Pradesh i.e. in Kurnool district of Rayalaseema Region.

#### **Objectives of the Study:**

The following are the objectives of the study

- To study the existing literature and to find research gap.
- To identify the factors influencing the selection of a bank.
- To offer suitable suggestions for further development of banking sector

#### **Research Methodology:**

Research is a scientific inquiry aimed at learning new facts, testing ideas, etc. It is the systematic collection, analysis and interpretation of data to generate new



knowledge and answer a certain question or solve a problem. Kurnool District, the Gateway of Rayalaseema Region in Andhra Pradesh has been selected for the study. For administrative purposes, the Kurnool district is divided into three revenue

divisions. The data collected for the study from the selected Three Revenue Divisions namely Kurnool, Nandyal, and Adoni. The data was collected by survey method with the help of structured questionnaire

**Table No. 1: Details of Sample Size**

S.No.	Name of the Revenue Davison	Total
1.	Kurnool	150
2.	Nandyal	150
3.	Adoni	150
	<b>Total</b>	<b>450</b>

Source: Field Survey

**Research Design:**

The study was conducted in Kurnool District of Rayalaseema Region in Andhra Pradesh. The Research study describes the factors influencing selection of a bank in backward region of the state of Andhra Pradesh i.e. in Kurnool District of Rayalaseema Region.

**Sources of Data:**

The study is based on both primary and secondary sources of data.

**Primary Data and Secondary Data:**

The primary data is obtained from the survey conducted in the Kurnool District of Rayalaseema Region in Andhra Pradesh with help of constructed questionnaire, which consists of open-end and close-end questions. The secondary data is obtained from the various previous research studies and articles, business magazines and other sources.

**Sample Design:**

Sample design is a definite plan to obtain a sample from a given population. It refers to the techniques or the procedures the researchers would adopt in selection items for the sample. An attempt was made to make the sample representative to the target market for products under study.

**Sample Size and Sampling Technique:**

150 questionnaires were distributed in each revenue division of Kurnool District accounting to sample size of 450. Only 432 sample elements were responded. Final resultant sample size is 432. Convenience sampling technique has been employed in the study.

**Period of the Study:**

The study has been undertaken from 2014 to 2019. The period of primary data collection is from January to December 2019.



**Table No. 2: Details of primary factors to opt for a bank  
 Primary Factor to opt the Ba**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Branch network	73	16.9	16.9
	Easy A/c opening process	24	5.6	5.6
	Facilities provided	24	5.6	5.6
	Staff attitude	48	11.1	11.1
	Interest rates	120	27.8	27.8
	Proximity	48	11.1	11.1
	Minimum balance criteria	24	5.6	5.6
	Ambience	24	5.6	5.6
	Processing time	23	5.3	5.3
	Particular scheme	24	5.6	5.6

Source: Field Survey

It can be analyzed from the table no. 2 that, with regard to details of primary factors to opt for a bank, 16.9 % of the respondents stated it as branch network, 5.6 % of the respondents stated it as easy account opening process, 5.6 % of the respondents stated it as facilities provided by the bank, 11.1 % of the respondents stated it as attitude of the bank staff, 27.8 % of the respondents stated it as interest rates offered by the bank, 11.1 % of the respondents stated it as proximity of the bank, branch network, 5.6 % of the respondents stated it as minimum balance criteria, 5.6 % of the respondents stated it

as ambience in the bank, 5.3 % of the respondents stated it as processing time taken for bank transactions and 5.6 % of the respondents stated it as particular scheme offered by the bank. It can be concluded from the table no. 2 that, with regard to details of primary factors to opt for a bank, major segment of 27.8 % of the respondents stated it as interest rates offered by the bank and the smallest segment of 5.3 % of the respondents stated it as processing time taken for bank transactions. It is understood that interest rates play a vital role in banking business



**Table No. 3: Details of tenure of operations with the bank**  
**Tenure of Operation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Up to 2 years	134	31.0	31.0	31.0
2 to 4 years	134	31.0	31.0	62.0
4 to 6 years	82	19.0	19.0	81.0
Above 6 years	82	19.0	19.0	100.0
Total	432	100.0	100.0	

Source: Field Survey

It can be described from the table no. 3 that, with regard to details of tenure of operations with the bank, 31.0 % of the respondents stated that, they are operating with the bank for less than 2 years, 31.0 % of the respondents stated that, they are operating with the bank for two to four years, 19.0 % of the respondents stated that, they are operating with the bank for four to six years and 19.0 % of the respondents stated that, they are operating with the bank for above six years. It can be concluded from the table no. 3 that,

with regard to details of tenure of operations with the bank, two major segments each with 31.0 % of the respondents stated that, they are operating with the bank for less than 2 years and for two to four years and the two smallest segments each with 19.0 % of the respondents stated that, they are operating with the bank for four to six years and for above six years. Retaining the customer for a longer period of time with a bank is a great task for the bank officials in this competitive er

**Table No. 4: Details of shift / change from bank**

**Change of Bank**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	263	60.9	60.9	60.9
No	169	39.1	39.1	100.0
Total	432	100.0	100.0	

Source: Field Survey

It can be explained from the table no. 4 that, with regard to details of shifting or changing

the bank, 60.9 % of the respondents stated that, they have shifted or changed the bank and 39.1% of the respondents stated that, they



have not shifted or changed the bank. It can be concluded from the table no. 4 that, with regard to details of shifting or changing the bank, majority of 60.9 % of the respondents stated that, they have shifted or changed the bank

**Table No. 5: Details of reasons for change of bank  
Reasons for Change of Bank**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Good features	169	39.1	39.1	39.1
Delayed processing	108	25.0	25.0	64.1
Problems in service	59	13.7	13.7	77.8
Change of address	36	8.3	8.3	86.1
Certain facilities not available	60	13.9	13.9	100.0
Total	432	100.0	100.0	
Delayed processing	Frequency	Percent	Valid Percent	Cumulative Percent

Source: Field Survey

It can be inferred from the table no. 5 that, with regard to details of reasons for changing the bank, 39.1 % of the respondents stated that, they have changed the bank for good features, 25.0 % of the respondents stated that, they have changed the bank for delay in processing the transactions, 13.7 % of the respondents stated that, they have changed the bank for problems in service, 8.3 % of the respondents stated that, they have changed the bank because of change of address and

13.9 % of the respondents stated that, they have changed the bank because certain facilities are not available with the previous bank. It can be concluded from the table no. 5 that, with regard to details of reasons for changing the bank, major segment of 39.1 % of the respondents stated that, they have changed the bank for good features and smallest segment of 8.3 % of the respondents stated that, they have changed the bank because of change of address

**Table No. 6: Details of accounts with more than one bank**

**Accounts with more than one Bank**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	325	75.2	75.2	75.2
No	107	24.8	24.8	100.0
Total	432	100.0	100.0	

Source:

Field

Survey



It can be illustrated from the table no. 6 that, with regard to maintenance of accounts with more than one bank, 75.2 % of the respondents stated that, they are maintaining more than one bank account and 24.8 % of the respondents stated that, they are maintaining one bank account only. It can be concluded from the table no. 6 that, with regard to

maintenance of accounts with more than one bank, majority of 75.2 % of the respondents stated that, they are maintaining more than one bank account. Now a days for upper middle class and rich class it has become a practice to maintain multiple bank accounts for proper management of their financial resources

### Conclusions:

- It can be concluded from the table no. 2 that, with regard to details of primary factors to opt for a bank, major segment of 27.8 % of the respondents stated it as interest rates offered by the bank and the smallest segment of 5.3 % of the respondents stated it as processing time taken for bank transactions. It is understood that interest rates play a vital role in banking business.
- It can be concluded from the table no. 3 that, with regard to details of tenure of operations with the bank, two major segments each with 31.0 % of the respondents stated that, they are operating with the bank for less than 2 years and for two to four years and the two smallest segments each with 19.0 % of the respondents stated that, they are operating with the bank for four to six years and for above six years. Retaining the customer for a longer period of time with a bank is a great task for the bank officials in this competitive era.
- It can be concluded from the table no. 4 that, with regard to details of shifting or changing the bank, majority of 60.9 % of the respondents stated that, they have shifted or changed the bank.

- It can be concluded from the table no. 5 that, with regard to details of reasons for changing the bank, major segment of 39.1 % of the respondents stated that, they have changed the bank for good features and smallest segment of 8.3 % of the respondents stated that, they have changed the bank because of change of address.
- It can be concluded from the table no. 6 that, with regard to maintenance of accounts with more than one bank, majority of 75.2 % of the respondents stated that, they are maintaining more than one bank account. Now a days for upper middle class and rich class it has become a practice to maintain multiple bank accounts for proper management of their financial resources.

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