

AN INVESTIGATION INTO THE FACTORS THAT INFLUENCE CONSUMER CHOICE OF BANKING PRODUCTS

A CASE STUDY OF HFC BANK (GH) LTD- TECHIMAN BRANCH

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Learning,
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in partial fulfillment of requirements for the degree of

Commonwealth Executive Masters in Business
Administration.

June, 2009

DECLARATION

I hereby declare that this submission is my own work towards the CEMBA and that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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Signature

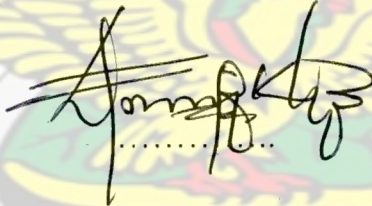
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ABSTRACT

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Understanding consumer behaviour or choice helps in identifying the characteristics of individual consumers such as demographics, psychographic, and behavioral variables in an attempt to understand people's wants. It is for this reason that the study sought to identify the factors that influence consumer choice of banking products at HFC Bank-Techiman Branch. The objective of this study was to examine the factors that influence consumer choice for the products and or service being offered by H F C Bank (GH) Ltd, Techiman branch.

Convenience and simple random sampling methods were used to select respondents for study due the dispersed nature of the respondents. Questionnaires and direct interview methods were used to collect data for the study. Microsoft Office Excel and SPSS were used to analyse the data. It was observed from the study that, the grant of Bofofo Loan (financial factor) as well as their beliefs and attitudes (non-financial factor), were the major factors that influenced their choice of products of HFC Bank- Techiman. The study also revealed that, understanding customers' needs, wants and expectations will enable the bank tailor her products to meet the taste of consumers.

It was therefore recommended among other things that, management of HFC Bank should design products based on the locality of the bank, undertake a market survey on the suitability of the bank's products and services, undertake an intensive advertising for the products and services of the bank through the use of television and radio adverts and the print media, offer quality customer service training and other training programme for all staff concerning all the products and services of the bank.

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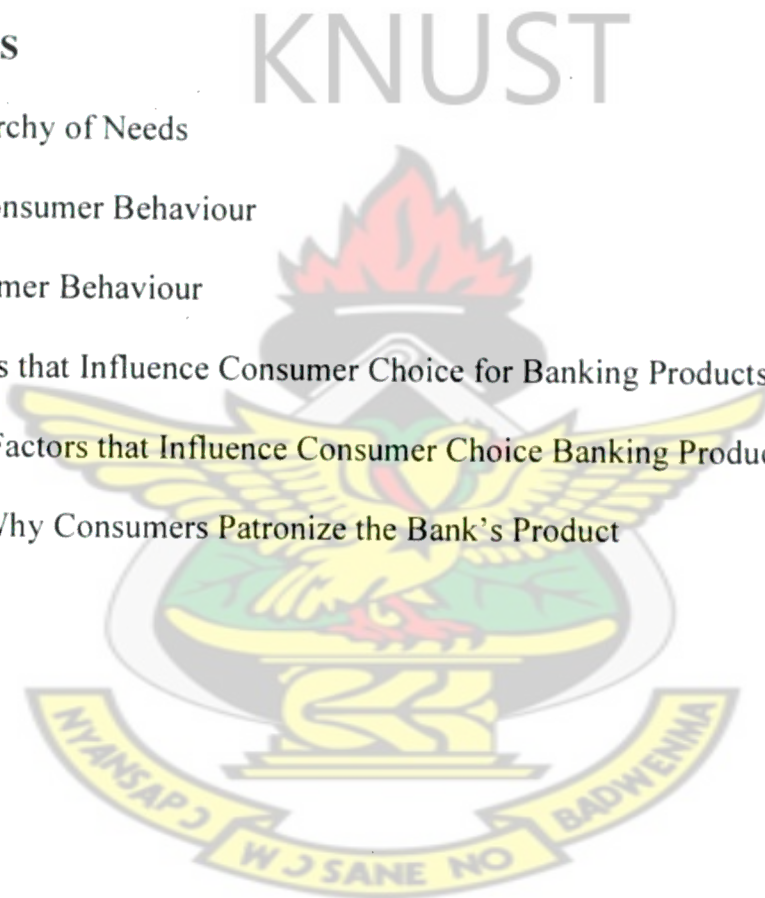


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DEDICATION

This work is dedicated to my wife: Mrs. Patricia Segu Eshun; mother: Mary Segu Eshun
father: Robert Segu Eshun and my daughter: Ewurama Segua Eshun for their
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CHAPTER ONE

GENERAL INTRODUCTION

1.1 BACKGROUND TO THE STUDY

HFC Bank (GH) Ltd, Techiman branch has variety of products and services ranging from Commercial Banking, Corporate Banking, Mortgage Banking, Funds Management, HFC Investment Banking, Asset Management, HFC Brokerage Services, HFC Realty and Bofo Microfinance Services. Some of the products and services of the branch are doing well based on monthly statistics prepared by the branch whereas others are not doing well which is really affecting the performance of the branch. Even the most accredited product of the bank nationwide is the least performing product at the branch. It is against this background that, this study seeks to examine the reasons why certain banking products and services are better patronized than others at the Techiman branch of HFC bank.

Consumer behaviour or choice is the study of the processes involved when individuals or groups select, purchase and use or dispose of products, services, ideas or experience to satisfy needs and desires. (Solomon, 1996)

The most challenging concept of marketing deals with the understanding of why buyers do what they do or do not, but such knowledge is critical for organisations since having a strong understanding of buyer behaviour will help shed light on what is important to the consumer and also suggest the important influences on customer decision making. Using this information creates marketing programmes that will be of interest to consumers. (Babu, 2002)

Understanding consumer behaviour move along with customer expectations, customer requirements and their purchasing trend. Since there are several internal and external factors which impact the consumer behaviour decision, the consumer buying process is multifaceted. These factors that influence the purchasing decision of an individual is manifested in the stages of consumer purchase behaviour as well as the type of buying behaviour the individual conforms to. Based on the fact that, consumer evaluates a product or service, it would be plausible to acknowledge the motivations that influence customers to the evaluation process.

Again, in order to create value for consumers and profits for organizations, marketers need to understand why consumers behave in certain ways to a variety of product and services offered. Understanding consumer behaviour and “knowing customers,” had been complex and never will be simple. Consumers may say one thing but do another. They may not be in touch with their deeper motivations. They may respond to influences that change their mind at the last minute. Understanding of consumer wants and needs, the competitive environment, and the nature of the market and this knowledge will help in formulating the firm’s strategies for creating satisfied customers.

Consumer behaviour are those acts of individuals directly involved in obtaining, using, and disposing of economic goods and services, including the decision process that precede and determine these acts. In our every day life, we are buying and consuming an incredible variety of goods and services. However, every consumer has different taste, likes and dislikes and adopts different behaviour patterns while making purchase decisions. Each consumer is unique and this uniqueness is reflected in the consumption behaviour and pattern and process of purchase. Consumer behaviour reasons why consumers differ from one another in buying and using products and services. What products and services we buy, why we buy, how often we buy, from where we buy and how we buy comes as a result of consumer behaviour.

Consumer behaviour also entails the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

(Hawkins et al. 2001)

Consumer behaviour comprises information processing and physical activities directed towards goal achievement determined by individual psychological variables and influences from the social environment. The stimulus for motivated consumer behaviour is provided by consumer needs and wants and by the marketing activities of organizations. (Foxall, 2005)

Individual and organizations buy products and services to solve problems and satisfy wants. An understanding of the antecedents of the purchase decision and of the purchase itself must precede the influence over activities that marketers seek. To develop favourable attitudes towards, and consumption of, their products and services marketers are interested in cause and effects relationship. (Berkowitz et al.1992)

Consumer behaviour is affected by a host of variables, ranging from personal motivations, needs, attitudes and values, personality characteristics, socio-economic and cultural background, age, sex, professional status to social influences of various kinds influences of various kinds of exerted by family, friends, colleagues and society as whole. The combination of these factors produce a different impact on each of us as manifested in our different behaviours as consumers. Consumer behaviour comes to play as result of psychological factors, personal factors, social factors and cultural factors. (Friend, 2007)

On the whole, consumer behaviour or choice broadly studies the individuals or organisation and the processes consumer use to search, select, use and dispose of products and services, experience or ideas to satisfy needs and its impact on the consumer and society.

H F C Bank (Gh) Ltd –Techiman branch been the point of reference regarding the study, was strategically chosen, as the area is made up different kinds of consumers that fit into almost all the products and services been offered by the bank. Techiman is in the Brong Ahafo region, which has the largest market in West Africa. It hosts a lot of businessmen and women from all works of life, especially Thursday being the peak of business activities. Almost every good can be gotten from Techiman on market days. It is a crossroad of business transactions. Because of the nature of the market and the customers it is assumed that the patronage of the products and service should be on the high side, but it is on reverse. In the light, this research will tend find out the factors that influence consumer choice for the products and service of the bank.

1.2 PROBLEM STATEMENT

Due to the uniqueness of a consumer regarding the preference, needs and wants, desire and taste, the customer can not be predicted on what products or services the customer will settle on and also the bank not achieving her expected target as a result of consumer choice. It is against this background that the researcher will investigate the factors that influence consumer choice for banking product or service at H F C Bank (GH) Ltd –Techiman branch. Or what factors influence consumer's choice of H F C Bank (GH) Ltd products and services?

1.3 OBJECTIVES OF THE STUDY

The prime objective for this study is to examine the factors that influence consumer choice for the products and service been offered by H F C Bank (GH) Ltd, Techiman branch.

The specific objectives are as follows:

- Find out the factors that influence consumer choice for the products and services of HFC Bank- Techiman branch
- Establish the need for HFC Bank- Techiman branch to study consumer behaviour or choice.

1.4 RESEARCH QUESTIONS

- What factors influences the consumers purchasing decisions?
- Why do organisations study the purchasing or buying behaviour of consumers?

1.5 RELEVANCE OF THE STUDY

The study will enable the bank to advertise her products and services very well to attract more customers. It will also create the awareness of the product that customers access most and the reason for the patronage. The bank will also package her products to meet the desires and aspirations of the customers based the customers demand. The study will enable the bank identify the non- patronized products and find a way of making it attractive to the customer. The feedback of the study will enable the bank to take corrective measures to mitigate the negative concerns that would be raised by the customers. The study will enable the bank revisit her product and services to meet the demands of all if the bank is not catering for the needs of all the customers. The study will enable the bank gain the psychology of how consumers think, feel, reason and select between different products and services. The study will again help the bank know how consumer's motivation and decision strategies differ between products that different in their level of importance or interest that they entail for the consumer. Finally, the bank will be enlightened on how consumers evaluate the products and services they patronize.

1.6 SCOPE OF THE STUDY

The study is limited to customers of Techiman HFC Bank (GH) Ltd, interviews and questionnaire conducted on some customer ranging from medium to small scale business and some of the staff of Techiman branch- HFC Bank.

1.7 OVERVIEW OF RESEARCH METHODOLOGY

This section presents the plan for collecting, organizing and interpreting the data so that at the end, the purpose can be reached. The research methodology for the study includes; research design, sampling procedure(target population, study population, sampling units, sampling frame, sample selection and sample size) data collection technique(sources of data and method of data collection), administration of questionnaires and interview checklist, field problems, method of data analysis and validity and reliability of the research.

1.8 LIMITATION OF THE STUDY

The study did not investigate the factors that influence consumer behaviour or choice on all the branches of HFC Bank (GH) Ltd due to time constraints, funds and how the branches are scattered.

1.9 ORGANISATION OF THE STUDY

The study is made up five chapters. Chapter one deals with the Background to the Study, Problem Statement, Objectives of the Study, Relevance of the Study, Scope of Study, Limitation of the study and Organisation of the study. Chapter two focuses on the review of related literature and also other authors work considered relevant to the study.

Chapter three deals with the methodology of the study. This chapter describes the Research Design, Sampling procedures or technique, Data tools and procedures, Data analysis or presentation procedure. Chapter four presents data analysis and results.

Finally, the summary of findings, conclusions and recommendations of the study are presented in the fifth chapter.

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CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Buying behaviour is the core of marketing; the knowledge and understanding of why we buy and how we buy is the bedrock of every organisation. This chapter presents highlights on some of the views of other writers. It encapsulates the concept of consumer behaviour or choice, factors influencing consumer choice and behaviour for a product and the need for the study of consumer behaviour by organisations.

2.2 THE CONCEPT OF CONSUMER BEHAVIOUR

Babu (2002) defined consumer behaviour as a study of how individuals make decision to spend their available resources (time, money and effort) or consumption related aspects (What they buy? When they buy? How they buy?).The heterogeneity among people makes understanding consumer behaviour a challenging task to marketers. Hence marketers felt the need to obtain an in-depth knowledge of consumers buying behaviour. Finally this knowledge acted as an imperative tool in the hands of marketers to forecast the future buying behavior of customers and devise four marketing strategies in order to create long term customer relationship.

Solomon (1996), defined consumer behaviour as the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires. Consumer behaviour examines mental and emotional processes in addition to the physical activities.

Raju and Xardel (2000) viewed consumer behaviour as the study of individuals, or organizations and the processes consumers use to search, select, use and dispose of products, services, experience, or ideas to satisfy needs and its impact on the consumer and society.

Belch and Belch (2004), defined consumer behaviour or choice as the process and activities people engage in when searching for, selecting, purchasing, using and disposing of products and services so as to satisfy their needs and desires.

Foxall (2005), perceived consumer behaviour as the study of how people buy, what they buy, when they buy and why they buy. The study helps to understand the buyer decision processes, both individually and group.

Engel et al. (1990), defined consumer behaviour as the action and decision process of people who purchase goods and services for personal consumption.

Batra and Kazmi (2004), defined consumer behaviour as the mental and emotional processes and observable behaviour of consumers during searching, purchasing and post consumption of a product and service. They again asserted that, broader stages of consumer's decision making process include problem identification, information search, evaluation of alternatives, outlet selection and purchase and post purchase dissonance. All these are done to make sure that, the product or service consumers will purchase satisfies their needs and wants.

Solomon et al. (2002), defined consumer behaviour as the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs.

Stern and El-Ansary (1992), defined consumer behaviour or choice as the buying behaviour of people who buy goods and services for personal use.

Howard and Sheth (1969), viewed consumer behaviour as the study of how people buy, what they buy, when they buy and why they buy. It is a sub category of marketing that blends elements from psychology, sociology, socio-psychology, anthropology and economics. They went on further to mention that; consumer behaviour attempts to understand the buyer decision making process, both individually and groups. It studies characteristics of individual such as demographics, psychographics, and behavioral variable attempt to understand people's wants.

Belch (1977), defined consumer behaviour as the study of how consumers think and what they need and this is influenced by their environment and motivation to buy different products.

Bennett (1989) defined consumer behaviour as the dynamic interaction that affect the cognition, behaviour, and environmental events by which human beings conduct the exchange aspects of their lives.

Kevin (2000) defined consumer behaviour as the buying behaviour of the final consumer-individuals and households who buy goods and services for personal consumption.

Engel et al. (1978), viewed consumer choice as a means to satisfy a problem. This motivates a consumer to select product by having a number of alternative solution. They again said that, the outcome of a purchase decision depends upon the degree to which performance

meets expectations which in turn can be influenced by number of factors within and outside the marketer's control.

Hawkins et al. (2001), defined consumer behaviour as the study of individuals, groups and organizations and the processes they use to select, secure, use and dispose of products, services and experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

Dibb et al. (2005), viewed consumer behaviour as a decision process and actions of people involved in buying and using products.

Kotler et al. (1999) defined consumer behaviour as the buying behaviour of final consumers- individuals and households who buy goods for personal consumption.

American Marketing Association (2008), defined consumer behaviour as the cognitive process that consumers go through prior to transaction decision.

Mowen and Minor (1998), defined consumer choice as the perceived personal importance and interest consumers attach to a purchase, consumption, and disposition of a good, service or an idea.

Engel et al. (1995), defined consumer behaviour as those activities directly involved in obtaining, consuming and disposing of products and service, including the decision processes that precede and follow these actions.

Wilkie (1994), defined consumer choice as how consumers buy, how often they would buy and how they would use it.

Schiffman and Kanuk (1997) mentioned that, consumer behaviour is the behaviour that consumers display in searching, purchasing, using, evaluating and disposing of product, service and idea which they expect will satisfy their needs.

Zaltman and Wallendorf (1983), defined consumer behaviour as how consumers buy and predict what consumers buy. They again explained consumer behaviour as a body of knowledge which studies various aspects of purchase and consumption of products and services by individuals with various social and psychological variables at play.

Kotler et al. (2004), defined consumer behaviour as the study of how and why people purchase goods and services.

Berkowitz et al. (1992), defined consumer behaviour as an action a person takes in purchasing and using product and services, including the mental and social process that precede and follow these actions. It involves the study of what people consume, where, how often and under what condition these goods and services are consumed.

Ugochukwu (2009), defined consumer behaviour as all the activities or act engages by the consumers in the process of satisfying his or her needs and wants. It is whatever the consumers does overtly (visibly or outside the mind) or covertly (in the mind) in the process of satisfying his or her needs.

2.3 FACTORS INFLUENCING CONSUMER CHOICE

Consumer behaviour incorporates concepts from both sociology and psychology. To understand consumers and their buying processes, therefore, is to understand the myriad influences encountered in the day in and day out. The factors are categorized into Personal, Psychological, Social, Cultural, Product, Situational and Other factors.

2.3.1 Psychological Factors

Brown (2006), suggested psychological factors such as motivation, perception, skills and knowledge, positions, personality and style of life to be some of the factors that influence consumer behaviour.

Stern and El-Ansary (1992), enumerated lifestyle, personality and concepts, perception, learning, beliefs and attitudes) as the psychological factors influencing consumer choice.

Engel et al. (1995), noted motivation, perception, consumer resources, knowledge, attitudes, personality, values and lifestyle to the psychological factors that influence consumer choice.

Ardelean (2003), mentioned perception, motivation, lifestyle personality learning, and attitude as psychological factors that influence consumer choice for a product.

Kotler et al. (1999), noted psychological factors such as; motivation(the motive or drive that is sufficiently pressing to direct the person to seek satisfaction) according to Maslow hierarchy of needs, thus, Psychological needs, Safety needs, Social needs Esteem needs and Self- actualization needs; any type of the need influences the buying behaviour of a consumer. Learning also describes the changes in the individual's behaviour arising from

experience, as learning has an impact on the buying behaviour of a consumer. Beliefs (a descriptive thought that a person holds about something) and Attitudes (a person's consistently favourable or unfavourable evaluations, feelings and tendencies towards an object or idea), in view of this beliefs and attitudes also determines the buying behaviour of a consumer.

Gurley et al. (2005), suggested psychological factors such motivation, perception, learning, and beliefs and attitude as some of the factors that influence consumer choice for products. Motivation is the drive or motive that is sufficiently pressing to direct a person to seek satisfaction. Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world. All these goes together to influence consumer choice.

Kotler (2003), noted motivations, perceptions, learning, beliefs and attitudes, promotional occupation, price and quality relationship as the psychological factors influencing consumer choice.

Armstrong et al. (2001), mentioned motivation, learning, perception, beliefs and attitudes as the psychological factors that influence consumer choice.

Ajzen and Fishbein (1980) argued that, psychological constructs such as attitudes and beliefs which are formed through direct and indirect experience with an object influences a person's intention to act in relation to the purchase of a particular product or service.

Arnould et al. (2004) argued that, motivation being an inner drive that reflects goal- oriented arousal and being more abstract, is also linked to the social environment and individual traits of the individual determines what product or service an individual will opt for. Motivation provides an in-depth look of the consumer as a unique individual and harder to discern and understand which intend determine the consumer's choice for a product.

Tim (2007) explored practical issues on how attitudes, motivation and personality affect the things we buy and where and how we shop; how we react to persuasive communications and how successful brand can command premium prices through the emotional values they convey. This tends to influence consumer's choice for a product.

Keegan (1992) also noted beliefs or attitudes, values, learning, motives or needs perception and lifestyle as psychological factors that influence consumer choice.

Schiffman and Kanuk (1997) again enumerated personality and its effect, motivation and self involvement, information processing, learning and memory, attitude and individual determinant as the psychological factors that influence consumer choice.

Suja (2004) also viewed personality and self-concept, motivation and involvement, perception and information processing, learning and memory and attitudes as psychological factors that influence consumer choice.

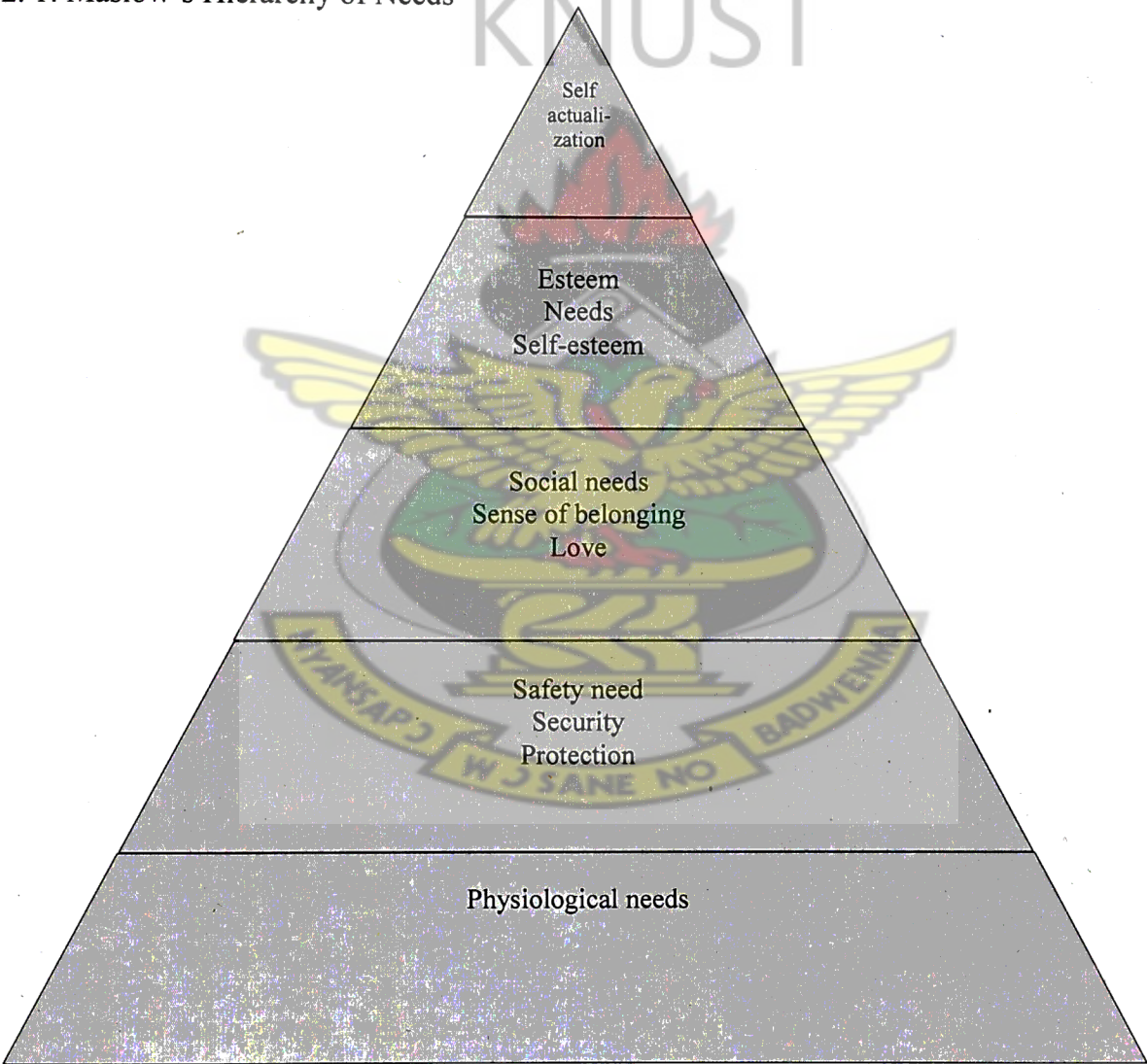
Friend (2007) mentioned individual consumer needs and motivations, perceptions, attitudes, the learning process and personality characteristics as the psychological factors that influence consumer choice.

Maslow (1970) also suggested psychological factors as a means of identifying what goes into consumer decisions regarding purchases. Maslow further categorized the psychological factors into motive, perception, ability and knowledge, attitudes (positive or negative feelings) or personality and lifestyle.

1. Motive, it is the internal feelings that make the people buy a certain product in order to satisfy a necessity. This can be relationated with the Maslow’s hierarchy of needs.

This is illustrated in the diagram below;

Figure2. 1: Maslow’s Hierarchy of Needs



Source: Abraham Maslow (1970), Motivation and Personality. 2nd ed., Harper & Row.

Depending of the phase in which a person is, they need different products to satisfy their needs, and the needs can have a different motive. First people need to satisfy the basic things, like hungry or thirsty and after satisfy this necessity they are going to try to reach others like safety needs or self esteem. Sometimes people want to buy something that they do not need, only because they want to appear in a certain way or because they feel better with this product.

2. Perception, this can be relationed with different concepts like taste, smell or touch. People have a sensation when they try a certain product, this perception depending of the experiences that people had with the products and also of the knowledge. (Armstrong 2001)

3. Ability and knowledge, the knowledge or opinion that people have about a product can be influenced by the company. With new information or free sample the companies can manipulated the image of a product. They can use this when they want to introduce a new product in the market and also if they want to change the image or the concept of one existing product.

4. Attitudes and feelings, people can have a positive or negative feeling about a product. This feeling can be a consequence of their personal experiences or because of the interaction with other people. For example; you try a hamburger and if you have a successful experience (taste good, good price) the next time you are probably going to buy the same hamburger. (Saunders 2001)

5. Personality and lifestyle, in order to decide use or not a certain product, the personality have a large influence. It is very important for the companies to know the mind of their target market in order to influence them. It is also important to know the type of life that they prefer; it is not the same people that like natural and healthy lifestyle than people that like fast food and the city life.

Kotler et al. (2006) noted beliefs and attitudes to be some the psychological factors influencing consumer choice. The term belief is a descriptive thought that a person holds about something. A belief may be an outcome of an experience or it might just be an opinion about something and it does not necessarily reflect the reality. Attitude is defined as person's consistently favourable or unfavourable evaluations, feelings, and tendencies toward an object or idea. Kotler again argued that, consumers have many different attributes and belief toward a product or a service and these bundles of belief then form one's attitude toward that product or service. Thus, attitude is a complex cognitive concept posing difficulties for organisations in quest for changing them. Attitudes predict behaviour and also explain it by providing one reason for the action, whereas intention is an outcome of many attitudes and predicts behaviour.

2.3.2 Personal Factors

Brown (2006) mentioned personal factors such as; age, sex, place of domicile, occupational and economic conditions, personality and self- consciousness as some of the factors that influence consumer choice.

Kotler et al. (1999) mentioned age and life-cycle (people change the goods and services they buy over lifetime); occupation (a person's occupation affects the goods and services bought); lifestyle (a person's pattern of living as expressed in his or her activities, interests and opinions), economic circumstances (a person's economic situation affect product choice) and personality (the unique psychological characteristics that lead to a relatively consistent and lasting responses to one's own environment, each person's distinct personality influences his or her buying behaviour) as personal factors influencing consumer choice.

Stern and El-Ansary (1992) mentioned age and lifecycle, occupation and economic situation as the personal factors that influence consumer choice for a product

Gurley et al. (2005) mentioned personal factors such as personal characteristics that affect age and lifecycle stage, occupation, economic situation, lifestyle, and personality and self-concept as some of the personal factors that influence consumer choice.

Kotler (2003) observed age, stage in lifecycle, occupation, economic circumstances, lifestyle and personality as the personal factors influencing consumer choice.

Armstrong et al. (2001) noted age, life cycle stage, occupation and economic circumstances as the personal factors that influence consumer choice.

Engel et al. (1995) noted personal or individual influence as a factor that determines consumer behaviour. Personal factors are unique to a particular person. Some of them can be family situation, work, marital status, age, demographic, sex or the experiences one your life and all of them can influence the decision of the purchase. It is also important to know, who in the family is responsible for the decision making, because sometimes only one member in the family make the decisions but other times the decisions can be made by consensus. Again, young people purchase things for different reasons than older people. This goes a long way to affect the customers' choice.

London and Bitta (1993) mentioned self-concept, needs, and values are the three personal factors that influence the extent of consumer purchase a particular product or service. The more products image, the value symbolism inherent in it and the needs it serves are fitting together with the consumer self- image, values and needs, the more likely the consumer is to

feel involved in it. Celebrities for example share a certain self image, certain values, and certain needs. They tend to use products and services that reflect their life style. They get highly involved in purchasing prestigious products like designer wear, imported cars, and health care products.

Foxall (2005) suggested values and lifestyle as the personal factors that influence consumer choice. Life values are believed to provide the motivation for buying. Lifestyle and values are usually characterized by set of values which differ in relative importance from person to person. Values tend to be abstract so their impact on consumer behaviour is quite indirect. The way in which consumers use product and services in a certain area attain their life values also influences consumer choice.

2.3.3 Social Factors

Kotler et al. (1999) mentioned social factors such as; groups (group influence a person's behaviour); a group that have a direct influence and to which a person belongs is the membership groups. Reference groups have a direct (face-to- face) or indirect influence on the person's attitudes or behaviour. Aspirational group, being a group to which an individual wishes to belong also imposes an influence on the buying behaviour of a person. Family members are strongly influenced buyer behaviour. A person's role and status also affect the persons buying behaviour. These social factors influence consumers' choice for a product.

Gurley et al. (2005) suggested social factors such as small groups, family and social roles and status as factors that influence consumer behaviour. Behaviour can be influenced by small groups. These groups include membership groups to which person belong, reference groups, which are indirect points of comparison or reference; aspirational groups, to which an individual would like to belong. These reference groups expose a person to new behaviours

and lifestyles, influence the person's attitudes and self-concept, and create pressures to conform that may affect a person's product and brand choices. Opinion leaders, family members and person's position influence a person's purchasing behaviour.

Engel et al. (1995) noted cultural background, social class, personal influence, reference group and situation to be the social factors that influence consumer choice.

Kotler (2003) mentioned reference group, family, role and status as social factors that influence consumer choice.

Armstrong et al. (2001) mentioned reference groups, family, role and status as social factors that influence consumer choice.

Bearden and Etzel (1992) noted that, social or environmental factors also influence consumer behaviour. Consumer wants, values or beliefs are influenced by the opinion of leaders, person's family, reference groups, social class and culture. Reference groups and opinion leaders have a large influence on the consumer behaviour. Sometimes, companies use famous people to attract consumers. For example in the advertising of makeup they use famous girls (singers, actress) in media, because famous girls makes the "normal" girls desire them.

Ardelean (2003) again noted family, affiliation group, reference group, social class, culture and subculture as the social factors that influence consumer choice for a product.

Stern and El-Ansary (1992), suggested reference groups, family roles and status as the social factors that influence consumer choice for a product.

Schiffman and Kanuk (1997) mentioned the effects of culture, sub culture, cross culture concept of social class, concept of social group, family, personal influence and diffusion of innovation as the social factors that influence consumer choice.

2.3.4 Cultural Factors

Kotler et al. (1999) mentioned cultural factors such as; culture- the most basic person's wants and behaviour, subculture- a group of people with shared value systems based on the common life experiences and situations and social class- relatively permanently and ordered divisions in a society whose members share similar values, interests and behaviour as a cultural factor that influence consumer choice.

Gurley et al. (2005), suggested cultural factors which involves the buyer's culture (the most basic cause of a person's wants and behaviour, this behaviour is largely learned from families and other important institutions); subcultures (groups of people with shared value systems based on common life experiences and situations, which include nationalities, religions, racial groups and geographic regions) as the cultural factors that influence consumer choice.

Kotler (2003), viewed culture, sub-culture, social class as the cultural factors that influence consumer behaviour.

Suja (2004), viewed consumer behaviour as quite complex, because many variables are involved and the tendency to influence each other. He again mentioned culture and sub-culture, social class and social group, family and inter personal influences and other influences like geographical, political, economical and religion as the cultural factors that influence consumer choice.

Foxall (2005) mentioned culture as a factor that influences consumer choice. Culture is used to describe what people within a group have in common. Cultural difference in consumer behaviour is a critical factor to consider as that determines what a consumer will purchase as a result of his or her cultural background.

Armstrong et al. (2001) noted culture, sub-culture and social class as the cultural factors that influence consumer choice.

Raju and Xardel (1998) argued that, everybody in this world is a consumer. Everyday of our life we are buying and consuming an incredible variety of goods and services. However, we all have different tastes, likes and dislikes and adopt different behaviour patterns while making purchase decisions. Many factors affect how we, as individuals and societies live, buy, and consume. External influences such as culture, ethnicity, and social class, influence how individual consumers buy and use products, and help explain how groups of consumers behave. The study of culture encompasses all aspects of a society such as its religion, knowledge, language, laws, customs, traditions, music, art, technology, work patterns, products, and so on. Culture is an extremely critical and all pervasive influence in our life. Culture is that complex whole which includes knowledge, belief, art, law, morals, customs and any other capabilities and habits acquired by humans as members of society. Culture influences the pattern of living, of consumption, of decision-making by individuals.

2.3.5 Product Factors

Loudon and Bitta (1993) argued that, consumer choice grows as the level of perceived risk in the purchase of a good or service increases. It is likely that consumers will feel more involved in the purchase of their house than in the purchase of tooth paste, it is a much riskier

purchase. Product differentiation affects consumer choice. The involvement increases as the number of alternatives that they have to choose from increases. This may be due to the fact that consumers feel variety which means greater risk.

The pleasure one gets by using a product or service can also influence involvement. Some products are a greater source of pleasure to the consumer than others. Tea and coffee have a high level of hedonic (pleasure) value compared to, say household cleaners. Hence the involvement is high. Involvement increases when a product gains public attention. Any product that is socially visible or that is consumed in public, demands high involvement. For example, involvement in the purchase of car is more than the purchase of household items.

Solomon, (1999), asserted that, consumers compare products and services that are in their evoked set and this influences marketing organizations to identify what benefits consumers are seeking for and therefore which attributes in a product or service are most in terms of making decisions. Consumers according to the author; evaluate alternatives in terms of the functional and psychological benefits that they offer.

2.3.6 Situational Factors

Loudon and Bitta (1993) again argued that, the situation in which the product is brought or used can generate emotional influence. The reason for purchase or purchase occasion affects involvement.

Social pressure can significantly increase involvement. One is likely to be more self conscious about the products and brands one looks at when shopping with friends than when shopping alone. The need to make a fast decision also influences involvement. A consumer who needs a new refrigerator and sees a 'one- day- only sale' at an appliances retailer does not have the time to shop around and compare different brands and prices. The eminence of the decision heightens involvement. The involvement is high when the decision is

irrevocable, for example when the retailer does not accept return or exchange on the sale items. Thus involvement may be from outside the individual, as with situational involvement or from within the individual as with enduring involvement. It can be induced by a host of personal-product-and situation related factors, many of which can be controlled by the marketer. It affects the ways in which consumers see, process, and send information to others.

Berkowitz et al. (1992) also suggested situational factors including social environment, physical environment of the purchase place, time influence and the previous state as the factors influencing consumer choice.

2.3.7 Other Factors

Gan et al. (2005) mentioned that, the use of Credit card, Automated Teller Machine, telephone banking, Cable television banking and Internet banking are the factors that influence the choice of a bank product.

Hanna and Wozniak (2001), suggested, financial, social, psychological, personal relevance and identification of the purchase outcome are some of the factors that influence consumer choice for a product.

Block and Roering (1976) suggested environmental factors such as income, cultural, family, social and physical factors as crucial to the determinant of a consumer's choice.

Shevlin (2004), noted branches and Automated Teller Machine as the primary reason why customers choose a particular bank and its products.

Keegan (1992) argued that factors that influence consumer behaviour includes external factors such as product, price, place, promotion, demographic, economic, situational, social and lifestyle.

Devlin and Gerrad (2004), viewed the offering of incentives, having a wide range of products and economic factors such as; interest rate paid, fees, charges levied; Location factors; such as choosing a bank close to home or work place, bank's image, reputation and expectation about level of service as the factors that influence consumers' choice for a banking product

Fishbein and Ajzen (1980) suggested five specific psychographic and normative influencing factors were found to have an impact on purchase intentions and the variables include; deal proneness, value consciousness, price consciousness, attitudes of reference groups and quality consciousness.

Emin et al. (2004), suggested credence, goodwill, suitable and the length of service existence before choosing a bank product.

Ardelean (2003), suggested, socio-cultural, economic, psychological, situational, natural, demographic, marketing mix and technological factors influence consumer decision.

Fisher (2004) said that, "debit card is an important cornerstone for financial services products". Credit, Debit and ATM cards according to Fisher are the first step for a consumer who has marginal credit scores toward re-establishing a relationship with the financial services or banking system.

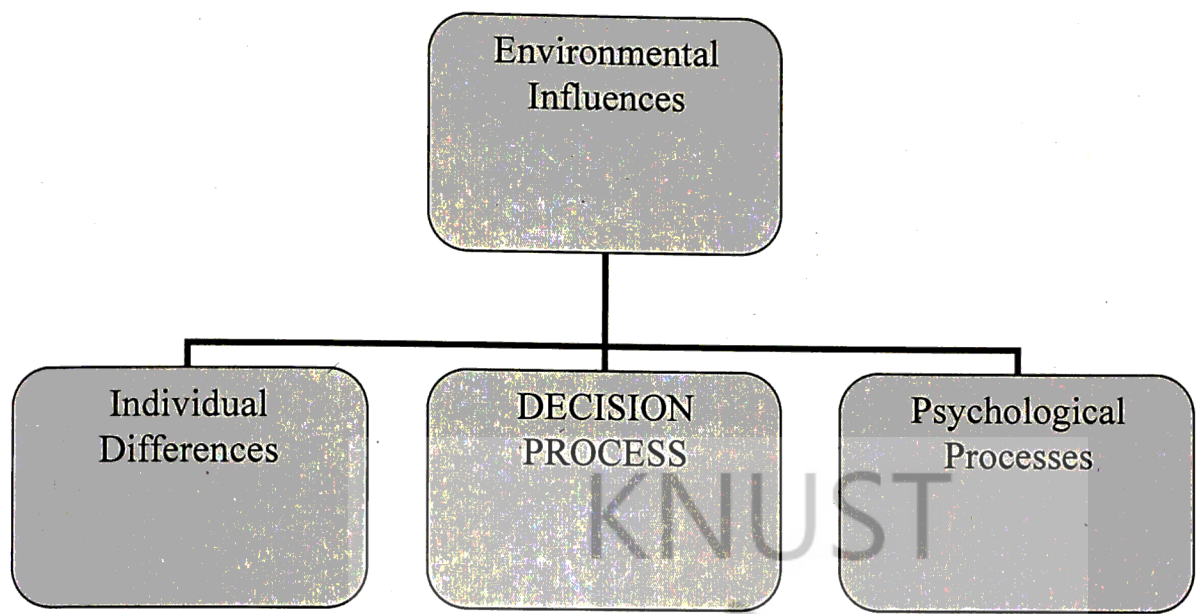
Brasstington and Pettit (2003) perceived that, each consumer is unique with different needs and wants and buying choices and habits are influenced by habit, choice and that are in turn tempered by psychological and social drivers that affect purchase decisions processes.

Friend (2007), argued that, consumer behaviour is affected by lot of variables ranging from motivations, needs, attitudes and values, personality characteristics, socio economic and cultural background, age sex, professional status to social influences of various kind exerted by family, friends, colleagues and society as a whole.

Schiffman and Kanuk (2004) perceived that, consumers have two views related to consumer decision making process and behaviour. They include; the economic view where consumers are primarily facing impact competition and they are always expected to make rational decision on the basis of assumptions that, they are aware of all product alternatives; they can rank benefits and limitation of each alternative and are able to identify one best alternative. The cognitive view considers consumers as “thinking problem solvers” that are receptive as well as actively searching for the products and services that can fulfill their need. They conclude that, all this decision making behaviour exist and provide marketer guidelines to analyze consumer accordingly.

Engel et al. (1990) intimated that, factors that influence consumer behaviour can be categorized by three aspects: Environmental influences (culture, social class, family and situation), individual differences (consumer resources, motivation and involvement, knowledge, attitudes, personality, lifestyle, and demographics) and psychological processes (information processing, learning, and attitude and behavior change). This is illustrated in the diagram below;

Figure 2.2 Influences on consumer behaviour



Source: Engel, J., Blackwell, R., and Miniard, P. (1990). Consumer Behavior. 6th Ed. The Dryden Press.

Howcroft et al. (2003), identified five consumer behaviour decision – making implications that are due service characteristics. First, during the information search consumers rely on much more personal sources, such as the recommendations of friends and family. Second, in service evaluations, consumers rely on limited number quality cues, of which the majority is related to the price and physical aspects of the service offering. Thirdly, in the face of many alternatives, consumers might just pick out the first acceptable offering instead of maximizing satisfaction by evaluating all the different option. Finally, because of greater risks, consumers tend to rely more on brand loyalty and achieve toward relationship with the organisation.

East (1997) categorized the factors that influence consumer behaviour into three broad paradigms; the cognitive approach, the reinforcement approach and the habit/behavioural approach. The cognitive approach of consumer behaviour makes emphasis on rational consumer and views purchasing as a problem solving activity. When faced with a purchase

decision, a consumer moves through a series of stages in order to solve a problem. The foundation lies in the model by Simon (1957), in which consumer passes through the stages of problem identification, information gathering and choice selection. The reinforcement approach on the other hand gives critique to the aspects of rationality and the over weighted value of information in consumer decision-making. Instead, reinforcement approach argues that, in some cases, consumers might not engage into information processing at all. The favours of this tradition state that instead of information and rationality, experience and learning are the driving forces for consumer purchase decisions.

Hawkins et al. (2001), enumerated culture, family and friends, media, physical, added value, experience and knowledge, age, reference or admired groups, affect or emotional appeal, personality and information processing.

Belch and Belch (2004), argued that, consumer behaviour is influenced by demographics, psychographic, personality, motivation, knowledge, attitudes, beliefs and feelings, culture, ethnicity , family, social class reference groups and market mix factors.

Dibb et al. (2001), suggested the following as the factors such as; material influences, demographic, situational factors and involvement; perception, motives, experience and personality; social factors family, social class and culture as the factors that influence consumer behaviour.

2.4 THE NEED TO UNDERSTAND CONSUMER CHOICE

The study of consumer behaviour is essential for marketers to understand consumers to survive and succeed in this competitive marketing environment. Again, a fundamental understanding of consumer behaviour underpins all marketing activity and is a necessary prerequisite to organizations being marketing oriented and thus profitable.

Gan et al. (2005) argued that, the ability to understand and to accurately predict a consumer decision can lead to more effectively and targeting products, cost effectiveness in marketing strategies, increasing sales and results in substantial improvement in the overall profitability of the firm. They further contended that, understanding consumer choice helps in increased customer base, cost savings, mass customization, and product innovation, marketing and communication development of non- core businesses and the offering of sources regardless of geographic area and time.

Perner (1999) argued that, understanding consumer choice helps in adapting strategies by taking the consumer into consideration when designing the products and services for an organization, making more informed decisions as which marketing strategy to employ. He argued again that, consumers select that product or services that are great personal benefit and the business as whole.

Tim (2007), again stressed that understanding consumers and their expectations of product design, function, quality and price creates a universal customer appeal.

Brasington and Pettit,(2003) argued that consumer behaviour helps in understanding the consumer needs and wants, method of creating awareness of products and services and

methods of influencing buying decisions to create competitive advantage. This enables institutions to take cognizance of products and services offered to customers.

Foxall (2005), noted that, consumer behaviour helps in identifying the characteristics of individual consumers such as demographics, psychographic, and behavioral variables in an attempt to understand people wants. Foxall went on further to argue that, consumer behaviour tries to assess influences on the consumer from groups such family, friends, reference groups and society in general.

Kotler et al. (1999), argued that, studying consumer behaviour or choice is very important to organisation because consumers buy according to cultural, social, personal and psychological factors. In view of this, for an organisation to thrive well, marketers must take the factors into account when designing their marketing and production strategies and this will help meet the customer's needs and wants.

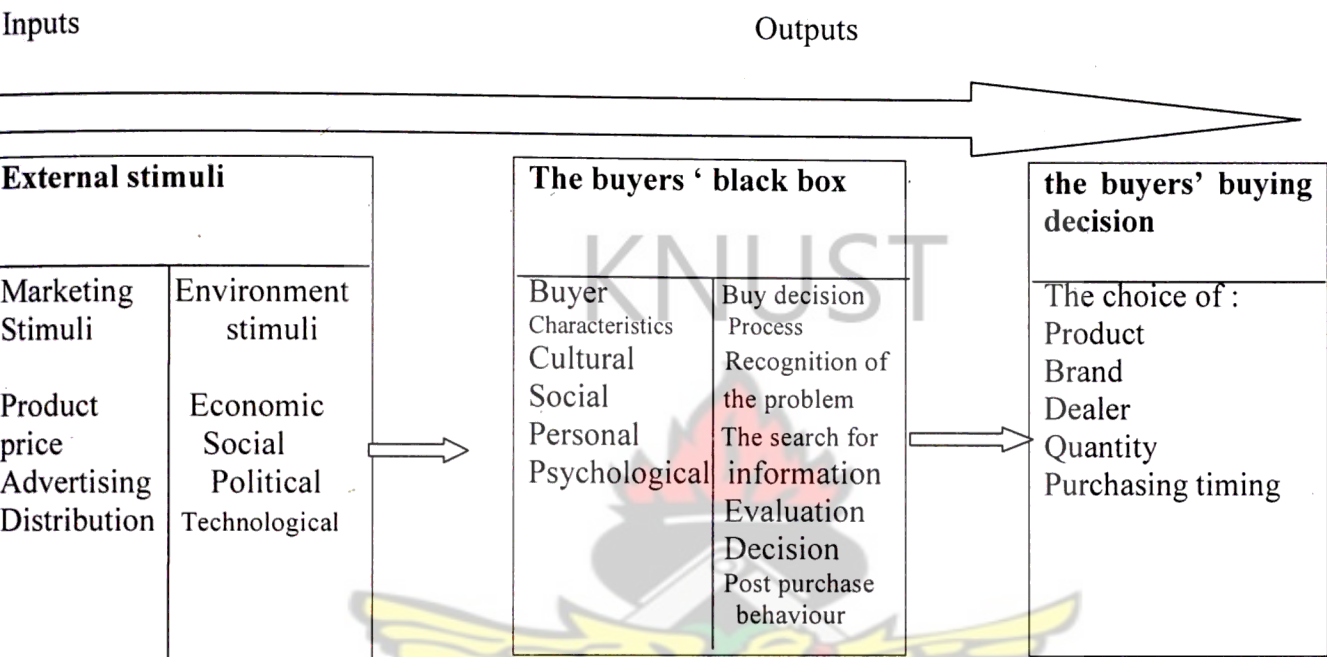
Kotler (1994), the study of consumer behaviour is a task that every year has a large influence in the marketing decision process of the companies. Years ago, the daily experience was enough to understand the buyer behaviour. Nowadays, the market has grown in size and the companies have lost direct contact with the consumers. For this reason, it is very important for the companies to study the consumers in order to understand their behaviour. Depending on the beliefs, needs or characteristics of the target market, the companies are going to have a different marketing campaign.

Armstrong et al. (2001) argued that, consumer behaviour helps companies to answer some key questions like; who buys? And why do they buy.

Kotler (1994) put up a model of buying behaviour that summarizes the need to consider the factors that influence buyer behaviour and its end results.

This is represented in the figure below;

Figure 2.3. Model of buyer behaviour



Source: Philip Kotler [1994]: Marketing Management –Analysis, Planning, Implementation and Control: Prentice-Hall Inc. pg.174

In this model above, the first aspect that the companies need to take into account is the external stimuli. The external stimuli is divided in two different parts. The first one, marketing stimuli, consists of the four Ps: Product, price, advertising and distribution. Those are the most important features of the product and the companies can influence and change them in order to raise a large percentage in the market. The second group, environmental stimuli, is unconnected with the company and also with the consumers. This group consists of economic, technological, political and cultural aspects. For example, in the economic field, the increase of the inflation or the development of new technology can have a large influence in the buying behaviour. But those are events in which the company does not have an influence like on the first ones.

The external stimuli have influence in the buyer's choice. This box consists of the buyer characteristics and the buyer decision process. The buyer characteristics can be divided in four parts. Cultural, social, personal and psychological factors. These aspects are internal of each person so it is very difficult for the company to have information or to influence them. The other part is the buyer's decision process. This part consists out of all factors explained before such as the external stimuli and the characteristics of the buyer. Depending on those factors, the consumers are going to have different needs and different steps and preferences in the decision process. It is also important to take into account that this process also depends on the product.

For example, if the consumer needs to buy an expensive and durable good this process is going to be longer and more difficult than if he/she needs to buy just food or clothes.

Risk (1993), the last part of the process is the buying decision. In this part, the consumer needs to decide which product satisfies his/her necessities in a better way. The buyer needs to make a choice in some aspects like the product, brand or dealer. The companies try to study the external stimuli and the buyer's black box in order to influence this last step. With good information of the consumer's preferences and good marketing stimuli the companies can achieve their main purpose. Being chosen by the consumers instead of their competitors.

Klein (2000), argued that, organisations can benefit from an understanding of consumer behaviour so that, they can better predict what consumers want and how best to offer it to them.

Quester and Hawkins (2000), viewed consumer behaviour as a means of helping organisations to understand how consumers behave regarding their choice of product. This

helps organisations to apply strategies that will influence the consumer's decision. This will then increase their revenue.

Dibb et al. (2005) commented that, understanding consumer behaviour help institutions to appreciate stages of buying decisions, major factors influencing consumer / organizational behaviour, design more effective marketing programmes and give increased customer satisfaction.

Engel et al. (1995) suggested that, understanding consumer choice will help businesses to take vital decisions with respect to designing of promotional offers or marketing campaigns to meet the choice of consumers. Again, the study helps organization's whether to stick to the same product line and improve upon it as consumers seen to have made a regular purchase habit. It also helps an organisation to reinstate the corporate policies.

Howard (1989), argued that, understanding consumers is very important, as it will enable a company understand and predict the buying behaviour of consumers in the marketplace; it is concerned not only with what consumers buy, but also with why they buy it, when and where and how they buy it, and how often they it and also how they consume it and dispose it.

According Zaltman and Wallendorf (1983), the study of consumer behaviour is of utmost importance to businesses, because the purpose of a business is to create and keep customers. Customers are created and maintained on marketing strategies and the quality of the marketing strategies depends on knowing, serving, and influencing consumers. This suggests that, the knowledge and information about consumers is critical for developing successful marketing strategies because it challenges the companies to think about and analyze the

relationship between the consumer and marketers, and the consumer behaviour and the marketing strategy.

Peter and Osmon (1999) argued that, the main objective of understanding consumer behaviour is to provide businesses with the knowledge and skills that are necessary to carry out detailed consumer analyses which could be used for understanding markets and developing marketing strategies.

Schiffman and Kanuk (2004), argued that, consumer behaviour enables better understanding and forecasting not only of the subject of purchases but also of purchasing motives and purchasing frequency.

Perner (1999), viewed consumer behaviour as means that help firms and organizations to understand the psychology of how consumers think, feel, reason and select between different products; how the consumer is influenced by his or her own environment and limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome.

East (1997) again argued that, it is of interest for organizations to understand what make consumer buy certain products and services. He further intimated that, understanding consumer beliefs, attitudes and intentions open avenues for the organisation identify and understand the factors that influence consumer behaviour.

2.5 CONCLUSION

Consumer behaviour is the dynamic interaction of cognition, behaviour and environmental events by which human beings conduct the exchange aspect of their lives.

The study of consumer behaviour involves search, evaluation, purchase, consumption and post purchase behaviour of the consumers and includes the disposal of purchase products keeping environment and personal characteristics of mind.

The basic objective of the studying of consumer behaviour is that, the firm needs to know who buys their product? How they buy? When and where they buy? Why they buy.

The study of consumer behaviour enables organisations to understand and predict consumer behaviour in the marketplace; it is concerned not only with what consumers buy, but also with why, when, where, and how they buy it. Consumer behaviour is interdisciplinary; that is, it is based on concepts and theories about people that have been developed by scientists in such diverse disciplines as psychology, sociology, social psychology, cultural, anthropology, and economics.

On the whole it is a widely accepted principle of business that, to be more profitable and survive, an organisation must understand and stay close to her consumers to provide products and services consumers will purchase

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter presents the plan for collecting, organizing and interpreting the data so that at the end, the purpose can be reached.

3.2 RESEARCH DESIGN

The research design for this study included the use of case study to draw conclusions and other information drawn from questionnaires, interviews and survey was used in getting great deal of specific information. Customer's response was extensively used as a major source of analysis. Descriptive study was used to gather information to discover the relationship existing between the factors that influence customer's choice for a banking product vis -a- vis the importance of consumer behaviour to HFC Bank (GH) Ltd , for an inference to be drawn.

3.3 SAMPLING PROCEDURE

The sampling procedure for this study includes; the target population, the study population, sampling units, sampling frame, Sample selection and sample size.

3.3.1 The Target Population

The target population was the staff of Techiman branch, HFC bank and some active customers of the bank ranging from petty traders to larger or corporate businesses.

3.3.2 Study Population

The study population included the entire staff of Techiman branch of HFC Bank and some of the active customers of the bank in Techiman. The customers of the bank were grouped into three major segments: Small scale (petty traders), Medium scale and the Corporate business. The population size was four hundred and ten (410).

3.3.3 Sampling Units

The sampling unit for the study was made up individual members of staff and the active customers of the bank.

3.3.4 Sampling Frame

The number of active customers and staff of HFC Bank – Techiman branch represented the sampling frame from which the study population was obtained. The sampling frame for the study includes:

Group	Number of Customer/Staff
Small Scale businesses	250
Medium Scale businesses	130
Corporate businesses	20
Staff members	10
Total population	410

3.3.5 Sample Selection

Due to the heterogeneity of the population, customers were stratified into homogeneous groups to ensure that, there is relevant representation for all the major segments of the customers. Again, in ensuring convenience and randomness in selection of the sampling

frame, convenience and simple random sampling techniques were used in getting the required data for the study, as not all customers were gotten for the interviews and the answering of the questionnaires.

The sample was selected as follows:

Group	Number of Customer/ Staff	Sample Size
Small Scale businesses	250	60
Medium Scale businesses	130	30
Corporate businesses	20	10
Staff members	10	8
Total	410	108

3.3.6 Sample Size

A sample size of 108 was chosen out of a population size of 410 active customers and staff of the branch. The sample constituted about 26% of the population. This sample size was chosen because of the busy nature of customers, scattered customers and the limited time frame for the study.

3.4 DATA COLLECTION TECHNIQUE

Data collection is the core and one of the most practical and demanding aspect of every research. The collection technique used for this included; the sourcing of data from both primary and secondary data. Questionnaires and direct interview were used as the method of data collection.

3.4.1 Sources of Data

The data collection was centered on both primary and secondary data. The primary data included; questionnaires and interviews where the researcher used to get fresh information from the customers. The secondary data was based on documents such as books, written materials, periodicals, brochures, journals, past research works, journals, articles, internet search, the bank's brochures and newsletters.

3.4.2 Method of Data Collection

In finding out the factors that influence consumers' choice for banking products, questionnaire and direct interviews were used in collecting data for the study. The questionnaire was used to ensure that customers and staff provided direct and accurate answers. The direct interview was also used to ensure that, customers provide answers that were subjective. The questionnaire was divided into two, one for the customers and the other for the staff.

3.5 ADMINISTRATION OF QUESTIONNAIRE AND INTERVIEW CHECKLIST

The researcher administered the questionnaires personally. The direct interviewing method was used to obtain data from respondents who could not personally answer the questionnaire due to illiteracy or the busy nature of their businesses. The direct interview was also used to enable respondents understand the questions, so as to provide the needed information for the study. The instruments used were very useful as it yielded positive results.

3.6 FIELD PROBLEMS

In administering the questionnaire and the interview schedules the researcher faced a problem of a non co-operative attitude from some prospective respondents. They complained about their busy schedules and did not have time to answer the questions which created unnecessary delays.

Again, some of the customers who had ever been denied credit facility but operating their accounts declined to answer the questionnaire.

3.7 METHOD OF DATA ANALYSIS

The research was mainly descriptive. It included describing, recording, analyzing, and interpreting conditions that existed. It was also made up of some comparisons and attempts to discover relationships between existing various forms of factors that influence consumer choice for banking products and the drawing of conclusions. Statistics of raw data collected were presented in an easy to read manner with understandable numerical tables to give comprehension. Each table was well analyzed. Raw data collected during the study was fully explained with comments, well defined and illustrated in graphic forms for clear understanding. Again, Statistical Package for Social Scientists (SPSS) and Microsoft Excel software were used to analyze data.

3.8 VALIDITY AND RELIABILITY OF THE RESEARCH

The validity and reliability of the data can be proven beyond all reasonable doubt due to the fact that, the source of information was traced from the grass root level of the research area.

Also, a lot of research methods were employed to obtain pieces of information written down; interviews, questionnaire and the literature review were also used to confirm some of the response to test its validity.



CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

This chapter contains an analysis of the factors that influence consumer choice for banking products and the need to study consumer behaviour.

The factors influencing customers choice of banking products for the purpose of this work is handled in two folds: the financial and non-financial factors.

4.2. FINANCIAL FACTORS THAT INFLUENCE CUSTOMER'S CHOICE FOR BANKING PRODUCTS

Table 4.1

Financial factors that influence consumer's choice for banking products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Commercial Loan	13	13.3	13.3	13.3
	Mortgage Loan	2	2.0	2.0	15.3
	Home Purchase	1	1.0	1.0	16.3
	Overdraft	6	6.1	6.1	22.4
	Bank Guarantee	3	3.1	3.1	25.5
	Boafo Loan	22	22.4	22.4	48.0
	Commercial Loan, Mortgage Loan, Overdraft & Boafo Loan	3	3.1	3.1	51.0
	Overdraft & Boafo Loan	17	17.3	17.3	68.4
	Commercial Loan & Overdraft	6	6.1	6.1	74.5
	Mortgage Loan & Overdraft	2	2.0	2.0	76.5
	Commercial Loan, Mortgage Loan & Boafo Loan	1	1.0	1.0	77.6
	Commercial Loan & Boafo Loan	4	4.1	4.1	81.6

Commercial Loan, Overdraft & Performance Bond	1	1.0	1.0	82.7
Commercial Loan, Mortgage Loan & Overdraft	3	3.1	3.1	85.7
Salary Loan & Bofo Loan	1	1.0	1.0	86.7
Home Completion Loan & Bofo Loan	1	1.0	1.0	87.8
Commercial Loan & Mortgage Loan	2	2.0	2.0	89.8
Commercial Loan, Overdraft & Bofo Loan	1	1.0	1.0	90.8
Home Completion Loan, Overdraft & Bofo Loan	2	2.0	2.0	92.9
Home Completion Loan & Overdraft	1	1.0	1.0	93.9
Mortgage Loan, Overdraft & Bofo Loan	1	1.0	1.0	94.9
Mortgage Loan & Home Purchase	1	1.0	1.0	95.9
Commercial Loan, Mortgage Loan & Home Purchase	1	1.0	1.0	96.9
Home Completion Loan & Home Purchase	1	1.0	1.0	98.0
Overdraft, Bank Guarantee & Bofo Loan	1	1.0	1.0	99.0
Salary Advance, Overdraft & Bofo Loan	1	1.0	1.0	100.0
Total	98	100.0	100.0	

The table above depicts the factors that influence customer's choice for the banks products.

From the table, Bofo loan represents 22.4% of the customers interviewed. Customers opted for Bofo loan due to the nature of the market. The Techiman market is made up of small and medium sized businesses and as such customers prefer micro loans to support their businesses. It is also a product introduced by the bank to cater for customers that could not meet the criteria for commercial loans. Comments gathered from the customers through the questionnaire and interview indicated that, it easy to access Bofo loan facility and requires no landed property as security for the facility which is a problem to most customers. Additionally, the duration for the savings before one qualifies for a loan is shorter than the other products thereby their choice for Bofo savings. In view of that, customers based on the grant of Bofo loans, are encouraged to patronize the bank's product.

Again, customer's quest for commercial loan from the bank influenced their choice of the bank's products. From the responses gathered from the table, commercial loan represented 13.3% of the population sampled. The corporate businesses and some medium enterprises enjoy the commercial loan facility for the expansion of their businesses. Business in Techiman is vibrant and the acquisition of commercial loans by customers tends to boost their businesses. Results from the responses showed that, commercial loans granted by the bank had helped them improve their businesses, opened more outlets and increased their stock level to meet the growing needs of their customers. Those customers from the study indicated that, their business required larger amount of money for expansion so they patronize the bank's product to gain access to such commercial loans in order to stabilize their businesses.

Also, being in a business area where business seems very brisk, customers intimated that, they patronize the bank's products for the gain of overdraft. From the table, customer's quest for overdraft represented 6.1% of the total responses collated. The customers who responded in favour of overdraft were full of praise and honour to the bank as that has helped them increase their working capital, pay their debtors, earned more income and able to turn over goods as fast as possible. Some even intimated that, the facility that they gained from the bank has helped them foster good relationship with their suppliers and improved their businesses' creditworthiness. The customers operate current account to secure overdraft facilities from the bank. The customers pointed out that, the nature of their businesses demanded overdraft of which the bank is assisting them, therefore their continuous patronage for the bank's products.

There were also some customers whose suppliers demand bank guarantee from them rather than physical monetary value for the goods supplied. Bank's guarantee representing 3.1% of the total responses help customers to get goods from their suppliers on credit. The suppliers sell goods to the customers and the customers intend pay to the suppliers as they sell. Based on the guarantee by the bank, the goods are given and the customers sell and pay within a given interval. The customers who responded in favour were grateful to the bank as that; facility from the bank does not attract interest from the bank which is even better than taking money from the bank. Customers pay one off processing and commitment fee and provide a security for the facility. This motivates them to patronize the bank's products.

Again, 17.3% of the total respondent intimated that, they patronize the bank's product for the sake of overdraft and Bofo loan. The customers do take the overdraft to beef up their working capital and take more goods that are fast moving to serve their numerous customers. Again, they take the Bofo loan to take stock for future sale as well as taking expansions in their businesses that will not bring immediate returns. There were some poultry farmers and egg sellers who took overdraft to increase their stock of eggs for sale and also took Bofo loan to build the poultry structures as the Bofo loan has a loan for building.

Besides all, some of the customers that opted for both commercial loan and overdraft represented 6.1% of the total respondents. These customers were mostly the corporate clients whose businesses demand the use of both overdraft and commercial loan. Based on the facility they get from the bank, thereby their patronage of the bank's current accounts. These corporate customers keep on opening more outlets for their businesses so, the commercial loan caters for the expansion that are capital intensive which does not bring immediate gains to pay off the entire amount compared to overdraft. The commercial loans are paid in piecemeal, that is on monthly basis and even some on quarterly basis depending on the type

of the business. So customers take the overdraft to support their working capital to run the business. Most customers who enjoy this facility normally apply for a facility where part of the facility is booked for loan and the other as overdraft.

Customers who opted for mortgage loan, commercial loan, Overdraft and Bofo loan represent 3.1% of the total respondents. This is a clear indication of the rationale behind the patronage of the banks products. Customers even though they cannot afford to gain all the facilities from the bank, they are motivated by the wide range of products offered by the bank, thereby their drive to patronize the bank's product.

Again, customers patronizing the bank's product for the sake of commercial loan, mortgage loan and overdraft represent 3.1% of the total respondents. These customers even though they want commercial loan and overdraft to support their business, they want mortgage loan to put up their houses.

Also, the study recorded 2% each for the following product mix by consumers; mortgage loans and overdraft; commercial loan and mortgage loan; Home Completion loan, Overdraft and Bofo loan. These customers patronized the bank's products to not for only for the improvement of their businesses but for housing purposes as well.

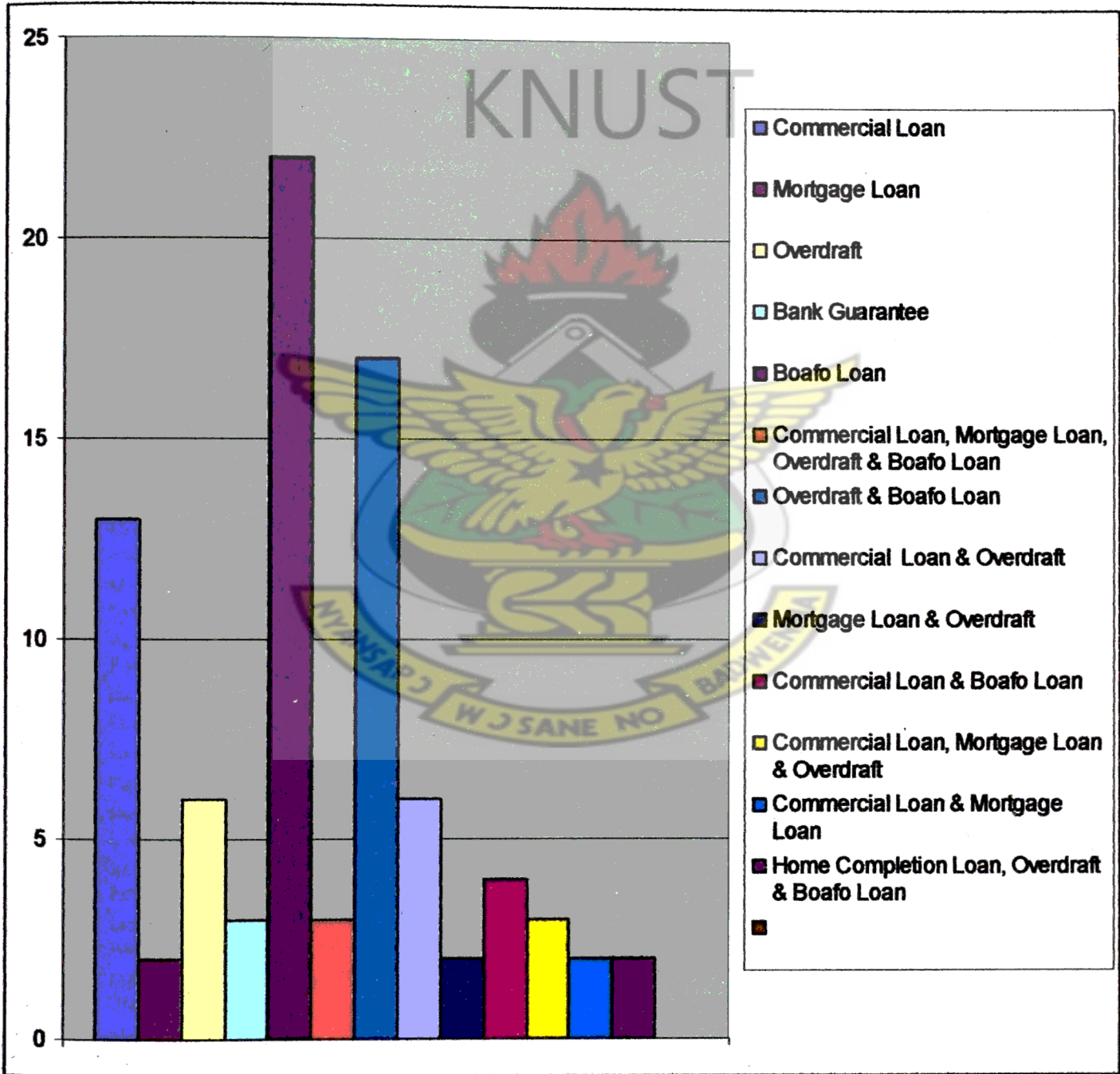
Finally, the study recorded 1% each for the following product mix by consumers; Commercial loan, Mortgage loan and Bofo loan; Commercial loan, Overdraft and Performance bond; Salary loan and Bofo loan; Home Completion loan and Bofo loan; Commercial loan, Overdraft and Bofo loan; Home Completion loan and Overdraft; Mortgage loan and Home Purchase. The rest include; Commercial loan, Mortgage loan and Home Purchase; Home completion loan and Home Purchase; overdraft, Bank Guarantee and

Boafo loan; Salary Advance, Overdraft and Boafo loan. These customers patronized the bank's product based on the facilities they get to support their businesses well as the desire to acquire housing facilities.

This is represented graphically below:

Figure 4.1:

Financial Factors That Influence Customer's Choice For Banking Products



4.3 NON- FINANCIAL FACTORS THAT INFLUENCE CONSUMER CHOICE FOR BANKING PRODUCTS

The table below shows the non-financial factors that influence the consumer’s choice for banking products.

Table 4.2:

Non- financial factors that influence Consumer choice for Banking Products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Motivation	6	6.1	6.1	6.1
	Perception	6	6.1	6.1	12.2
	Family	4	4.1	4.1	16.3
	Beliefs and Attitude	21	21.4	21.4	37.8
	Reference	4	4.1	4.1	41.8
	Income	4	4.1	4.1	45.9
	Social Roles and Status	6	6.1	6.1	52.0
	Occupation	6	6.1	6.1	58.2
	Education	3	3.1	3.1	61.2
	Liquid Assets	1	1.0	1.0	62.2
	Consumer Credit	2	2.0	2.0	64.3
	Lifestyles	3	3.1	3.1	67.3
	Motivation, Perception, & Education	1	1.0	1.0	68.4
	Motivation, Occupation & Consumer Credit	1	1.0	1.0	69.4
	Perception, Reference & Family	2	2.0	2.0	71.4
	Reference, Family & Occupation	1	1.0	1.0	72.4
	Reference & Education	1	1.0	1.0	73.5
	Perception & Reference	1	1.0	1.0	74.5
	Reference, Education & Lifestyles	1	1.0	1.0	75.5
	Social Roles and Status & Education	1	1.0	1.0	76.5
	Motivation & Beliefs and Attitude	2	2.0	2.0	78.6
	Income, Social Roles and Status & Education	2	2.0	2.0	80.6
	Motivation, Reference & Social roles and Status	1	1.0	1.0	81.6
	Perception & Income	1	1.0	1.0	82.7
	Motivation & Reference	2	2.0	2.0	84.7

Beliefs and Attitude, Social Roles and Status, Occupation & Religion	1	1.0	1.0	85.7
Income & Occupation	2	2.0	2.0	87.8
Reference & Family	2	2.0	2.0	89.8
Beliefs and Attitude & Occupation	1	1.0	1.0	90.8
Perception & Social Roles and Status	2	2.0	2.0	92.9
Reference & Social Roles and Status	1	1.0	1.0	93.9
Perception & Beliefs and Attitude	1	1.0	1.0	94.9
Motivation, Social roles and Status & Education	1	1.0	1.0	95.9
Reference & Religion	1	1.0	1.0	96.9
Motivation, Occupation & Liquid Assets	1	1.0	1.0	98.0
Motivation, Learning & Education	1	1.0	1.0	99.0
Motivation, Learning, Beliefs and Attitude, Income, Social Roles and Status, Education & Consumer Credit	1	1.0	1.0	100.0
Total	98	100.0	100.0	

From the table above, 21.4% of the total respondents that patronized the bank's product were based on their beliefs and attitude. Belief is a descriptive thought that a person holds about something. Belief is also the thought that people have about most aspects of life. Attitude is a person's consistently favourable evaluations, feelings and tendencies toward an object or idea. The respondents who responded in favour of belief and attitude categorically mentioned that, they have strong emotional attachment for the bank. New banks are entering the markets of Techiman; however most of our corporate and reliable customers in town had been approached by these new banks and even want to pay off their facilities with HFC Bank-Techiman branch, but due to their unique interest and feelings for the bank they have not yielded to the pressures of the banks. Even three of the respondents were sincere to say that the banks sought to pay off the facilities and even add up without a security, but they declined due to their beliefs and attitudes they have for the bank. Froggett (2007), supported the above assertion that, attitudes affects the things we buy and where we shop and even

added personality to attitudes. Ajzen and Fishbein (1980), also supported the above factor and argued that, beliefs and attitudes formed through direct and indirect experience with an object influences a person's intention to act in relation to the purchase of a particular product or service. Kotler et al. (2006), also noted attitude and beliefs as one of the critical factors that influence consumer behaviour. Kotler again argued that, consumers have many different attributes and belief toward a product or a service and these bundles of belief then form one's attitude toward that product or service. Thus, attitude is a complex cognitive concept posing difficulties for organisations in quest for changing them. Attitudes predict behaviour and also explain it by providing one reason for the action, whereas intention is an outcome of many attitudes and predicts behaviour for the purchase of a product.

Again, perception represents 6.1% of the total respondents of factors that influence consumer's choice for the bank's products. The customers who answered the questionnaire and responded to the interview had a positive perceived mind about the bank thereby their desire to patronize the bank's product. They emphatically mentioned they have a good thought about the bank and that has been their sustenance to operate with the bank. The customers again, mentioned credence, goodwill, suitable and the length of service existence before choosing a bank product. Keegan (1992) and Kotler (1994) respectively also noted perception as a factor that influence consumer behaviour as what one perceives about a product or service influences his or her decision regarding the purchase of a product. (Armstrong 2001) noted that consumers have different concepts like taste, smell or touch. People have a sensation when they try a certain product, this perception depending of the experiences that people had with the products and also of the knowledge.

Again, motivation representing 6.1% of the total respondents denotes customers who patronize the banks products. Motivation is the force behind the performance of an activity or action. Many of the customers who responded in favour of motivation enumerated the following; offering of incentives, having a wide range of products and economic factors such as; interest rate paid, fees, charges levied, locational factors; such as the bank been close to their home, business and work place, bank's image, reputation and expectation about level of service are the main reasons motivating factors behind their choice for the bank's products. Again, the branches and Automated Teller Machine are also the primary reason why customers choose a particular bank and its products. Gan et al.(1995) supported the motivation as a factor that influence consumer behaviour with the view that, customers are motivated by the use of credit card, Automated Teller Machine, telephone banking, cable television and internet banking thereby influencing their choice for those and also patronize the bank's products. Shevlin (2004), also argued that, customers are motivated by the number branches and the usage of Automated Teller Machine by the bank before patronizing the product of the bank. Emin et al. (2004), also supported motivation as a factor that influence consumer choice for bank product, in that, customers are motivated by the credence, goodwill, suitable and length of service before even choosing a product of the bank. Maslow (1970) also supported motivation as a factor that influence consumer choice for a product in that, customer's decision is affected by what fascinates and interest him or her and greatly influences his or her purchasing decision. Arnould et al. (2004), also supported motivation as a factor that influence consumer choice, in that, motivation being an inner drive that reflects goal- oriented arousal and also been more abstract which is also linked to the social environment and individual traits of the individual determines what product or service an individual will opt for

Not all, social roles and status representing 6.1% of the respondents rooted for the products of the bank. Social class and status according Kotler et al. (1996) is relatively permanent and ordered divisions in a society whose members share similar values, interests and behaviours. The respondents proclaimed that, they patronize the bank products based on their social roles and status in the society. Even though the bank is not so old in Techiman, it has well to do and corporate customers who are much respected in the society. Based on this, other customers are patronizing the products of the bank based on the status symbol attached to the bank. So most of the corporate customers banking or patronizing the customer's products are based on their status. That is, they patronize products from the bank that has a high reputation in the society. Kotler et al. (1999) observed that, the social role of a consumer determines the product to purchase. For instance, in an organisation, the Chief Executive Officer purchases quality clothes, expensive perfumes, flashy and well fitted vehicles based on his status as compared to the junior staff.

Furthermore, occupation representing 6.1% of the total respondents forms part of the factors that influence consumers to patronize the bank's products. Some of the respondents had ties with the banks product based on the occupation policies. Some of the respondents receive their salaries and wages from the bank. As such they are patronizing the banks products because of the salaries they receive from the bank. In view of that, they are also enjoying the products like salary loan and salary advance from the bank of which they are very satisfied with the bank's services. Kotler et al. (1999) also argued that, occupation shapes the consumption needs of consumers. The type of occupation determines the product choice. For instance consumers, people following specialized occupations such banking, music, photography, dance, carpentry and baking need special tools, equipment and goods to work with. So the occupation of the consumer influences the product decision to make.

Additionally, others patronize the bank's products based on their family's association with the bank. Family factor representing 4.1% of the total respondents denotes other reasons why some customers patronize the bank's product. This is so because; there is relative influence of the wife, husband and children in the purchase of a large variety of products and service. This according to the respondents had made them patronize the bank's products. Some said, the mother or father or even the business accounts is with the bank and their frequent association with the bank and the parents or husbands positive comments has also influenced them to operate an account with the bank. These respondents are having accounts with bank based on the husband influencing the wife and children or the wife influencing the husband and the children to operate accounts. Even the father tends to open the accounts for the child in school for the purpose of remittances and upon completion the children tend to operate the accounts. Engel et al. (1995), supported family factor as a means of influencing consumer choice for a product, in that, family influence forms a greater portion when a family member is taking a purchase decision on a product that is familiar to a family member or what a family member is using. Sometimes only one member in the family takes the decision or a consensus building by the family members, so the family influence is greater. Upon this family factor, some of the respondents are patronizing the bank's products.

More importantly, reference representing 4.1% of the total respondents is a factor influencing customer's choice for the bank's product. The respondents in favour of reference intimated that, they have accounts and patronizing the bank's products based on what others said about the bank. The positive comments made by the bank by existing customers encouraged them to patronize the banks products. Gurley et al. (2005), argued that, reference by other associates influence consumer choice in that, referencing tend to expose the consumer into new behaviour and lifestyle and taste to influence the person's attitudes and self-concept and

create pressures and this affect the person's product , brand choices and influence the person's buying behaviour.

Income also representing 4.1% of the total respondents is a major factor influencing consumer's choice for a bank's product. The income level also determines the particular bank's product to patronize by the customers. Most of the customers that were interviewed stated that, based on their current income they have moved from rural banks to HFC Bank regarding the prestige associated with the bank, as their current income level does not match with a rural bank. They are patronizing the bank's product as their level can now go in for investments and also affording them convenient banking.

Education scoring 3.1% of the total respondents also play a role in the consumer choosing a bank product. The education level of the customer will even prompt the customer to choose a product of the bank that will be beneficial to him or her. They intimated that, based on their assessment with bank's interest rate and other charges influence their decision to patronize the banks product. One of them gave an example regarding a fixed deposit. He came for a fixed deposit investment, the bank in question gave him a realistic rate but, he realized that to be a lower rate so he went to another bank for a higher rate, not knowing it was bait. He went after one month to redeem the investment only to be told that, the money stayed with the branch for two weeks before it was transferred to Accra and he was to wait for another two weeks of which he obliged. He went after two weeks only to be told that, the rate has been changed and he can redeem it without any interest. After that incidence he came back to HFC Bank for the rate he thought was low, however he received the best reward for his investment. Again, for the sake of education purpose; for instance taking an educational loan or receiving student loan through the bank, people patronize the bank products.

Last but not least, the lifestyle representing 3.1% of the total respondents, also determines the product to patronize from a bank by consumers. Some of the consumers who responded were emphatic about the ATM and the SMS facility of the bank. They are business men who needed money at any point in time. So banking with HFC Bank with those products makes them comfortable as that suit their personal and business lifestyle. They do not need to be at the banking hall to check their balances as the SMS facility will prompt them of any debit or credit that hits their accounts via their mobile phone. Foxall (2005), supported lifestyle as a factor that influences consumer choice for a product, in that, lifestyle is believed to be a motivation for buying. He again mentioned that, each consumer is unique with different needs and wants and buying choices so the person's lifestyle determines his or her buying behaviour. Kotler et al. (1999), supported the lifestyle as a factor that influence consumer choice for a product. They again argued that, lifestyle is a person's pattern of living as expressed in his or her activities, interests and opinions, so the person is moved to purchase a product based on his or her lifestyle.

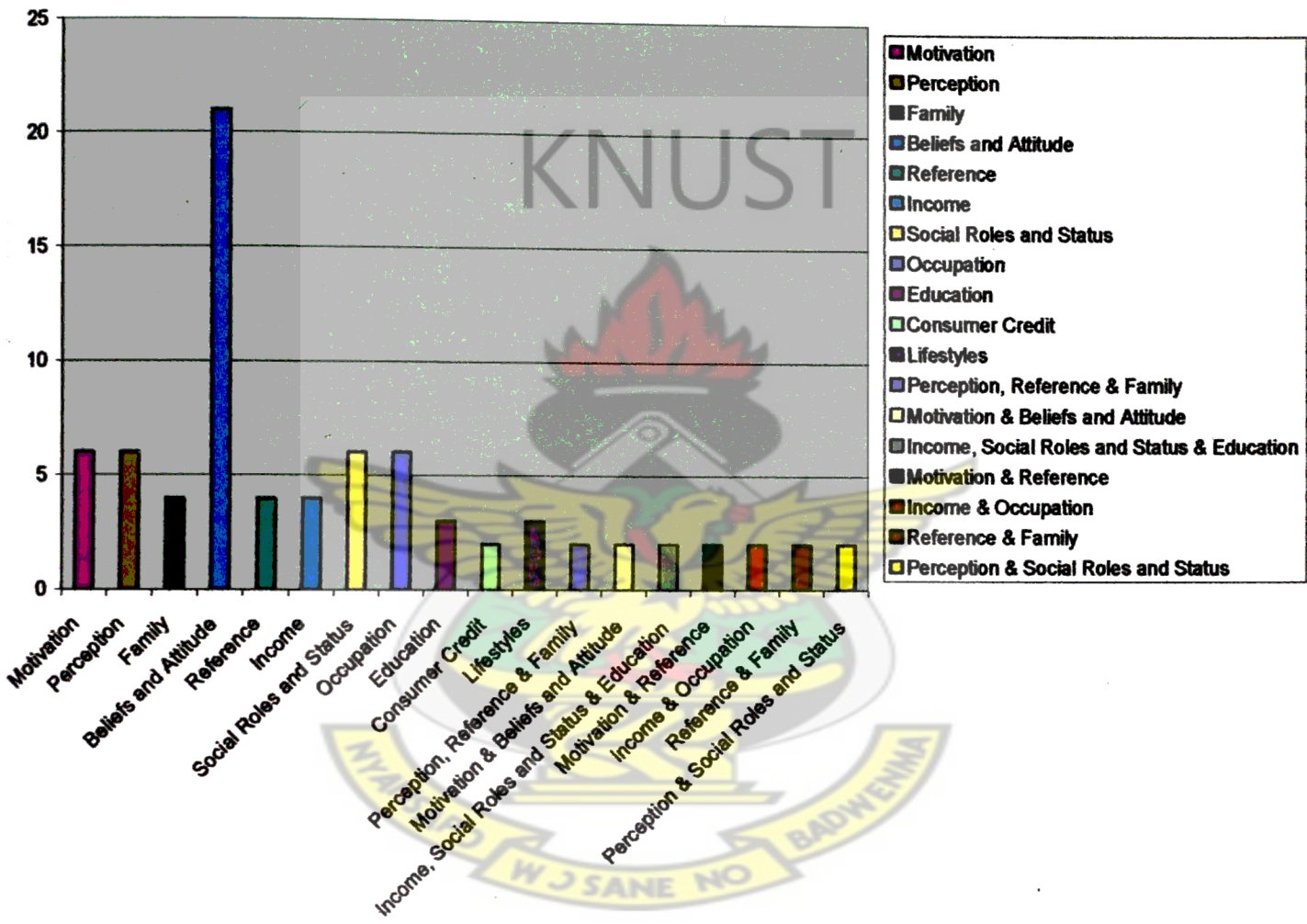
Finally, the study recorded 1% each for the following; motivation, education and perception; motivation, occupation and consumer credit; reference, family and occupation; reference and education; perception and reference; reference, education and lifestyle; social roles and status and education. The rest include; motivation, references and social roles and status; perception and income ; Beliefs and Attitude, Social Roles and Status, Occupation & Religion; Beliefs and Attitude & Occupation; Reference & Social Roles and Status; Perception & Beliefs and Attitude; Motivation, Social roles and Status & Education; Reference & Religion; Motivation, Occupation & Liquid Assets; Motivation, Learning & Education; Motivation, Learning, Beliefs and Attitude, Income, Social Roles and Status, Education and Consumer Credit. These customers are influenced by combination of factors to decide on the products of the bank. This is so because, the customers could not pin point a single factor as they are

influenced by lot of factors ranging from education, reference, social status, religions, motivation beliefs and attitudes.

The above analysis is represented graphically below:

Figure 4.2

Non-Financial Factors That Influence Customer's Choice For Banks Products



4.4 STAFF VIEW ON WHY CONSUMERS PATRONISE THE BANK'S PRODUCTS

From the diagram below depicts staff's view on the possible factors that influence customers to patronize the bank's products;

Table 4.3

Staff View On Why Consumers Patronize The Banks Product

FACTORS	FREQUENCY	PERCENTAGE
Quality of services(Qos)	2	25%
Advertising	1	12.5%
Qos, Recommendation & Loans	1	12.5%
Qos and Calibre of Staff	1	12.5%
Qos and Recommendation	2	25%
Others	1	12.5%

From the table above, 25% of the staff interviewed depicted that, customers patronize any of the bank's products based on the quality of services rendered by the staff. They intimated that, some of the customers are banking with HFC Bank because of the excellent services rendered by the bank. The welcome smiles of staff and the accommodating nature of the staffs regarding customer's behaviour and attitudes had earned the bank lot of customers to bank with. The customers have multiple accounts like; fixed deposit, current and savings accounts with the branch based on the quality of service and ability to meet their demands on time.

Again, 25% of the staff also responded in favour of quality of service, recommendation and loans. The staff were of the view that, customer patronize the bank's product for the sake of quality of service the bank offers, recommendations by those customers who had enjoyed the good services of the bank and finally loans and advances given to them. They were very

much particular about loans and advances offered as tend help their business and also cement customer- banker relationship.

Also, quality of service and the calibre of staff representing 12.5% of the total staff respondents. They ascribed the patronage of the bank's products by customers to the quality of service rendered by the right calibre of staff. Some of the staff intimated that, the customers always give remarkable evidence about the way staff of the branch as compared with other banks thereby making the staff unique even though they may have some shortcomings.

Furthermore, advertising representing 12.5% of the total respondents is a factor that also influences the purchase of the bank's products by customers. The staff members also mentioned advertising as a means for customers to know the products of the bank and that also endeared their hearts to patronize the products of the bank. The advert describes the types of products of the bank and their unique features and benefits. This really creates the awareness for customers to patronize the product of the bank.

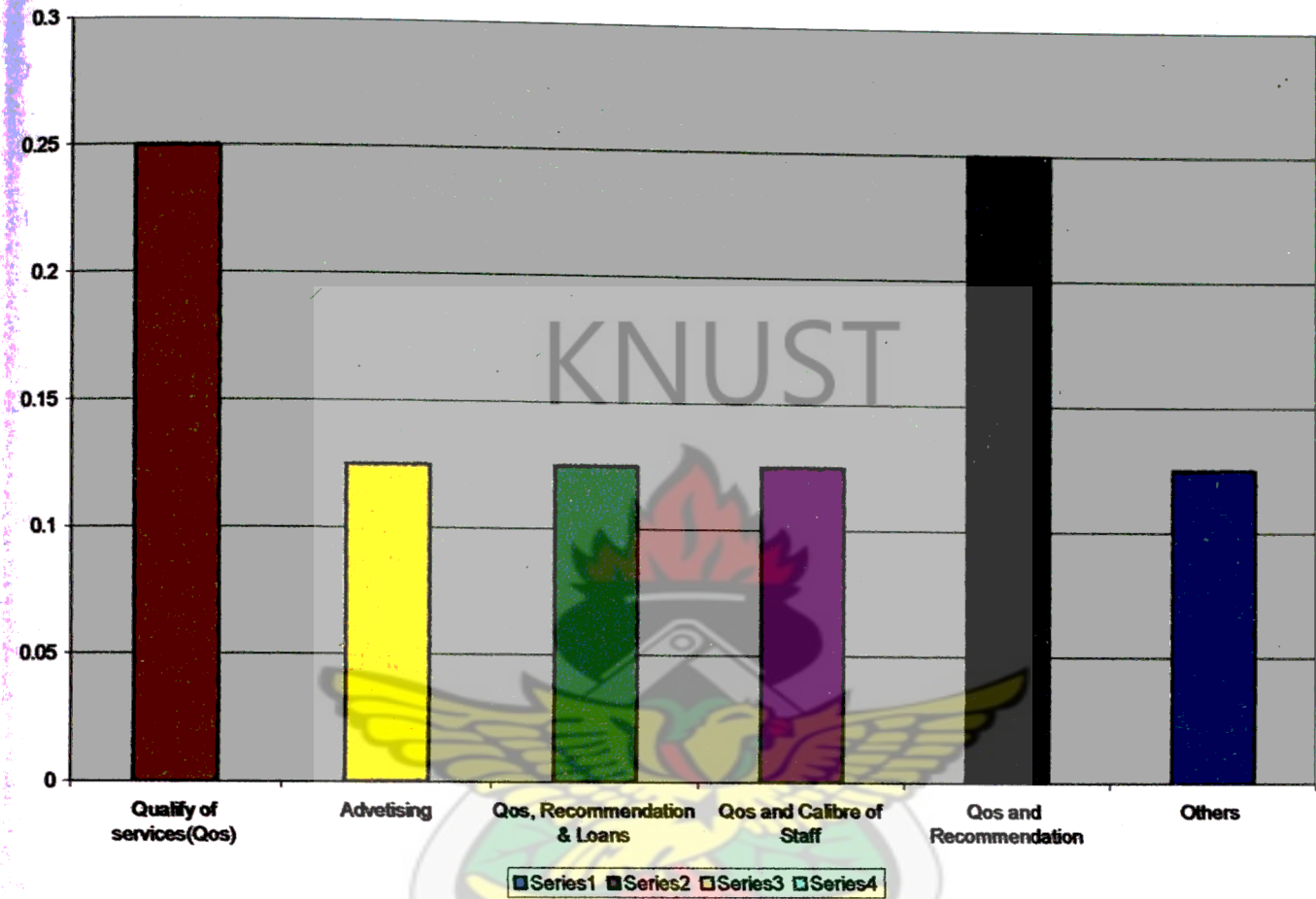
Last but not least, quality of service and recommendation representing 12.5% of the staff population represents some of the factors that influence consumer choice for the bank's product. The respondents were of the view that through quality service rendered by staff and recommendation by staff and customers, the bank products are well patronized.

Finally, others according to the staff, included the existence of the Automated Teller Machine, location, interest rates, commissions on cost of transaction (COT) and payment order as being the factors that encourages them to patronize the bank's products.

This is represented in the diagram below;

Figure 4.3:

Staff View on Why Consumers Patronize the Banks Product



4.5 THE NEED FOR THE STUDY OF CONSUMER CHOICE FOR BANKING PRODUCT

The reason to study consumer behaviour is because of the role it plays in the lives of humans. Most of the free time is spent in the market place, shopping or engaging in other activities. The extra time is usually passed in knowing and thinking about products and services, discussing with friends about them, and watching advertisements related to them. The usage of them significantly reveals our life styles. This section is the sampled views of the staff of the branch on the need to study consumer choice for banking products.

To begin with, the study revealed that, the study of consumer behaviour will help the bank understand and to accurately predict a consumer decision that can lead to more effectively and targeting products, cost effectiveness in marketing strategies, increasing deposits and results in substantial improvement in the overall profitability of the bank. The bank may come out with products that may not meet the taste and preference of the customers which may not well patronize. So getting to know the customer needs and desires will help the bank tailor the needs of the customers to the products that are introduced. Gan et al. (2005) argue in support of the above claim that, the study of consumer behaviour will help management tailor their products to suit the needs and expectations of consumers to ensure consumer satisfaction.

The study further revealed that, understanding consumer choice helps in increased customer base, cost savings, mass customization, and product innovation, marketing and communication development. One of the staff intimated that it was based on this that, HFC Bank (Ghana) Ltd had launched the "I Like" campaign to re-position itself to better provide better banking services to meet the expectations of various customers. The campaign is emphasising the seven core values, which the banking public most desire from their banks and which cut across all customer expectations. These are loyalty, freedom, future, security, truth, trust and options. The "I Like" campaign is in recognition of the desire of the banking public for quality service from the banking industry. Through the "I Like" campaign HFC Bank therefore emphasizes its commitment to offer its customers nothing but the services they so much desire and deserve.

Furthermore, another staff commented that understanding the needs of the customer helps in adapting strategies by taking the consumer into consideration when designing the products and services for the bank, making more informed decisions as which marketing strategy to employ. Perner (1999) argued that, understanding the needs of the consumer enables the service provider to devise appropriate marketing strategies to sustain the consumers as consumers select product or services that are great personal benefit and the business as whole.

Again, the study brought to light that studying consumer behaviour helps in understanding the consumer needs and wants, method of creating awareness of products and services and methods of influencing buying decisions to create competitive advantage. This will enable the bank take cognizance of products and services offered to customers.

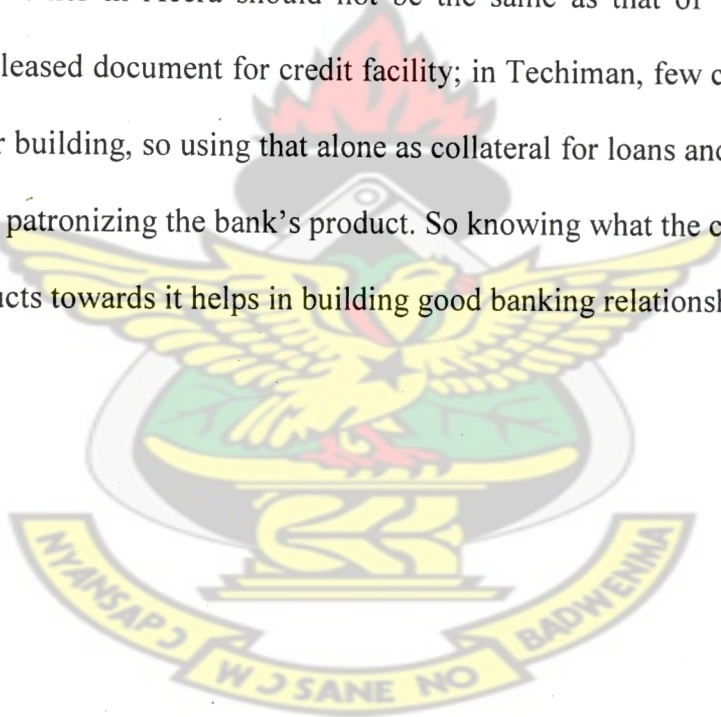
Also, the study indicated that the study of consumer behaviour helps in identifying the characteristics of individual consumers such as demographics, psychographic, behavioural variables and influences on the consumer from groups such family, friends, reference groups and society in general.

The branch manager also anchored that consumer behaviour is very important to the bank because consumers patronize bank's products according to cultural, social, personal and psychological factors. In view of this, for the bank to thrive well, the marketing and the strategic department must take the factors into account when designing their marketing and product strategies and this will help meet the customer's needs and wants.

The operations officer also intimated that, it is worth studying the consumer behaviour as the study will help management of the bank understand consumer's needs so as to recognize the

potential for the trend of development of change in consumer requirements and new technology.

Finally, the credit officer also intimated that, the study of consumer choice or behaviour will help the bank identify the type of loans or overdraft facility that will meet the needs and expectations of the customers at a particular branch. The study of the customers wants and expectations will even affect the implementation of the bank policies as the needs and expectation of customers in Accra may be slightly different from customers of Techiman, so applying the rules uniformly will definitely affect other customers. The demands of the bank regarding credit for customer in Accra should not be the same as that of Techiman. For instance, the request of leased document for credit facility; in Techiman, few customers have lease documents to their building, so using that alone as collateral for loans and advances can prevent customers from patronizing the bank's product. So knowing what the customers want and tailoring your products towards it helps in building good banking relationship.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter five of this study contains the summary of the findings, conclusion and recommendations based on the research questions for the study.

5.2 SUMMARY OF FINDINGS

The research revealed that, the major factors that influence consumer's choice for a bank's product were categorized into two, namely; financial and non- financial.

The financial factors included the operation of both current and savings accounts for the purposes of Overdraft, Commercial Loans, Bofo loans, Bank Guarantee, Mortgage Loans, Salary Advance, Performance Bond, Home completion Loan and Home Purchase.

The non- financial factors included; Beliefs and Attitudes, Perception, Motivation, Social roles and status, Occupation, Education, Lifestyle, Family, Reference, advertising, quality service, calibre of staff and recommendations.

5.2.1 Financial Factors

To begin with, the research revealed that, customers patronize current accounts for the sake of overdraft facility. These customers indicated that they operate current accounts to obtain overdraft to support their working capital as well as increasing the stock level.

Again, some operate current and savings account for commercial loan. They acquire the commercial loan to take up long term project that will not yield immediate returns. For

instance; the purchases of land, acquisition of a stall, purchase of poultry birds and other projects.

Also, some of the customers operate savings account for Bofo micro loan. The Bofo loan is for the petty traders who do not have any collateral for any big facility. So the market women who do not have any collateral coverage for a bigger facility have opened the Bofo savings accounts and enjoying the Bofo loan.

Furthermore, some of the customers operate current accounts with the bank to gain bank guarantee. Bank guarantee is where the bank guarantees goods bought by the customer on credit. The customer operates the accounts purposely for the bank guarantee.

The study further revealed that, most of the customers operated an account with the bank for the grant of mortgage loan and other housing loans. Based on the customer opening a Homesave accounts and contributing a certain percentage into the account as customer's stake the customer then qualifies for a mortgage loan, home purchase and home completion facility

Besides all, the study revealed that, customers who are salaried workers channel their salaries through the bank to gain salary loans and salary advance.

Finally, the study revealed that, some of the respondents being contractors do patronize the banks for the purposes of acquiring performance bond. This is where the bank offers a letter to the contract awarding institution on the competence of the contractor, as such the contractor can deliver and the bank will be ready to finance the project.

5.2.2 Non-Financial Factors

To begin with, apart from the financial factors influencing consumer behaviour, the study revealed that, customers patronize the banks products based on their beliefs and attitudes. Beliefs constitute the thoughts that consumers have about the bank and attitudes being the ingrained feelings about the bank. Customers indicated that, they are moved by their beliefs and attitudes to patronize the bank's product.

Again, customers patronize the bank's products based their perception about the products of the bank. Perception is the way in which consumers filter information which they receive to fit into an overall mind picture of the world. The study revealed that, consumers patronize the bank's product based on how they perceive the products of the bank.

Furthermore, customers patronize the bank's product based on motivation. Motivation is force behind the performance of an action or activity. The study revealed that, consumers patronize the bank's product based on both endogenous and exogenous factors that motivate them to act.

Besides all, social roles and status is also a non financial factor that consumer base on to patronize the products of the bank. Consumer's social class and status in the society again determines the bank and even the product they should patronize from a bank. The study revealed that, consumers patronize the bank's products based on the social class and status they have in the society. Again, they patronize the banks product based on where the highly reputed citizens of the town seek their banking services.

Not all, the study revealed that, the occupation of the consumer also determines the product that, the consumer patronizes from the bank. The consumers channel their salaries through

the bank to patronize the banks products like; salary loan and salary advance. So based on their occupation and they receiving their salaries from the bank they tend to patronize some of the banks products.

Also, the study revealed that, education is a factor that influences consumers to patronize the bank's products. The knowledge that, the consumer has about the products of the bank regarding the benefits of the product, the interest rate, commissions and other charges influences the customers to patronize the bank's products.

Again, the study revealed that lifestyle is a factor that influences consumer behaviour. That is the lifestyle of a consumer determines the type of product that they patronize at the bank. So a consumer whose lifestyle matches with the products of the bank patronizes that matching products.

More importantly, the study revealed that, family factor influences consumer behaviour. The family seems to have influence on those consumers whose relatives have good accounts about the bank's product. Based on this the family relations tend to influence them to patronize a product from the bank.

Besides all, reference is also a factor that influences consumer's choice for a product of the bank. The goodwill and good services rendered by the bank leads to people referring others to patronize the bank's product.

The study revealed that, advertising is a factor that influences consumer's choice for a particular product. Advertising is a form of communication that typically attempts to

persuade potential customers to purchase product or service. Advertising the products turn to persuade the customer to make an informed choice for a bank's product.

Finally, the study also revealed that, some the consumers patronized the bank's product based on the quality of service. Some of the customers may have one account with the bank but due to the nature of services rendered by the staff of the bank, the customer tend to patronize another product of the bank.

5.2.3 The Need to Understand Consumer Choice

This study revealed that, understanding the customer's needs, wants and expectations will enable the bank tailor its products to meet the taste of consumers. This will go a long way to help the bank maintain and add new customers.

5.3 CONCLUSION

The main objective of the study was to find out the factors that influence consumer choice for banking product. The study revealed that, the influencing factors were grouped under financial and non- financial factors.

In conclusion, consumers patronize current, savings and fixed deposit accounts (products) based on the grant of Boaflo loan (financial) and according to the beliefs and attitudes of the customer. In other words, Boaflo loan scoring 22.4% of the total respondents in favour of the financial factors is the major factor that consumers consider when choosing a banking product at Techiman HFC Bank.

Belief and attitudes scored 21.4% for the non-financial factor. Consumers who responded to the questionnaire and interview concluded, that, apart from the financial factor that influence their choice for a banking product, they consider their beliefs and attitudes when deciding on a banking product of HFC Bank- Techiman.

5.4 RECOMMENDATIONS

From the study conducted, the following recommendations are made to HFC Bank:

To begin with, the bank should design products based on the locality of the bank. This is so because, customers depending on the locality have certain unique needs, desires and expectations and even the market environments are not the same. Taking Techiman for instance, majority of the customer are petty traders (small scale businesses), so products should be tailored to suit their needs. Again, customers in Techiman are not aware of the importance of title document for their building so requiring lease as collateral for loans and overdraft sometimes become a problem and should be handled on situational basis.

Furthermore, the bank should undertake a market survey on the suitability of the bank's products and services. There is the need for the bank to use the strategic planning department to test the viability of the products and services of the bank. This will enable the bank take appropriate measures to modify or add to the existing products and services.

More importantly, the bank should undertake an intensive advertising for the products and services of the bank through the use of television and radio adverts and the print media. This will create the awareness to the public about to the existing products of the bank.

Finally, the bank should offer quality customer service training to all staff for them to be abreast with the new techniques of handling customers as customers are the back bone of the bank. The bank should again offer training programme for all staff concerning all the products and services of the bank. This will enable the staff cross sell all the products of the bank to every customer or would be customers of the bank.

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APPENDIX I

QUESTIONNAIRE TO CUSTOMERS

This questionnaire seeks to collect data on the Factors that Influence Consumer Choice for Banking Products: A case study of H F C BANK- Techiman Branch'. It would be appreciated if you could kindly take time off your busy schedule to complete the questions below. Please be assured that the data would be used for only academic purposes and your views would be treated confidentially.

Tick (✓) where applicable.

- 1. Gender: () Male () Female
- 2. Age: () Under 20 years () 21- 30 years () 31- 50 years () 51 years and above
- 3. Academic qualification: () No formal education () MSLC () JHS () SHS () Graduate () Other: please specify.....
- 4. What businesses are you involved?
() Supermarket () Pharmacy () Bakery () Oil () Spare parts () Phones and Accessories () Maize () Yams () Other: please specify
- 5. How long have you saved with H F C Bank? () Less than one year () One year and above.
- 6. Which accounts do you have with the bank?
() Savings () Current () Joint account () Homesave () Life Starter () Fixed Deposit () Boafosavings
- 7. Why did you open accounts with the bank?

☐ Commercial loan ☐ Salary loan ☐ Mortgage loan ☐ Salary advance ☐ Home Completion loan ☐ Home purchase ☐ Overdraft ☐ Performance Bond ☐ Bank Guarantee ☐ Bofofo Loan

8. What other factors motivated you to patronize the bank's product and service.

☐ Motivation ☐ Perception ☐ Learning ☐ Beliefs & Attitude ☐ Reference ☐ Family ☐ Income ☐ Social roles & Status ☐ Occupation ☐ Education ☐ Liquid Assets ☐ Consumer Credit ☐ Age ☐ Lifestyles ☐ Religion ☐ Politics & Economics ☐ Culture



Thank you

APPENDIX II

INTERVIEW CHECLIST FOR CUSTOMERS

This interview seeks to collect data on the Factors that Influence Consumer Choice for Banking Products: A case study of H F C BANK- Techiman Branch'. It would be appreciated if you could kindly take time off your busy schedule to complete the questions below. Please be assured that the data would be used for only academic purposes and your views would be treated confidentially.

Tick (√) where applicable.

1. Gender: ☐ Male ☐ Female
2. Age: ☐ Under 20 years ☐ 21- 30 years ☐ 31- 50 years ☐ 51 years and above
3. Academic qualification: ☐ No formal education ☐ MSLC ☐ JHS ☐ SHS ☐ Graduate ☐
Other: please specify.....
4. What businesses are you involved? ☐ Supermarket ☐ Pharmacy ☐ Bakery ☐ Oil
☐ Spare parts ☐ Phones and Accessories ☐ Maize ☐ Yams ☐ Others
5. How long have you saved with H F C Bank? ☐ Less than one year ☐ One year and above
6. Which accounts do you have with the bank?
☐ Savings ☐ Current ☐ Joint account ☐ Homesave ☐ Life Starter ☐ Fixed Deposit
☐ Boafo savings
7. How often do you operate the account?
☐ Once every week ☐ Daily ☐ Twice a week ☐ Thrice a week ☐ Others
8. What investment account do you have with the bank?
☐ Unit Trust ☐ Equity Trust ☐ Housbonds ☐ Fixed Deposit

9. Why did you open those accounts in Question 6?

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.....

.....

10. What other factors motivated you to patronize the bank’s product and service.

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.....

11. Have you gotten any loan or overdraft from the bank?

() Yes () No

12. If yes, how many times?

() 1- 5 () 6- 10 () 12 and above

13. Has the loan or overdraft benefited your business?

() Yes () No

14. If yes, what are some of the benefits?

() Increased working capital () Ability to buy goods in large quantities

() Pay creditors () Expansion of business () Other: please specify

.....

15. Has the bank been able to meet all your expectations?

() Yes () No

16. If No, what other areas do you want the bank to improve upon?

.....

.....

Thank you

APPENDIX III

QUESTIONNAIRE TO STAFF

This interview seeks to collect data on the Factors that Influence Consumer Choice for Banking Products: A case study of H F C BANK- Techiman Branch. It would be appreciated if you could kindly take time off your busy schedule to complete the questions below. Please be assured that the data would be used for only academic purposes and your views would be treated confidentially.

1. Department
2. Which level of staff are you? () Clerk () Senior Clerk () Sub- Officer () Officer
() Senior Officer () Manager
3. How many customers have you introduced to the bank?
() 1-20 () 21- 40 () 41- above
4. What motivated them to open an account with the bank? () Quality service
() Recommendation () Advertising () Calibre of staff () Loans () Other: please
specify.....
5. What type of products are they patronizing?
() Current () Savings () Fixed Deposit () Homesave
6. Why did they open those accounts?
() Investment () Loans () Housing Schemes
7. How do you respond to customers complaints?
.....
.....

8. How has your response affected the branch's performance?

.....
.....
.....

9. Enumerate some of the advice given to customers on their accounts operations.

.....
.....
.....

10. How has your advice benefited your customers?

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.....
.....

11. What services do you offer to your customers that come for business?

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.....
.....

12. Enumerate some of the customers needs that has come to your attention

.....
.....
.....

13. How were those needs handled?

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.....

14. In your own opinion is it important to study customer's needs and tailor our products to suit them? () Yes () No

15. If yes to question 14, what are some the importance?

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Thank you.

