

**FACTORS INFLUENCING THE SELECTION OF
BANKS FOR PERSONAL BANKING ACTIVITIES BY
EMPLOYED PEOPLE IN MATARA DISTRICT**

Surath Thilini Jaliyagoda

(179063F)

Thesis submitted in partial fulfilment of the requirements for the degree of Master of
Science in Business Statistics

Department of Mathematics

University of Moratuwa

Sri Lanka

March 2023

Declaration

“I declare that this is my own work and this thesis/dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Also, I hereby grant to University of Moratuwa the non-exclusive right to reproduce and distribute my dissertation, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works.

Authors Name:	S.T.Jaliyagoda	Signature
Registration No	179063F	Date	2023.06.28

The above candidate has carried out research for the Masters Dissertation under my supervision.

Supervisor and Coordinator Mrs D.R.T.Jayasundara
(MPhil, MSc, BSc (Hons))
Senior Lecturer
Coordinator - MSc in Business Statistics 2018/19
Department of Mathematics
University of Moratuwa

Signature

UOM Verified Signature

Date

...28-June-2023.....

Abstract

The aim of this research is to investigate the factors influencing the selection of banks for personal activities by employed people in the Matara District which is the main commercial city of the Southern Province in Sri Lanka. The banking industry is continuously changing due to its current competitive nature. This industry tends to replace their traditional procedures with user-friendly and fully digitalized banking procedures that manage the high competition with other banks. Employed people in society have different attitudes toward the new trends in the banking sector. So, the goal of this study is to identify the variables that influence the choice of a bank for personal banking activities by employed people and make this information available to those who hope to choose a bank in the current context. This research used the convenient sampling method to collect data. Data were collected from randomly selected participants, who are employed in the Matara district, focusing on their perceptions and the criteria they use when selecting banks, and the factors that influence them to choose banks. The results showed that most affecting variable for selection of bank was their job category. Gender and education level were also found as factors affecting the selection of a bank among government and non-government banks for personal banking. The results will be helpful in preparing the strategic plans of the banks and it will be a guide for individuals to make banking easier for themselves. The implication of this research is bank management, academicians, and policy makers must devote resources and evaluate and redesign current marketing strategies in order to retain customers in the competitive bank environment in Matara district.

Keywords: Customer Attitude, Customer Satisfaction, Trends in Banking

Acknowledgement

I would like to thank my supervisor, Mrs. D.R.T.Jayasundara for the consistent support and guidance provided throughout the period which made it possible to complete and make this research a success. Also, I want to express my gratitude to my parents, my husband, and my friends for their unwavering support and inspiration as I worked toward finishing my degree. I also like to thank all the research subjects who helped with data collection. Finally, I want to express my gratitude to everyone who has helped me in different capacities in this journey.

Table of Contents

Declaration	ii
Abstract	iii
Acknowledgement	iv
Table of Contents	v
List of Figures	vii
List of Tables	vii
List of Abbreviations	ix
CHAPTER ONE -INTRODUCTION	1
1.1 Background of study	1
1.2 The problem statement	5
1.3 The research objectives	5
1.4 Contribution of the study	6
1.5 Organization of the thesis	6
CHAPTER TWO-LITERATURE REVIEW	8
2.1 In Sri Lankan context	8
2.2 In Asian context	9
2.3 Global Context	9
CHAPTER THREE-RESEARCH DESIGN AND METHODS	12
3.1 Introduction	12
3.2 Research design and data collection	12
3.2.1 Sample size	13

3.2.2	Data collection	13
3.2.3	Sampling Method	15
3.2.4	Data validation	16
3.3	Descriptive Statistics	16
3.4	Binary Logistic Regression	18
3.4.1	Model Equation in general	18
3.4.2	Model Assumptions	19
3.4.3	Model Selection and Method of Estimation	19
3.4.4	Model diagnostics	21
CHAPTER FOUR –QUESTIONNAIRE DESIGNING		22
4.1	Objective of setting the questionnaire	22
4.2	Design of the questionnaire	22
4.3	Objective of the questions under demographics	22
4.4	The objective of the questions under general information	26
4.5	Objectives of the questions related to the bank selection decisions	31
CHAPTER FIVE - DATA ANALYSIS AND INTERPRETATION		38
5.1	Sample Distribution	40
5.2	Descriptive analysis for demographic data	40
5.3	Reliability and Validation	47
5.4	Chi square analysis	50
5.5	Analysis part of binary logistic regression	63
CHAPTER SIX- CONCLUSIONAND RECOMMENDATION		73
REFERENCES		76

List of Figures

Figure 1. 1 Banks Classification in Sri Lanka	2
Figure 3.1 Research design	12
Figure 5.1 Age profile of sample data.....	41
Figure 5.2 Profile of Gender	42
Figure5.3 Profile of Marital Statuses	42
Figure 5.4 Profile of Educational Level.....	43
Figure 5.5 Monthly Income.....	45
Figure 5.7 Bank account profile of the respondents using original data.....	46
Figure 5.6 Bank account profile of the respondents using duplication data	46
Figure 5. 8 Scree plot of 27 components.....	50
Figure 5.9 Model-01-Analysis using the without duplication data.....	64
Figure 5.10 Model-02-Using the duplication data	64

List of Tables

Table 5.1 Categorization of collected data.....	38
Table 5.2 Response rate	40
Table 5.3 Reliability Statistics	47
Table 5.4 ANOVA Statistics.....	48
Table 5.5 Factor analysis results of 27 components	49
Table 5.6 Chi square analysis for without duplication data set –Model 1	51
Table 5.7 Chi-Square test for variable Model-01.....	55
Table 5.8 Chi square analysis for with duplication data set Model -2.....	57
Table 5.9 Chi-Square test for variable Model-02.....	60
Table 5.10 Summary of the Pearson Chi-Square test results.....	63
Table 5.11 Omnibus tests of model coefficients - Model -1	65
Table 5.12 Model Summary- Model -1.....	65
Table 5.13 Hosmer and Lemeshow Test Model -1	65
Table 5.14 Classification Table– Model 1	66
Table 5.15 Variables in the Equation Model -1	66
Table 5.16 Omnibus Tests of Model Coefficients-Model 2	67
Table 5.17 Model Summary-Model 2.....	67
Table 5.18 Hosmer and Lemeshow Test-Model 2	68
Table 5.19 Classification table -Model 2	68
Table 5.20 Variables in the Equation Model 2	69
Table 5.21 Comparison of the significant variables between two models.....	69
Table 5.22 Cross Tabulation for significant variables	70
Table 5.23 Odd Ratio Values	71
Table 5.24 Confidence Interval for Exp (B)	72

List of Abbreviations

ATM	Automated teller machine
CDM	Cash deposit machine
SPSS	Statistical Package for the Social Science
CBSL	Central bank of Sri lanka
LCP	Licensed commercial bank of private
LCG	Licensed commercial bank of government
LSP	Licensed specialized bank of private
LSG	Licensed specialized bank of government