BANK SELECTION CRITERIA OF NIGERIAN RESIDENTS IN GHANA: A CASE STUDY OF TRADERS AND STUDENTS IN KUMASI

BY

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DECLARATION

I hereby declare that this submission is my own work towards the MBA 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 this and any other university, except where due acknowledgement has been made in the text.

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ABSTRACT

Ghana's banking sector has witnessed an unprecedented increase in size and input into the economy following major banking sector reforms in the late 1990's. It was enhanced further in the early part of 2000 when universal banking licenses were issued to some local and foreign banks to carry out universal banking operations. Fallout from this development was heightened competition amongst industry players in their bid to capture and control a bigger market share as a precursor to assured profitability. The research was exploratory and made use of structured questionnaires which had both closed and open ended questions, to gather the opinions of Nigerians with regard to their bank selection choices understood. The Nigerian population in Ghana is estimated to be over 1million with about 70,000 of them being students. The nonstudents are mostly engaged in informal sector businesses with significant financial turnovers. The researcher used Kumasi-based Nigerians as a case study to find out factors that influence their bank selection criteria. It was found that; Efficient international money transfer systems, Quick and efficient services and access to loans and overdrafts were the three most influencing factors for traders. Students chose efficient international money transfer systems, efficient Ebanking services and parental influence as three most important factors. It is recommended that, banks that seek to maximize gains from Nigerians doing business in Ghana, should improve on their international money transfer systems since that is very important to these customers.

DEDICATION

This project is dedicated to my Wife Vanessa, and to my children Ngehbi and Njonaam. You are my world.

ACKNOWLEDGEMENT

My gratitude to you Maker and controller of the Universe for the life I know little about. Let thy will be done forever in my life.

Thank you, Sam Akomea; lawyer, philanthropist, teacher and supervisor par excellence, you have been one of a kind and I thank the forces of nature for bringing me under your tutelage.

Van, you sacrificed everything and urged me on when I tried giving up. For you, I live. God bless you

Mama, you are the world's best mum indeed. After sacrificing all you had for my education up to the University, you still parted with money to support me through my MBA programme. May you live long to reap all you have sown.

Thank you Gordon my one and only brethren for the vital support you provided for this thesis.

Jah Bless.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Banking is an important contributor to economic growth around the world. It provides financial services necessary for enterprises and consumers to undertake their business: among other things, it provides a means to hold and exchange financial assets, it intermediate savings to productive investment through the supply of credit to businesses and consumers, and it enable risk-sharing (Amoabeng- Agyei (2010). Ghana's banking sector has seen a positive outlook since the implementation of Ghana's financial sector reforms in the late 1980's. Prior to these reforms Ghana could only boast of its State-owned banks and the colonial international banks; Standard Chartered Bank and Barclays Bank. It is worth noting that the period preceding this reform saw banking as a privilege and very few could meet the very stringent requirements demanded of potential customers for the commencement of a banking relationship. The post reform era of the early 1990's saw the arrival of Ecobank to add to the count of private Universal banks such as Barclays and Stanchart. The real liberalization of Ghana banking sector became very visible in the earlier part of 2004 when the erstwhile Standard Trust Bank of Nigeria launched operations in Ghana. In a decade, over 15 new foreign Universal banks had established in the country, raising the number to about 25 banks by the year 2010.

The resulting effect of this phenomenon was a direct rise in competition for customers from the same market place. According to Amoabeng-Agyei (2010).; "There is no doubt that competition will continue to be significant since new banks keep cropping up in the country. She goes on to say "Finding a place under this intense competition has become crucial for the long term profitability and survival of banks".

1.2 Statement of the Problem

The financial sector reforms program that was outlined in Governments development policy of the late 1980's laid the foundation for the liberalization of the banking and financial services sector. Private Banks sprung up within Ghana to increase the number of Universal banks within the country.

In 2004 however, the then government granted Universal banking license to Standard Trust Bank of Nigeria to fully operate in Ghana. Standard Trust Bank, now UBA ; a wholly owned Nigerian Bank launched operations in May of 2004 with a strong promise to democratize the banking industry. This vision of STB brought to bear on consumers an unprecedented customer acquisition strategy through aggressive sales and marketing units. Indeed customers experienced personal banker attention and had banking products and services at their doorsteps. Banking in Ghana had indeed been democratized and as an STB advert put it, it was now in an "irreversible

gear".

Year after year, Nigerian banks kept moving into Ghana and within a four year period, five Nigerian banks were fully operational in Ghana. A key driver of this phenomenon was to Colocate with their citizens and their businesses.

With the rise in competition within the banking sector, every bank is continually reviewing its customer acquisition strategy in order to gain and retain a good market share. There is no doubt that with a Nigerian population in Ghana estimated to be about a million, Nigerian customers constitute a very attractive market segment with great potential of opportunities for banks in Ghana especially for Nigerian banks whose objective was to take full advantage of Nigerian businesses. This research seeks to find out if the objective of Co-location by Nigerian banks with their citizens worked to the advantage of these banks.

1.3 Objectives of the Study

The objectives of this research are as follows;

1. To find out the banking preferences of Nigerians in Ghana.
2. To find out whether internationalizing has benefited Nigerian banks in Ghana.
3. To find out whether amongst other reasons, National loyalty is a reason for selecting a bank amongst Nigerians.

4. To evaluate and estimate the financial potential of Nigerians in the informal sector to Ghana's banking industry.

1.4 Research Questions

There is no doubt that the Nigerians top the list of foreigners resident in Ghana. Nigerian banks have also dominated Ghana's banking sector in the past seven years. Nigerians occupy a significant percentage of Ghana's business sector as well. This research seeks to answer the following questions;

1. What factors influence bank selection amongst Nigerian residents in Ghana?

2. Has the objective of taking advantage of Nigerians businesses by Nigerian banks through Co-location been achieved?

3. What strategies must banks in Ghana adopt towards winning and retaining Nigerian customers?

4. What is the average Capital of Nigerian-owned business in the informal sector?

1.5 Significance of the Study

This study investigates the factors that determine the way and manner in which Ghana-based Nigerians choose banks and it is deemed very relevant because the target population has played and continues to play a significant role in the economic fortunes of Ghana of which the banking sector is key.

The results from this study have provided useful information that will help banks Management to evaluate and refocus their strategies to overcome competition over the Nigerian banked population in Ghana. The study can serve as a blueprint for banks and National policy makers.

Finally, it has also become a written document to add to existing literature on the subject, and be a guide and springboard for further research.

1.6 Scope of the Study

The study was limited the Nigerian population in Kumasi with a focus on the Business Community in the informal sector of the economy and the dominant foreign student population of KNUST.

The locations of KNUST, Alabar, Central Market and Suame Magazine were the specific loci of the research activity and captured a total sample size of about 300.

1.7 Limitations of the Study

The research would have had a greater impact if it covered Nigerians from other major areas where they are known to reside; that is, Greater Accra, Western region, and Aflao in the Volta region. Due to logistical constraints and time limitations however, the study considered a sample of Nigerians in Kumasi only. Kumasi has a large Nigerian population spanning the corporate, informal and educational sectors of Ghana and since only a sample of the target population was selected for the study it could influence the research outcome quantitatively.

Also, the researcher is a part-time student and a full time worker and would find it very difficult financially and time wise to embark on a cross country research trip to capture his intended cross sectional data collection. It is however hoped that the Kumasi sample reflects the broader picture of all Nigerians banking in Ghana.

1.8 Overview Of Methodology

The study purposively tackled two major categories of Kumasi – based Nigerians who are already known by me to need banking services. These two groups are Nigerian Students and Nigerian business owners.

It focused on the Nigerian students of KNUST since they form the majority of the student body and will conveniently sample about 100 of these students for my research.

The researcher also segmented the Kumasi market in Alabar, Central Market and Suame Magazine where Nigerian businesses can be located. Using a combination of sampling techniques, it is hoped that a sample size of between 200- 250 of the business owners in this

research.

The research used both interviews and questionnaires to collect data from primary data sources. Secondary data was gotten from other published and unpublished works of previous researchers. The questionnaire contained both closed and open ended questions and will result from the outcome of a pilot test on the target population in this research.

1.9 Organization of the Study

This study will be presented in five chapters. The first chapter will capture the background of the study, statement of the problem, purpose of the study, research questions, significance of the study, and organization of the study.

The second chapter will review the relevant and related literature on the evolution of the banking industry in Ghana, the vital role of international banks in Ghana, Customer acquisition and retention bank selection criteria from around the globe, Nigeria, The Gambia and Ghana. It gives a reflection on the long standing relations between Ghana and Nigeria until present day; focusing on the Nigerian factor in Kumasi.

Chapter three outlines the step by step process employed by the researcher in organizing and executing the research and is captured under Research Design, Sources of data, Unit of Analysis, population and Sample frame, Sample size, sampling technique, Data collection instruments, pilot testing of instruments and data analysis.

The following Chapter presents the collected data, organizes the data, presents the data in the most eligible and comprehensive manner and interprets the data with inference to literature on the research topic.

Chapter five entails the researchers concluding remarks based on his findings from the field and what he recommends for the all stakeholders in the research topic.

CHAPTER TWO

LITERATURE REVIEW

2.1 The Concept of Banking

In general terms, banking is the process of accepting and protecting money owned by individuals and organizations, then lending this money to others to earn a profit (Graham, 2008). The banking Industry is a service industry providing various products to its customers. Traditionally the services were restricted to deposits and loans, which is taking deposits from people who had surplus of money and lending this money to borrowers who wanted money to invest. Modern banking however goes beyond the simple act of deposits and loans. The banking services these days include issuance of debit and credit cards, providing safe custody of valuable items such as jewelry, art works, historical artifacts, etc, Automated Teller Machine (ATM) services and online transfer of funds across the country and world (Graham, 2008)

Two conceptually distinct functions are noted from the definition above. These are;

- Deposit banking – a bank stores the money belonging to an individual for safekeeping. The bank will issue bank notes, which are receipts for the stored money. It may issue the depositor with an open-book account on which cheques can be written. In any case, deposits are redeemable on demand to the holder of the account or bank note. The actual money (cash - gold or paper) deposited at the bank is not a loan to the bank, but a bailment; the money remains the property of the depositor at all times and the bank may not use the money.

- Loan banking – a bank lends out saved funds to borrowers. This requires capital, either from individuals (as in merchant banking), shareholders, or savers, who have deposited money at the bank not as a simple bailment, but as a loan, which will be loaned out by the bank (hence the money is not available on demand). The saver receives a return on his savings.

There are four broad categories of banking according to Bhattacharya & Thakor, (1993):

- Retail Banking — dealing directly with small businesses and individuals
- Commercial or Corporate Banking — offering banking facilities to medium-to-large businesses
- Private Banking — a one-to-one service for rich individuals
- Investment Banking — generally related to helping clients raise capital, often by investing in the financial markets.

All the above occurs in an institution referred to as a bank. The term 'Bank' has been defined in different ways by different economists.

According to Walter (1937)a bank is "a person or corporation which holds itself out to receive from the public, deposits payable on demand by cheque.". Gillani & Sariwal (1994) also defined a bank, "as a manufacture of credit and a machine for facilitating exchange", while Somashekar (2009), defines it "an establishment which makes to individuals such advances of money as may be required and safely made, and to which individuals entrust money when not required by them for use."

Banks have over the decades contributed immensely to a country's economic development.

Gillani & Sariwal (1994) in their work concluded that, "a well-developed banking system provides a firm and durable foundation for the economic development of the country and went ahead to identify the following benefits:

- Accelerating the Rate of Capital Formation:
- Provision of Finance and Credit:
- Monetization of Economy:
- Innovations:
- Implementation of Monetary Policy:
- Encouragement to Right Type of Industries:
- Development of Agriculture:
- Regional Development:
- Promote Industrial Development:
- Promote Commercial Virtues:
- Fulfillment of Socio-economic Objectives:

2.2 Banking Industry in Ghana

The first banking institutions were set up in British West Africa in the late 19th century. Backed by the London-run African Banking Corporation, the Bank of British West Africa was opened in

1894. West Africa and its banking institutions were controlled by the British until 1957. The Bank of Ghana, established in 1953 by the Bank of England, became the main banking institution in the country and oversaw issues of currency, business and personal banking. Further development and economic policies allowed the bank of Ghana to open branches across the nation.

According to Brownbrigde et al Gockel,(1996)), post independence bank ownership in Ghana was largely by government while the state also acquired shares in the already established foreign banks in the mid 1970's. Around this period, the Bank of Ghana, was motivated by three objectives.(Gockel,(1995)

- To raise the level of investment in the country
- To change the sectorial pattern of investment
- To keep interest rates low rates low and stable.

By the late 1980's Ghana Commercial Bank had become the largest in Ghana and held about 36% of total bank deposits. The Social Security Bank (SSB) which had also been set up in 1977 had grown rapidly to become the second largest bank in deposits with 30% of the industry total. Other indigenous banks that were set up in this era were The Agricultural development Bank, The national Investment Bank and the Bank for Housing and Construction. However, the economic crisis of the 1980's called for massive reforms in the Banking sector.

The Financial Sector Adjustment Programme (FINSAP 1 & 2) brought about liberalization and entry of other indigenous private Banks like CAL Bank, First Atlantic Bank and Metropolitan and Allied Bank. Other Foreign Banks like Ecobank and Meridian Bank also added up to the number in this period.

The next Major reforms that followed this era came in the first half of 2000 when the bank of Ghana started issuing Universal banking Licenses to capable Financial Institutions locally and internationally. The real liberalization of Ghana banking sector became very visible in the earlier part of 2004 when the erstwhile Standard Trust Bank of Nigeria launched operations in Ghana.

Customer relationship management had suddenly become visible and well appreciated by banked customers and potential ones. Soon, came other Nigerian Banks such as Zenith Bank, Guarantee Trust Bank, and later Intercontinental Bank. Indeed banking had been democratized in Ghana. In a Speight of a decade, over 15 new foreign Universal banks had established in the country, raising the number to about 25 banks by the year 2010.

The past few years have seen a phenomenal growth in the Ghanaian banking sector. Ghana's financial sector according to the Bank of Ghana, hereafter (BoG) is well capitalized, very liquid, profitable and recording strong asset growth. The total banking system assets at the end of April 2012 stood at GHS 23.2 billion,(BoG). Total industry Deposits stood at GHS 5,150,368.483 in the same period.

The ARB Apex Bank is the umbrella bank for Rural Community Banks and supervises 125 such banks throughout Ghana. A distinguishing feature of the sector is the level of ownership by the private sector, directly or through the capital market when compared with the level of state ownership seen in the financial sector in other African countries.

The Ghanaian banking sector is now very vibrant and modern. According to the second Deputy Governor of BoG, Dr.Mahamadu Bawumia, bank branches in Ghana increased by 11.3 per cent from 309 to 344 between 2002 and 2004 with 81 new branches springing up from 2004 and 2006 and is currently in excess of 600. Twenty six banks are chasing the about 17 per cent of the bankable segment of the population.

2.3 Contribution of International Banks in Ghana

International banks are well represented in the new banking sector in Ghana and the sector is one of the most competitive among emerging market countries and it known for its innovation and resilience. This segment is dominated by Nigerian banks.
According to the African Business Magazine, Nigerian banks make up five of the top twenty banks in Sub-Saharan Africa by capital. Against this brief background, the entry of the number one Bank in Africa, Standard Bank of South Africa (Stanbic Bank Ghana) and the Nigerian banks – Guaranty Trust Bank, Zenith Bank, Intercontinental Bank, United Bank for Africa, etc – into the Ghanaian financial underscored Ghana's economic attractiveness.

The introduction of the universal banking license by the Bank of Ghana has helped the new banks in the country, since they are able to offer a wider range of products to customers. Surprisingly, most of the new local banks that entered the industry did not do things differently from the old and rather laid-back state-owned banks.

Nevertheless, there have obviously been big changes in the banking industry with the entry of the foreign banks. With the large proportion of the population outside the formal banking sectors, and often classified as 'unbanked', the innovations brought on by these banks has been a good omen for many. Many Ghanaians were unaware of the benefits of the financial products in existence and were, therefore, unable to access the needed credit lines even when they had the means to do so. Standard Trust Bank (Now United Bank for Africa) commenced operations in 2004 and for the first time in Ghana's banking history, introduced the cashless account system with Relationship banking as their driver of their business.

In September 2005, Zenith Bank also entered the Ghanaian market, introducing into the country the Information Communication Technology (ICT) platform that has made Zenith a household name with customers in Nigeria. To date, the bank has one of the best ICT infrastructures in the country. The bank is also aggressive in its drive to win customers. Guaranty Trust Bank, GTB, started operations in Ghana in the first quarter of 2007, with InterContinental(Now Access Bank) also forming a local alliance to become the latest Nigerian bank to enter the banking industry.

Apart from the Nigerian banks, the largely Libyan-owned Banque Sahelo- Saharienne Pour L'investissement et Le Commerce Ghana (BSIC) also has also shown interest in the country, with Bank Baroda of India showing presence as well.

BSIC is another bank that could have a positive impact on the Ghanaian financial market. BSIC is a joint financial institution of the Community of Sahel-Saharan States and has an authorized capital of 250 million Euros. It presently operates in more than eight African countries, with most of them in the northern half of West Africa, as well as, Togo and Benin.

BSIC has in the past invested heavily in agriculture in their operative countries, and it is expected that the same strategy will be adopted in Ghana. The most significant development in Ghana is that key players in the country's financial services industry are upbeat about the outlook for the sector, with widespread optimism about future opportunities. Over the past 16 years Ghana has witnessed increased political stability, increased levels of foreign direct investment, enhanced infrastructure and privatization, improved regulation and governance, as well as anticorruption legislation that have all contributed to good governance in the country. The opening up of the banking industry to national, pan-regional and foreign banks could be a key contributor to the development of the country. Already, the competition has focused the local banks' minds on providing relevant products and strong local service.

Some local finance houses have taken advantage of the opportunities offered by the banking sector by taking a step forward to become banks.
Financially, this international banks account for about half of industry deposits and recent figures from Bank of Ghana reports show that total deposits attributable to International banks alone is in excess of GHS 7billion.

International banks in Ghana have no doubt strengthened Ghana's socio-economic backbone as it employs a significant number of Ghanaians and provides the needed financing for private sector growth.

2.4 Customer Retention Strategies of Banks in Ghana

Previous studies have identified the benefits that customer retention delivers to an organization (Colgate et al., 1996; Reichheld and Sasser, 1990; Storbacka et al., 1994). For example, the longer a customer stays with an organization the more utility the customer generates (Reichheld and Sasser, 1990). This is an outcome of a number of factors relating to the time the customer spends with the organization. These include the higher initial costs of introducing and attracting a new customer, increases in both the value and number of purchases, the customer's better understanding of the organization, and positive word-of-mouth promotion.

Apart from the benefits that the longevity of customers brings, research findings also suggest that the costs of customer retention activities are less than the costs of acquiring new customers. For example, Rust and Zahorik (1993) argue the financial implications of attracting new customers may be five times as costly as keeping existing customers. However, maintaining high levels of satisfaction will not, by itself, ensure customer loyalty. Banks lose satisfied customers who have moved, retired, or no longer need certain services. As a consequence, retaining customers becomes a priority. Previous research shows, however, that longevity does not automatically leads to profitability (Colgate, Stewart, and Kinsella, 1996).

On the other hand, Beckett et al (2000) draw tentative conclusions as to why consumers appear to remain loyal to the same financial provider, even though in many instances they hold less favorable views toward these service providers. For example, many consumers appear to perceive little differentiation between financial providers, making any change essentially worthless. Secondly, consumers appear to be motivated by convenience or inertia. Finally, consumers associate changing banks with high switching costs in terms of the potential sacrifice and effort involved. Clearly, there are compelling arguments for bank management to carefully consider the factors that might increase customer retention rates, with research providing ample justification for customer retention efforts by banks (Marple and Zimmerman, 1999; Fisher, 2001). However, there has been little empirical research that investigates the constructs leading to customer retention. Previous empirical work has focused on identifying constructs that are precursors to customer retention. Conventionally, customer retention is defined as "the number of customers doing business with a firm at the end of a financial year, expressed as a percentage of those who were active customers at the beginning of the year Greene (2003).

Greene (2003) went ahead to classify customer retention strategies into two main categories; positive and negative retention strategies. Positive retention strategies lock the customer in by rewarding a customer for remaining in a relationship while negative retention strategies lock the customer in by penalizing their exit from a relationship.

Positive retention strategies according to Greene (2003) include;

- Customer delight or exceeding customer expectation:
- Adding customer perceived value:
- Creating social and structural bonds:
- Building customer engagement:.

Negative retention strategies may include among others, imposing high switching costs on customers, discouraging their defection. The danger of using negative retention strategies lies in the fact that customers who feel trapped may utter negative word-of-mouth to potential

customers.

Other studies have focused on developing measures of customer satisfaction, customer value and customer loyalty without specifically looking into other potential meaningful constructs. Examples of such constructs are competitive advantage, customer satisfaction, switching barriers, corporate image, and bank services characteristics. There have been few, if any, attempts to link them to customer retention. This is curious, for if retention criteria are not well managed, customers might still leave their banks, no matter how hard bankers try to retain them.

The ever increasing competition in Ghana's banking industry and running of similar customer acquisition and management strategies amongst same industry players has led to a situation where customers are inundated with bouquets of banking products and services under different names and styles; all in an effort to win and retain a high market share and to ensure survival. It has become imperative that Banks and their strategist continue to research into the determinants or in order words factors that influence customer segments in their choice of bankers.

Understanding customers' banks selection criteria has been argued to be helpful to banks in identifying the appropriate marketing strategies needed to attract new customers and retain existing ones (Kaynak and Kucukemiroglu, (1992)).

Exploring such information would help service providers to identify appropriate marketing strategies needed to attract new customers

If every bank finds a unique way to concretely understand the basis upon which every customer segment selects their bank, then that bank will ultimately be able to device the most appropriate competitive strategy to win new customers, delight existing one and sustain their loyalty. Growing competition in the banking industry, and similarity of services offered by banks, has made it increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services. Consequently, the issue of "how customers select banks" has been given considerable attention by researchers (for example: Anderson et al. 1976; Evans 1979; Kazeh and Decker 1993; Omar, 2007 Omo,2011 and many others.

UBA, for example, as part of its product innovation strategies launched the "Standard Cashless Account," with the aim of attracting those potential customers who could not have access to banking services in the country, due to prohibitive initial deposit requirements, to be able to open their first bank account.

This initiative seems to have alerted the other banks, who responded by offering no deposit account opening facilities or reduced the minimum deposit required to open an account, also to attract customers. Liberalizing entry and encouraging foreign banks and investors into the financial services industry has increased competition in the banking industry as well as the introduction of strong business practices, technology, products and risk management systems have contributed to capacity building in Ghana.

In addition, HFC bank also grants long-term mortgage loan to its customers. This means that in the new Ghana one does not need to travel to Germany, UK, Italy, Canada or US before one can own their dream home.

There is an adage that says that “catch them young” and true to this adage CAL Bank invited tertiary students to a job fair. All participants were promised “zero accounts opened at CAL Bank, free ATM cards and SMS sign up”. In 2007, Barclays Bank introduced a new product called "Aba Pa" savings and current accounts to encourage more Ghanaians to access bank services. The product advert in the Daily Graphic newspaper read like this; “Aba Pa you can also bank with us”. The product, which targeted the employed with low-income levels below GHS50 and the agricultural sector, offered customers low initial deposits, transaction costs and free bank statements to grow their savings balance on a graduated scale. "Aba Pa", which required a minimum opening balance of GHS 4, also provided funeral insurance cover, a Visa Electronic Debit card and access to loans for all its customers (GNA, April 16,2007).

Ghana Commercial bank (GCB) has a product whereby money can be deposited at any of its branches and received on the same day anywhere in Ghana. No need for businessmen and women to carry huge sums of cash on business trips.

ECOBANK’s Auto Leasing promotion says that “walks in with an invoice for a new car from any car dealer of your choice and drive your dream car away at the Ecobank base rate” (Daily Graphic, April 17, 2007). Stanbic bank is also offering car loans, Standard Chartered, ADB and others are all introducing new products for the benefit of Ghanaians

This has opened up the Ghanaian financial system and the ensuing competition has been good for the industry and has given impetus to dynamic efficiency in the industry. Many of the traditional local banks in Ghana have responded to the innovative products and competition brought by the foreign banks by adopting a strategic rethink, and reshaped their focus and direction in order to be attractive to customers.

2.5 Overview of Bank Selection Criteria

Literature reveals that the issue of bank selection criteria for broad categories of customers has been extensively researched; the following discussion highlights some of the key findings.

Kaufman (1967) investigated the determinant factors used in bank selection decisions by consumers and business firms in the USA. He found that the most influential factors reported by households were convenient location to home or place of business, length of bank-customers relationships and quality of services offered by the bank. Mason and Mayer (1974) assessed the factors used by two groups in USA, that is, high income and low income, in deciding to maintain their accounts at a particular bank. Agreeing with the results of Kaufman (1967), convenient location came on top of the list. In another study, Fitts (1975) found that six factors that influence bank selection are attractiveness to customers: full service bank, customer orientation, a pleasant banking experience, convenience of time, shopping accessibility, and personal

influence.

According to Ramune and Laimona, in their paper titled “ A Standardized model of service provider selection criteria for different service types: a consumer-oriented approach”, the selection of a service provider initiates the relationship between the customer and the service provider and that this is the most important step in customer acquisition.

Hill and Neeley,(1988) writes that, selection of a service provider is a very important but challenging issue in service marketing because services are characterized by intangibility and inseparability of product and consumption. The implication is that customers have no tangible means of proving the quality of a service as the case may be for a product. This assertion of selection difficulties is rife in the selection of banks by potential customers as banking features in the services sector prominently in the world economy.

Fundamental studies into bank selection criteria was done by Anderson et al (1976) and this study found five most dominant criteria as key to customer selection decisions on banks. The reasons are; friends recommendations, reputation of banks, availability of credit , friendliness of staff and account charges.

However other researchers into bank selection criteria have come out with results that vary significantly from the findings of Anderson et al. Haron (1994) carried out more decentralized studies into bank selection criteria in Malaysia by segmenting his target sample into clusters based on religious inclinations. He recorded the following as the most relevant decision making reasons for Muslims; efficient services, speed of transactions, and friendliness of bank personnel. For Non-Muslims, he recorded friendliness of bank personnel, fast and efficient services and bank image as the key influencing factors for selecting banks.

Whiles fast and efficient services seem to be important for both Muslims and non-Muslims in Malaysia; it does not feature at all in the findings of Anderson et al. However for the NonMuslims, image and reputation of bank matters in their choice of it. The latter concurs with Anderson's findings in the USA.

Zineldine et al (1996) also found friendliness of bank staff; account accuracy, transaction management and efficiency in correcting mistakes made the top three in bank the criteria for selecting banks.

Kennington and Hill (1996), had bank reputation showing up in their top three reasons; further confirming the reason given by Non-Muslims in Malaysia for choosing a bank. In this same study which was carried out in Poland, rates/price/cost came as second reason whiles convenience came third. The latter reason reaffirmed the findings from Anderson and Cox (1976) as a reason for customers selecting banks, especially as these two researches were three decades

apart.

Levesque and McDougall (1996) found out in Canada that, providing promised services, getting it right the first time and competitive interest rates are regarded important in customer decision making.

In Singapore Ta and Harr (2000), stated interest rates, convenient locations and quality service as making the first three reasons customers had stated as influencing their choices.

Almossawi,2001, came up with convenient ATM locations, ATM availability at several locations and bank reputation as their top three findings.

In the same year 2001, studies carried out by Gerrard and Cunningham stated secure feeling, electronic services and service provision as the three most influencing reasons. These findings run completely parallel to that of Ta and Harr (2000). The researcher cannot help but wonder why two researchers within the same population in a space of one year failed to find at least on common factor in their top three reasons. It is my opinion that reasons for bank selection by the people of Singapore are as diverse as the individual respondents in the research and dares to say that, this trend would repeat itself from as many respondents as researchers would sample.
Babakus and Eroglu,2004, stated interest rates , overdraft privileges and fees charged for services as customers decision making reasons.

It is worth noting that, findings on various researches spanning over two decades have consistently changed with the times. The gradual shift from Brick and Mortar banking locations to electronic services availability; as shown from Alexander Cox's 1976 findings to Garrard and Cunningham's 2001 findings, demonstrates how civilization has greatly impacted customer choices within the same industry.

It is the researchers thought however that, no definite generalization can be drawn on any group of people since every individual will have a reason which is subject to change each passing day as the respondent's situation changes. Changing situations could reflect in individuals cultural, religious, social, technological and financial changes.

2.6 Bank Selection amongst Students

Research into reasons why students choose banks has been widely covered by various researchers from around the globe; just like generalized researches. As far back as 1977, when banking was somewhat very manual, Gray found that students in the UK considered convenience of locations and parental recommendation as most important reasons for students' choices of banks.

In 1982 Lewis also found these same reasons as the most influencing ones following a more extensive study covering 11 Universities.
Down the decade, Thwaites and Vere (1992) came up with very different findings from similar studies on students. Their findings were that, proximity of an ATM to their colleges, free banking services and student centred offers as key influencing factors for their selection of a bank.

The different findings between Gray (1976) and Lewis (1982) was expected since a decade had elapsed and there had been significant incorporation of modern day electronic banking services..

Shram 1991, found out from his research in the United States that, convenience was the dominant influencing factor for bank selection amongst students, whiles family/parental recommendation came up second; just as Gray (1977) found in the UK.

In a complete twist in findings by Khazeh and Decker (1992-1993) found completely different reasons for banking choices amongst students. Service Charge policy, interest rates charged on loans, time required for loan approval and friend tellers topped the list of reasons given by

students.

In India, Rao and Sharma,(2010) carried out studies amongst Master of Business Administration students and found that students needed Hi-Tech services such as ATMs, phone banking, internet banking etc. the reason for this choices is that these students do not want to spend much time in queues for bank services. Besides students also wanted banks that charge less for services and low interest rates on loans.

2.7 Bank Selection Criteria from Other Countries

Aregbeyen (2011), sampled Nigerians cross-sectionally on their banking choices and concluded that, safety of Funds, and availability of technology based services were the top two reasons for bank selection. Other factors that influenced customer decisions were quick/prompt services, minimum waiting time, good complaint handling, reputation, dependability, one stop banking, any branch banking, innovative products and services, low/reasonable charges and friendliness of staff also came up as other influencing factors for bank selection.

The researcher is tempted to conclude from the findings that, the very volatile security situation in Nigeria where there is a high number of armed robbery attacks on banks and wealthy individuals account for the reason why customers consider safety of funds as prime. There are also several cases of internal fraud within banks in Nigeria and thus the insecure feelings of customers over their funds. Virtual/ E-banking have therefore been preferred as an alternative to transactions.

In order to verify, the researcher will include the three top influencing reasons found by Aregbeyen (2011) in his questionnaire to access the attitude of Ghana based Nigerians to

banking security.

Prior to Aregbeyen (2011), research, Omar (2007) had carried out gender based research on the selection criteria in Nigeria and listed thirteen determining factors for bank selection from amongst Nigerians. These are; Safety of funds, efficient services, speed of transactions, friendly staff, overdraft privileges, bank recommendation, credit availability, low service charges, range of services, convenient location etc.

These findings also reiterated the importance Nigerians give to safety of funds even though four years had elapsed between the two researches and that the latter had covered a larger sample cross-sectionally whilst the former was limited in scope.

Sanyang (2009), researched into Bank Selection in the Gambia and also found out that Safety of funds, speed of transactions, convenient location, efficient services and bank reputation were the five most important factors.

Again it is the view of this researcher that the seemingly unstable political environment in The Gambia, where one Man dictates how the things are done makes Gambians feel insecure about

their investments.

Note again that, Gambia and Nigeria have similar cultures and religious connectivity and therefore could have similar attitudes and or responses to similar situations.

In Ghana, Amoabeng-Agyei (2010) investigated the factors customers consider in selecting a bank. The study provided bank management with information about customer requirements in their choice of a bank. It can also be used as a blueprint for banks.

Result from this study revealed that the five most important factors customers consider when selecting a bank are availability of ATM machine, effective and efficient customer service, ease of obtaining loan, number of branches and paying higher rates on saving.

The research also revealed that friends/relatives are very important to customers in that they are the first source of information about their bank source. Generally, customers' first hear about their bank from friend/family. This shows how important friends/family could be to bank customers as a marketing channel.

The research also concluded that demographic factors and bank selecting factors are significantly related. This is because demographic factors affect the importance customers attach to bank selection factors.

2.8 Bank Selection Criteria amongst Business Owners

For many businesses, the most important factor in doing business is the cost of capital. That is to how much one pays on a debt or the opportunity cost of an equity contribution to a business. It will therefore be right for one to hypothesize that many business minded respondents in a survey on bank selection criteria will talk about interest rates, and cost of doing business as influencing factors for their choices. This assertion by the researcher even without a substantive basis, is confirmed from a survey carried out by Schlesinger *et al.* (1987) in New York. This survey accessed banking choices amongst small business owners and the result was that they regarded lending rates/ cost of borrowing and the ease of borrowing as key influencing choices.

Again, in 1998 Nielsen *et al* carried out an extensive research in Australia; of about 2500 business customers of 25 banks and found that customers favored banks that responded to their credit requirements.

Other researches who worked on bank choices of business include Driscoll (1999), Mylonakis et al (1998) in Greece and they both recorded price and cost of transactions as factors that matter in their choices.

Even though, the writers hypothesis has been backed by these research findings, many other researches
into selection criteria by business found other factors as convenience, efficiency of services offered, friendliness of staff, bank reputations, user friendly technology, customer service etc as influencing factors.

Another study on bank selection criteria by Yue and Tom (1995) was based on ChineseAmericans residing in Sacramento, California. The important factors of bank selection by the customers were found to be efficiency of services offered, bank's reputation, bank fees, location, and interest rates on saving accounts.

2.9 Nigerians Currently Living in Ghana

The last 20 years have witnessed a massive influx of Nigerians into Ghana largely to take advantage of opportunities in Ghana's political and economic gains. Most of these Nigerians are traders in the informal private sector. They can be found in every sector from fast moving consumables through home ware to automobiles and their spare parts. In the last seven years, corporate Ghana has had a substantial number of Nigerian expatriates largely in the banking, insurance and oil and gas sector. Same has been the story in Ghana's educational sector.

According to Azu, in his article on Ghanadot.com of 13/01/2012 a statement attributed to the Governor of the Nigerian central banks claims that, over 71,000 of Nigerians living in Ghana are students. They are found in almost every tertiary institution in this country; be they public or

private.

It is common knowledge that there are more Nigerians in every Ghanaian surburb than any other national from the continent or beyond. According to the 75th Anniversary Edition of the West

Africa Magazine, as far back as in 1959, it was generally known that there were large number of

Nigerians in Ghana than all other nationals. It was however, not known exactly which part of Nigeria they came from nor the role they played then in the Ghanaian economy. Presently the case is different and I will enumerate it shortly.

The 1948 Population Census of the Gold Coast put the total number of Nigerians in Ghana at 46,800. Ten years later in 1958 that number rose to 67,000 due to increased migration and natural increase. Three thousand were known to be Yoruba or Hausa and despite the fact that they were born in Ghana, they do actually consider themselves as Nigerians.

As stated earlier concerning the spread of Nigerian in Ghana, my research across seven regions of Ghana indicates that Nigerians are found in all of them undertaking a wide range of activities from trading, manufacturing, banking, media, construction, agriculture and of course the largest number being students, represented at all levels of the educational ladder. Contacts in the three remaining regions of Ghana are not any different. The same goes for the economy with the presence of Nigerian banks - UBA, Intercontinental, Zenith, GT Bank.

With a commanding private investment of 6.1 billion Ghana cedis in the Ghanaian economy, Ghana Investment Promotion Centre's boss, George Aboagye in the "Ghana Oil", an online news magazine is optimistic that the warm, cordial relationship between Ghana and Nigeria will work down to ensuring a greater ease of life of the people of the two countries.

He estimates that 184 Nigerian projects have been established in Ghana with a total investment of 5.1 billion dollars, making our brother in the sub-region the fifth and sixth largest source of investment by value and number.

To some, this makes us susceptible to the whims of Nigerian investors in the event of a withdrawal of Nigerian investment, especially if there is no corresponding investment or back-up financing to augment such a development. But on the whole, it is a clear manifestation of the growth and coming of age of the Ghanaian economy and its ability to attract quality, solid

financing.

2.9 Nigerians in Kumasi

Kumasi has had a long standing relationship with Nigerian dating to Ghana's colonial era. According to Wikipedia, Akans and the Ashanti Kingdom benefitted immensely from the stranded slaves who originated from Hausa and Yoruba lands into Ghana. According to the website, these slaves served as fighters and laborers for Akan and played a vital role in commercializing the Gold and Kola nut trade. Descendants of these Nigerians have remained and become very established in Ashanti and for that matter Kumasi. Even though politically Ghanaian, these people still uphold their Nigerian identities and keep ties with their roots.

Currently, an estimated figure from the Nigerian Youth Association-Kumasi chapter puts the population of Nigerians in Kumasi at about twelve thousand. They are a key part of Kumasi's vibrant business climate. They are spread out into retail and wholesale of Fabrics, spare parts, importation and distribution of cycles, electrical fittings and appliances and in every aspect of the retail sector. Even though Kwame Nkrumah University of Science and technology boasts of the largest Nigerian student population in Ghana, that number is just about a tenth of Nigerians living in Kumasi (NYA estimates).

A significant majority of the population is Ghanaian born Nigerians and is politically Ghanaian citizens. They occupy the Kumasi Zongo's of Asawasi, Allah Bar, Aboabo and Asokore

Mampong. They can be grouped into three major tribes of Hausa, Yoruba and Igbo. NYA claims that of the remaining 40% of migrant Nigerians living and working in Kumasi, most identify themselves as Igbo's.

There are no exact figures on the number of these population that is banked but the researcher does not think the banked population of this group makes up 20% of the estimated migrant population of 12,000 because most of them have no appropriate requirements like valid identification cards to enable them open accounts.

2.11 Summary of the Review

A review of literature indicates that studies related to bank selection criteria have been mainly conducted in the case of more developed countries. Such studies have contributed substantially to the literature on bank selection factors but their findings may not be applicable to developing countries due to different cultural, political and economic setup.

The reviewed literature shows clearly that there are as many reasons for choosing a bank as there are many respondents in a research. The reasons are as diverse and cut across all demographic, religious, cultural and social barriers. Cultural and geographical similarities within respondents in West Africa, motivated the researcher to juxtapose the works of past researchers from Nigeria, Gambia and Ghana with his findings on Nigerians living in Ghana.

The present study attempts to partially fill the gap in the literature through an empirical analysis of bank selection criteria employed by developing countries.

CHAPTER THREE

METHODOLOGY

3.1 Research Design

According to Saunders et al (2007) and cited by Amoabeng- Agyei (2010), the most important thing to consider in choosing a research strategy is not the label that is attached to a particular strategy, but to consider whether it will enable you to answer your research questions and objectives. Thus your choice of research strategy will be guided by your research questions and objectives, the extent of existing knowledge, the amount of time and other resources you have available as well as your own philosophical underpinnings. Some of the strategies that can be used during a research include; experiment, survey, case study, action research, grounded theory, ethnography, archival research strategy (Saunders et al 2007).)

The research was both exploratory and descriptive. Descriptive design as 'a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon to provide a descriptive of the events occurring. (de Vaus, 2001). In this study, the researcher used the survey method to conduct the research. The survey is a strategy that involves the structured collection of data from a sizeable population. It is a popular and common strategy in business and management research and is most frequently used to answer who, what, where, how much and how many questions. It therefore tends to be used for exploratory and descriptive research, (Saunders et al 2007).

This study employs participatory methods which can only be achieved using qualitative techniques. In gathering data through the administering of questionnaire quantitative method is the best choice, since this study used participatory methods and the administering of questionnaire both quantitative and qualitative studies were adopted.

3.2 Sources of Data

The study employed primary data. The primary data gathering instrument was structured questionnaires and the nature of the data was both qualitative and quantitative. The secondary sources of data was obtained from published and unpublished documents in the area bank section process and any other instruments that might have been of significant importance to the study.

3.3 Unit of Analysis

The research was undertaken on Nigerians living in Ghana and targeted specifically the Nigerian business man and the Nigerian student. The case study was on Nigerians in Kumasi.

3.4 Population and Sample Frame

Population refers to group of people from whom a researcher wants to draw conclusion. It is the bigger set from which a smaller set /sample is chosen. Populations are usually very large and virtually impossible for a researcher to be able to cover its entirety. This research was therefore structured to be a case study to enable a more focused research.

The target population in this study are Nigerians Living in Kumasi. The researcher chose this particular population because the vital role they have played in the socio-economic transformation of Ghana from our post colonial history. The estimated Nigerian population in Ghana is over 1 million whiles those in Kumasi is estimated at about 12,000. (Nigerian Youth association -NYA estimates).These includes students and business persons and excludes Nigerians who consider themselves Ghanaians by virtue of birth and length of stay in the country. The adult population amongst this number is estimated at 5000 (NYA estimates) amongst whom less than half have banking relationships.

According to Denscombe (2007), a sample frame is an objective list of “the population” from which the researcher can make his /her selections. He reiterates that, the sample frame should ideally contain a complete, up-to-date list of all those that comprise the population for the research.

The researcher dealt with Nigerian students on campus and Nigerian business owners who have banking relations with both United bank for Africa and other universal banks within Kumasi. The active number of Nigerian students account holders with various banks was about 368. On the other hand the researcher could not ascertain the actual number of Nigerian business owners who had bank account. But almost the entire card bearing members of NYA had their businesses registered and had bank accounts for the business. This list had four hundred and seventeen (417) members.

3.5 Sample Size.

According to Saunders et al, 2007, a sample is a subset of a population from whom a researcher focuses his study attention. Researchers are seldom faced with Logistic and time constraints in dealing with large populations, they therefore resort to choosing individuals from the population in a designed fashion that is representative. There was a need to sample since the researcher was constrained by time and financial resources to survey the entire population.

The sample size targeted by the researchers for the accessible 368 Nigerian student account holders was 100. On the other hand, twice this amount was targeted from the business owners who had NYA membership cards and could be contacted at their\ places of business. From NYA, the researcher picked a list of card bearing members in Alabar and Central Market which numbered 114. A second list of card bearing members in Suame Magazine numbered 97. The total number of business owners targeted was 211 which represented 51 percent.

The total sample of both students and business owners was 311 out of the sample frame of 785 and this represented 40 percent of the sample frame.

The researchers' confidence in this sample size of 311 is grounded upon literature by Hoinville *et al*.,(1985).He states "In practice, the complexity of the competing factors of resources and accuracy means that the decision on sample size tends to be based on experience and good judgment rather than relying on a strict mathematical formula". Dencombe (2007) proceeds on this premise to contend that surveys in social research does not necessarily have to involve samples of 1000 to 2000 people or events; and that for small scale surveys, the frequently used sample size is usually between 30 to 250. Denscombe however advices researchers to always note the following;

- The accuracy of the results from the sample
- The number of subdivisions likely to be made within the data
- The likely response rate
- The resource availability

The researcher ensured that the sample selected was representative of the banking population of Nigerians in Kumasi. The sample also encompassed the major categories of Nigerians in Kumasi and whiles working closely with research assistants the researcher ensured a high response rate. These are the steps employed by the research to ensure a reliable research outcome with the chosen sample.

3.6 Sampling Technique

The sampling procedures that were employed are quota and purposive sampling techniques. The first sampling technique which is quota sampling is entirely non-random and is normally used for interview surveys. Quota sampling is a type of stratified sampling technique in which selection of cases within strata is entirely non-random. Quota sampling is usually used for a larger population. In using the quota sampling, the Nigerian population was divided into two groups; namely students and business persons. Purposive sampling was used to select the students of KNUST who were known to the researcher as a group of Nigerians who resided in the

International student's hostel in KNUST.

Convenient sampling was then used to pick a hundred (100) Nigerian students. The researcher targeted any Nigerian student who walked into the offices of the United Bank for Africa to transact business. Each student's name and contact was taken by the researcher and the individual was informed that, he/she was being sampled for this research.

Purposive Sampling was again used to target the Nigerian business community. The researcher had prior knowledge that all the registered members of the Nigerian Youth Association (NYA) were in Kumasi for business purposes. In fact, the Association was formed by Migrant Nigerian traders in Kumasi to Champion their course. They have subgroups under the NYA umbrella in accordance with their tribal identities or states of origin back in Nigeria.

However, the researcher dealt with the active membership of the Nigerian Youth Association who carried out their trade in Alabar, Central Market and Suame Magazine. These are the three concentration camps of Nigerian businesses.

3.7 Data Collection Instruments

Most of the primary data was obtained in the course of the researcher's job duties as a banker in a Nigerian bank. The researcher interacted verbally with scores of Nigerian residents in Ghana either as business owners or as students. He gathered data by administering questionnaires to the informal sector business owners who numbered about 200.Same questionnaires were administered to 100 Nigerian students of KNUST.

The secondary data was obtained from published and unpublished research finding undertaken by previous researchers in the area of bank selection criteria.

3.8 Pilot Testing Of Instruments

The researcher engaged 32 students who walked into his place of employ; United Bank for Africa-KNUST branch, to open bank accounts in casual conversations. Through a sample of the questionnaire, the researcher repeatedly asked these students the key question what reason accounted for their choice of UBA as a bank.

Out of the 15 respondents, 4 said that safety of their funds mattered most. 7 said, ease of remitting money to import their goods was the most important factor to them. Two (2) said, Relationship Management was very important whiles the remaining three(3) said, access to credit facilities was the most important factor they looked out for before choosing a bank.

In an ensuing questionnaire, the researcher included all the listed factors that the test samples had stated in the pilot testing of questionnaires in a table where respondents were asked to grade between 1 and 6, their preferences in selecting a bank; with 1 being the most important and 6 being the least important.

3.9 Data Analysis

Based on the nature of data collected, a combination of data analysis techniques was employed. Content analysis was used to facilitate synthesis of responses that were gathered through interviews, questionnaires and personal observations. The use of statistical tools such as percentages and ratios also enabled a summary of questionnaires of the perception of the respondents. Also, tables and figures were employed in summarizing the views of respondents on thematic areas of the study.

In terms of data analysis, both the quantitative and qualitative techniques were used. Data desegregation and statistical application techniques were used in analyzing responses. The reason for the combination of techniques was to ensure that the generalization was based on credible and reliable means of analyzing data from the field. Excel and other simple mathematical tools were used to analyze the data collected.

3.10 Brief Profile of Case Study

The case study was on Nigerians living and engaged in informal sector business in Kumasi. The research aimed at finding out Bank selection choices of Ghana- based Nigerians but constraints of Time and logistics left the researcher with no choice but to carry out a case study.

A sample of 311 respondents was taken from and estimated Nigerian migrant population of 12,000. This estimated population includes Ghanaian born Nigerians who consider themselves Ghanaian and the about One thousand Nigerian student population of KNUST. The researcher had to rely on the active membership of the Nigerian Youth Association (NYA) to engage his sample from the business community but randomly selected the student sample by engaging them at the Hostel of residence.

The Nigerian community in the Kumasi market is actively engaged in both wholesale and retail of goods ranging from Food through Fabric, machine accessories and spare parts. They are spread out in location across the major markets of Kumasi. That is, from Alabar through the Central Market to Suame Magazine.

The research target has played a key role in the socio-economic development of Ghana from the post colonial era to date and controls a significant amount of businesses in Ghana. They have a huge financial potential and constitutes a good target for the Marketing staff of Retail and Commercial banks.

In working to find out the factors behind the choice of banks for this group of people, the research aimed at gathering relevant data that would inform the strategist of Banks. The research also aimed at assessing the economic contribution of this group to Ghana.

CHAPTER FOUR

RESULTS, ANALYSIS AND DISCUSSIONS

4.1 Introduction

This chapter looks at the objectives of the study with regards to the primary data collected from the field and also presents the results of the statistical analysis. The questionnaire was designed purposely to gather information on the factors Ghanaian based Nigerians consider when they are selecting a bank. In doing so, it was imperative to gather demographic information about respondents and factors they consider important in selecting their banks. A response rate of 100% was achieved for the student sample whiles a 73.5% was achieved with the traders. The mean rate of response was therefore 82%. The response rate is estimated to reflect an accurate reply of the population from which the sample was drawn.

4.2 Demographic information

The researcher, in the questionnaire ascertained some general question on the demographic information of respondents. It represents demographic statistics of the respondent and it includes; sex, age, education level and occupation.

The general trend in Africa is that Men tend to take care of their families by getting involved in a traditional or non - traditional occupation. The survey revealed same for the gender ratio with the male population dominating amongst the traders.

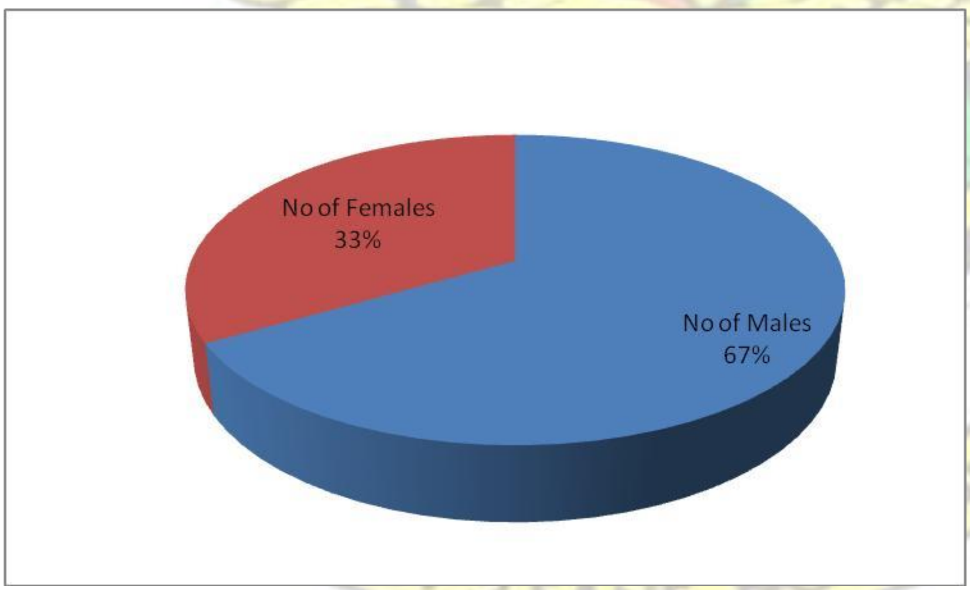
The age structure of the population in a country provides a picture of the level of age dependency in the economy and also serves as a determinant for measuring economic activity of the population. From the survey, the ages of the respondents interviewed reflects a high rate of the population who are economically active. Age and gender impacts very well on choices and therefore needed to be captured in this research.

Gender	Traders	Students	Total	Frequency
MALE	116	54	155	67 %
FEMALE	39	46	100	33 %
Total	155	100	255	100 %

4.2.1 Gender of respondents

Table 4.1 Showing the Gender distribution amongst Nigerian Traders and Students Sampled

Figure 4.1 Shows the Gender distribution of Nigerians in Kumasi



Authors Field Survey, 2012

Figure 4.1 Gender of Respondents

Figure 4.1 shows the gender distribution of the respondents and it portrays a high dominance of males to females. With a sample of 255 respondents, 170 are Males and 85 are females representing 67% and 33 % respectively. The breakdown between students and traders is 100 and 155 respectively with the male traders being 116 and male students being 54. The female traders to female students were 39 to 46 respectively. This trend reflects existing evidence that more Nigerian Males emigrate to Ghana to do business and brings along the gender ratio range shown in Aregbeyen(2011); whiles the students male to female ratio also reflects the almost 5050 presence of Male and female Nigerians studying in Ghana.

Table 4.2 Shows the Age groups of respondents for both traders and students

Age range of Respondents	Traders		Students		Total	Frequency
	Male	Female	Male	Female		
Less than 20	0	0	36	33	69	27.0 %
20 – 29	17	0	18	17	52	20.4 %
30- 39	27	25	0	0	52	20.4 %
40 – 49	52	14	0	0	66	26.0 %
50 – 59	16	0	0	0	16	6.2 %
Above 60	0	0	0	0	0	0.0 %

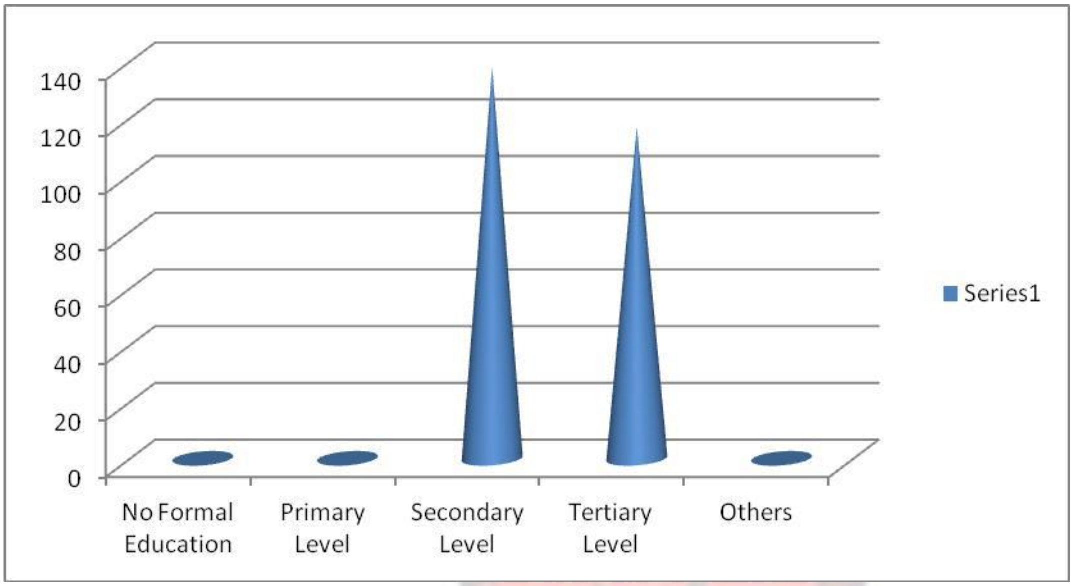
Total	112	39	54	50	255	100.0 %

Again, table 4.2 indicates the age structure of the respondents. The table illustrates a mix of age groupings who expressed their opinions on their banking preferences. The study would therefore attain a diverse description of results as far as the objective is concerned. The majority was below 20 years representing 27 percent from two hundred and fifty five respondents. All of this group were students and the next dominant group was between 40-49 (26%) mainly of traders.

This result does not verily concur with Aregbeyen(2011) dominant age range of 31-40

4.2.1 Educational Level of respondents.

A person's level of education tells on the persons decision making ability and reflects the quality of the choices made. In the case of this study, the education level was important to adequately assess a person's level of education and the factors they will opt for when selecting a bank. Also, if there is a direct relationship between ones level of education and the probability of the person transacting business with a bank. Below is a figure showing the distribution of the educational levels of the Nigerians sampled.



Authors Field Survey, 2012

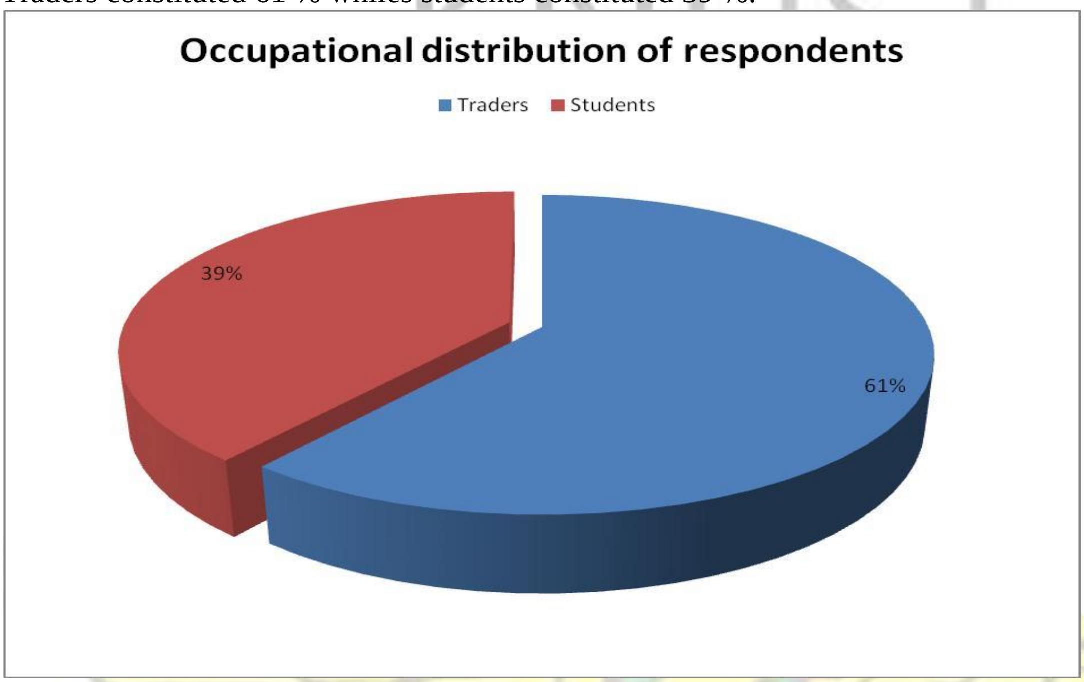
Figure 4.2: Educational Level of Respondents

The research revealed that all the Nigerians captured in the sample had formal education. Out of the total sample of 255, 138 which represented 51% had up to Secondary education. This group was dominated by males in the business sector. The other 117, which represented 49% of the sample and these was dominated by the 100 students. It was surprising to realize that the other 17 of those who had tertiary education were female traders some of whom happened to be wives of some of the male traders. Aregbeyen (2011) had sampled more respondents with tertiary education and yet there was no specific outcome that suggested a trend for highly educated respondents. Majority of the respondents cared about the safety of their funds whiles in India Rao (2010) found that those with tertiary education preferred efficient E-banking services.

4.2.2 Occupation status of respondents

The occupation of the sampled population became an imperative assessment to ascertain how a person's occupation impacts on or her financial decision making. The two categories of respondents sampled were traders and students. The survey revealed that these two groups had varying banking needs and hence looked out varying factors in making banking decisions.

Traders constituted 61 % whiles students constituted 39 %.



Authors Field Survey, 2012

Figure 4.3: Occupation status

It was found from the research that traders preferred current accounts together with their business accounts just because their occupation demands that they have business accounts and then because they issue and receive cheques for clearing. On the other hand, students preferred savings accounts because they want maintain or grow their deposits with banks.

4.3 Account type

Banks run different types of accounts which come with their unique features. The various types are Savings accounts, Current accounts, Business accounts and various types of investment accounts; being fixed deposit accounts and call deposit accounts.

Savings accounts have the feature of accruing interest on accounts balances at the end of every calendar month. The interest paid is subject to every banks rate regime but this type of account does not attract charges of any sought and that is a preferred account for people who don't do regular withdrawals and intend to preserve and grow their money. Another feature of this account is that, most requires a minimum deposit balance below which no withdrawal can be done.

On the other hand, current accounts have the feature of attracting monthly charges usually termed as Commissions on transactions. It does not accrue any interest payments; hence there can be a zero balance on the account at a point in time. Business accounts are also current accounts but bears business name instead of individual names. Features on these accounts are similar to what pertains with current accounts but the charges on transaction might vary.

Investment accounts are ad hoc accounts that hold money at an agreed rate of return for a period. They are not transactional in nature and seize to exist when an investment matures. This category of accounts did not matter in this research since the target population had specific banking needs.

Table 4.3: Account type

Account type	Traders		Students		Total
	Male	Female	Male	Female	
savings account	31	39	45	33	148
current account	26	0	9	13	48
Business Account	59	0	0	0	59
Total	116	39	54	46	255

Authors Field Survey, 2012

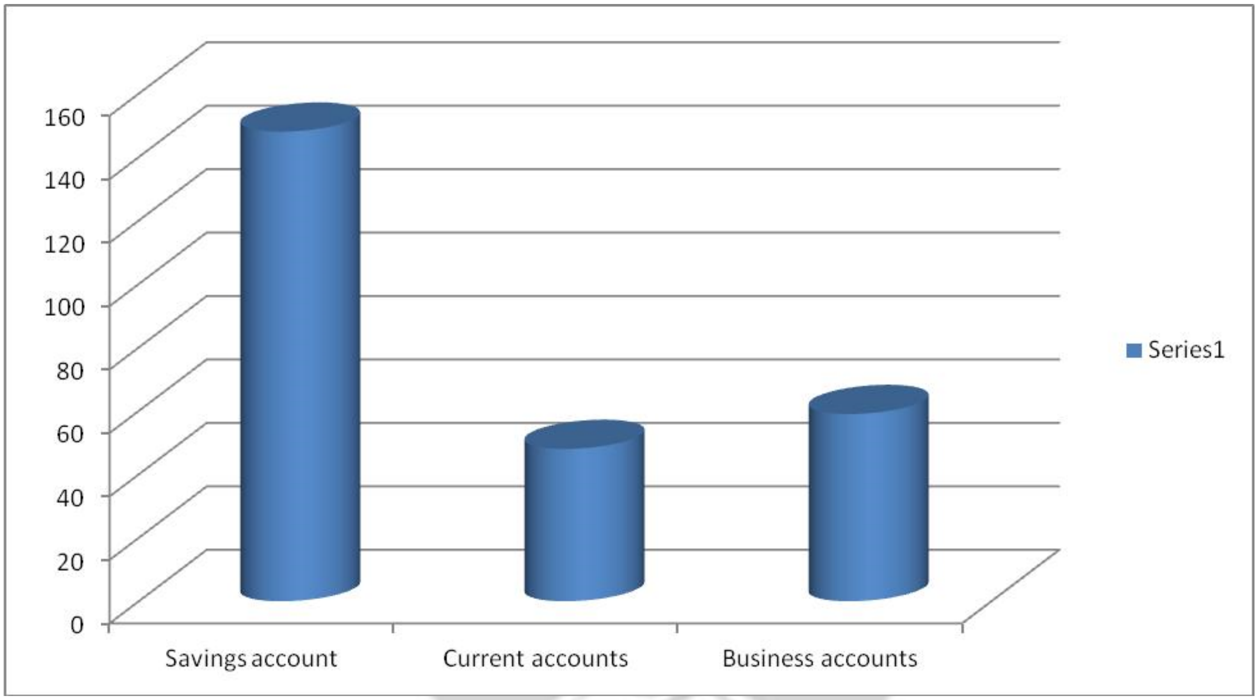


Figure 4.4 showing the account holding categories amongst sampled Nigerians

Findings from the research showed that majority of the sampled Nigerians held savings accounts. Out of the 255 sampled, 148 representing 58% of the sample. Business accounts followed with a total of 59 representing 23%. The least type of accounts held by Nigerians was current accounts.

48 of the 255 representing 19% held current accounts.

The highest number of savings account holders was students who held 78 out of the total 148 while the remaining 70 were traders. Proportionally 78% of students preferred savings accounts compared to 45% of traders and that means just like Ghanaian students as found by AmoabengAgyei (2010); Nigerian students preferred savings accounts to current accounts. The researchers also found that most of the traders who had savings accounts also had business accounts and that the savings accounts were not their main transactional accounts.

Even though only 59 had business accounts all the other traders admitted that they still used their personal savings and current accounts.

4.4 Income bands of Respondents

In an attempt to assess the economic potential and contribution of Ghana based Nigerians, it was imperative to include in the questionnaire, the monthly income ranges and sales figures of students and traders respectively. The sales figures of traders have a direct correlation to their nominal available funds to be spent or circulated in the Ghanaian economy. The monthly stipend of Nigerian students in Ghana also ends up being spent directly in the Ghanaian economy. Having an idea of these financial statistics will enable banks streamline their targeting of these group.

Table 4.4 showing the monthly sales ranges of Sampled Nigerian Traders

Monthly Sales Range	Frequency	Percentage
1,000 – 5,000	19	12.0
5,000 – 10,000	36	23.0
10,000 – 25,000	66	43.0
Above 25,000	34	22.0
Total	155	100.0

Table showing the Monthly sales figures of Nigerian traders sampled in Kumasi

Findings from the field revealed the figures in table 4.3 above and it shows that 66 of the traders recorded monthly sales of between GHS 10,000 and 25,000. Another 34 of the traders indicated that they made monthly sales in excess of GHS 25,000. The percentages are 43% and 22% respectively.

It is the researchers assumption that if the estimate that more about half of the about 1.2million

Nigerians in Ghana are engaged in medium scale trading with 43% making monthly average sales of about GHS 10,000, then these traders contribute over GHS 430,000,000 in economic terms to Ghana's economy.

Table 4.5 Showing the monthly stipend ranges of Nigerian students sampled in Kumasi

Monthly Sales Range	Frequency	Percentage
100 - 500	26	26.0
500 – 1000	47	47.0
1000 – 1500	16	16.0
1500 - 2000	11	11.0
Total	100	100.0

The data gathered to ascertain the disposable income of Nigerian student's sampled show that 47% of them have between 500 and 1,000 Ghana cedis to spend on a monthly basis. The last statistics on Nigerian students studying in Ghana put the their number at over 71,000(Ghanadot.com 13/1/2012). If this figure is to go by, then Nigerian students could be spending up to 71,000,000 Ghana cedis in Ghana on a monthly basis.

The researcher estimates that the total financial capacity of Nigerians in Ghana for both traders and students on a monthly basis stands at about GHS 501,000,000 Ghana cedis.

The estimated figure above is far more than the deposits of some major universal banks in Ghana, and a concerted targeting of Nigerians by any bank will inure tremendously to its benefit.

4.4 Banks with which Nigerians in Kumasi keep accounts

The research revealed that amongst the 18 Universal banks that have branches in Kumasi the Nigerians sampled for this research kept their accounts with the following banks and frequency.

Table 4.6 Showing the banks with which the respondents held accounts

Name of Bank	Traders	Students
Ecobank/TTB	76	73
CAL Bank	7	19
Stanbic Bank	44	0
U B A	111	81
Access Bank	42	0
Guaranty Trust Bank	23	0
ADB	5	0
FAMB	3	0
HFC	9	14
ZBL	0	0
Prudential	0	0
Fidelity Bank	0	0
BSIC	0	0
Merchant Bank	0	0
NIB	0	0
Stanchart	0	0
Energy Bank	0	0
GCB	0	0
Barclays	0	0

ICB	0	0
SG-SSB	0	0
Bank of Africa	0	0
UT Bank	0	0

Amongst the 23 universal banks with outlets in Kumasi, only 8 had customers amongst the sample of 255. It was found that these banks had presence in the very busy market areas where there is a concentration of Nigerian businesses. Ecobank and UBA that happened to be the main banks that showed up for students were found to be the only banks on KNUST campus with Nigerian links. CAL bank and HFC recorded small number of patronage from Nigerians.

4.5 Factors that influenced Bank Patronage

The results of the Pilot Testing of questionnaires, revealed some factors the targeted population regarded as important in their bank selection. Literature reveals a countless number of factors people consider before taking bank selection decisions and some scholars have concluded that these factors are as numerous and subjective as the subjects in any research.

The researcher had purposefully included the prime findings of other researchers who had worked on the same sample in different locations of Nigeria and The Gambia.

The following factors that had emanated from the pilot testing were subjected to a Likert scale rating by the sample and the responses gathered are as shown below;

Table 4.7 Showing factors suggested by respondents as most important in bank selection

Factor	Most Important Factors in selecting a bank					
	1	2	3	4	5	6
National Loyalty	0	0	23	27	34	156
Quick and efficient Services	47	56	68	36	25	42
Recommendation by parents	17	39	10	29	21	12
Efficient International Money transfer/Remittance	86	44	49	52	26	19
Efficient E-banking Services (ATM, Internet and Phone)	47	7	12	41	55	8
Safety of Funds	27	40	41	35	36	19
Assess to Loans / Overdrafts	31	69	52	36	43	28

Authors Field Survey, 2012

It is important to emphasize that customers are always abound with choices and at any particular point in time they have a scale of preference. It was therefore necessary for the researcher to try and get an insight into the choice characteristics of this customer segment and to avail it to banks so as to enable them develop their strategies. The relevance of this exposé is to set guiding principles in deciding on the types of products and service a bank and for that matter banks should pay attention to in their quest to have more customers within the Nigerian community.

4.6 The relationship between bank selection factors and demographic factors

This part of the research seeks to find out the relationship between bank selection factors and demographic factors. It is believed that a person's demographic factors affect its decision making.

4.6.1 Gender and their bank selection preferences

It is assumed that in making decision, what males consider are different from what females consider. From Table 4.5, out of the 85 females who answered the questionnaire, 30 respondents(35%) were of the view that Efficient international money transfer/remittance was important whiles 56 males(33%) rooted for the same factor. These percentage proportionalities reflected in the subsequent factors amongst the males and females alike.

Table 4.8: Gender and their bank selection preferences

Responses	Sex		Total
	Female	Male	
National Loyalty	0	0	0
Quick and efficient Services	19	28	47
Recommendation by parents	7	10	17
Efficient International Money transfer system/Remittance	30	56	86
Efficient E-banking Services (ATM, Internet and Phone)	15	32	47
Safety of Funds	9	18	27
Assess to Loans / Overdrafts	5	26	31

Authors Field Survey, 2012

Finding out that both Women and Men alike chose Efficient International transfers as the most important factor do not confirm findings of Cetorelli et al (2001), which stated that females are most likely attracted to banks with reputation as well as security. Out of 85 females, 30(35%) chose efficient international transfer systems as most important reason for choosing a bank whiles 56 male respondents, 56 (33%) of them indicated same reason.

4. 7 Consumer's educational level and their bank selection preferences

The analysis revealed that 86 of the respondents 42 of whom were traders and 44 of whom were students felt that the most important factor was efficient international money transfer systems. Whiles the 44 were all of tertiary level, the 42 was predominantly in the secondary level of

education.

Those traders who valued quick and efficient services most were 39 in number and were also in the secondary level. 31 students also in the tertiary level preferred efficient E-banking as the most important selection reason.

Table 4.9: Educational level and their bank selection preferences

Responses	educational level					Total
	No formal education	primary school	secondary	tertiary school	other	
National Loyalty	0	0	0	0	0	0
Quick and efficient Services	0	0	39	8	0	47
Recommendation by parents	0	0	0	17	0	17
Efficient International Money transfer system/Remittance	0	0	42	44	0	86
Efficient E-banking Services						

(ATM, Internet and Phone)	0	0	16	31	0	47
Safety of Funds	0	0	18	9	0	27
Assess to Loans / Overdrafts	0	0	25	6		31

Authors Field Survey, 2012

Table 4.10 Age group and their bank selection preferences

Responses	Age						Total
	less than 20	20-29	30-39	40-49	50-59	60 and above	
National Loyalty	0	0	0	0	0	0	0
Quick and efficient Services	0	17	37	13	11	0	47
Recommendation by parents	14	3	0	0	0	0	17
Efficient International Money transfer system/Remittance	17	15	19	29	6	0	86
Efficient E-banking Services (ATM, Internet and Phone)	16	31	0	0	0	0	47
Safety of Funds	0	0	18	9	0	0	27
Assess to Loans / Overdrafts	0	0	25	6	0	0	31

Authors Field Survey, 2012

From table 4.10, the analysis revealed that respondent with regard to the age group of less than

20 years 17(36%) of the respondents were of the view that Efficient international money transfer/remittance is their most important factor while 31(47%) of the respondents between 2029 indicated Efficient E-banking services as the most important factor. 29(51%) between the ages of 40- 49 thought that Efficient international transfers/remittance were the most important selection

factor. The researcher found a spread of choices amongst the various age ranges but the mean responses for each age group under efficient international transfers were dominant.

Table 4.11 Occupational status and their selection preferences

Factor	Very important		Total
	Traders	Students	
National Loyalty	0	0	0
Quick and efficient Services	39	8	47
Recommendation by parents	0	17	17
Efficient International Money transfer system/Remittance	42	44	86
Efficient E-banking Services (ATM, Internet and Phone)	16	31	47
Safety of Funds	27	0	27
Assess to Loans / Overdrafts	31	0	31
Total	155	100	255

Authors Field Survey, 2012

Data gathered during the research showed that for both students and traders efficient international money transfer /remittance was ranked as very important. 86 respondents of the 255 representing 34% of total respondents stated this factor as important. The researcher found that many of the traders were actually minor importers of whatever they traded in and therefore relied heavily on banks for their transfers abroad. The efficiency of these transfers had an impact on their businesses. Again, most of the students sampled thought that being able to receive remittances from their parents through their banks mattered most. Every other factor came second to this. 44% of the students chose this factor. This finding was not in tandem with findings of Huu and Karr (2000) amongst Singaporean students who preferred price and product dimensions were most important. It also does not agree with Gray (1976) and Lewis(1982) who both found Recommendation by parents as the most important factor. Thwaites and Vere (1992) found amongst students that proximity of an ATM location mattered most to students but in this research amongst Nigerian students in Ghana, this reason only came second.

On the other hand, 42 of the 155 traders representing 27% chose this factor as most relevant.39 of them (25%) thought Quick and efficient services as the most important. Only 8(8%) students considered this factor as most important. 31% of students considered efficient E-banking services, thus ATM, Internet banking and SMS banking as most important to them. Just 16(10%) of traders considered this factor as important.

Again, 31(20%) traders thought that, Access to loans and overdrafts mattered most in their bank selection. Amongst students however, the factor that received the third most important ranking was Recommendation by parents. 17% of students stated this key to their choice of banks.

4.8 Other Factors Respondents considered important to Bank Selection

During the research it became obvious that the researchers had not picked up some other considerations during the pilot testing and so did not include some factors in his grid of important factors. Amongst the other factors that came up as important in influencing bank selection are:

- Nearness of bank location to Customer
- Good relationship Management
- Low transactional charges

The responses showed that 83 out of 155 of the traders regarded nearness of a bank to their place of business as very necessary. This represented 54% of traders. 41 of them considered relationship management as very important to their being with a bank. They made up 26% of the trader population. The remaining 31, 20% stated that COT and other transactional charges influenced their choices.

Good relationship management/ customer service delivery was another factor that the student felt was relevant. Majority of the students did not state any other influencing factors besides those on the researcher's grid. Just 28 out the 100 responded to this question and all of them mentioned Good customer services as important to them.

It was surprising to find out from the research that majority of Nigerians living in Ghana did not care if a bank was of Nigerian origin. On the substantive question of whether one would choose a Nigerian bank over a Ghanaian bank if both offered same services, 16 out of the 255 (6%) answered YES whiles 93(36%) said NO. The Majority 58% said they were INDIFFERENT.

CHAPTER FIVE

SUMMARY OF THE FINDINGS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the researcher presents the major findings, recommendation and the conclusion of the study. The findings are outlined in direct response to the objective of the study which sought to among others to investigate into the factors customers consider in choosing a bank.

In addition to the findings, some recommendations have also been provided to help banks know which product and services they should pay more attention to so as to gain competitive advantage.

5.2 Major Findings

The following are the major outcomes of the study:

- Both categories of respondents (traders and students) want to be with a bank that is very efficient in carrying out international transfers and processing foreign remittances.34% of traders and 44% of students chose this factor as most relevant.

- The second majority of students (31%) chose Efficient E-banking services(ATM,Internet and SMS) as most important.

- Amongst the factors which were given as determinants of bank selection factors, 54% of traders thought Nearness of a bank to their business location was very important. Amongst other factors too, students though good customer care was very important.

- In ranking the most important factors considered in selecting a bank by each category of respondents, the first three factors which were marked are traders

    - Efficient International transfer systems/Remittance
    - Quick and efficient service delivery
    - Access to loans and overdrafts

- Amongst students the most ranked three factors were;

    - Efficient International transfer systems/Remittance
    - Efficient E-Banking services (ATM,Internet and SMS)
    - Recommendation by parents

- Two factors that appeared to be of relevance to respondents but was not captured in the factor grid by the researchers were; Nearness of bank to customers place of business and Good relationship management/ customer service.

- Majority of Nigerian traders sampled operate Business accounts related to their SME business status even though those who use their individual Savings accounts for business are more in actual numbers.

- 43% of Kumasi based Nigerian trader's record monthly sales of between GHS 10,000 and GHS 25,000.

- Majority of sampled students receive a minimum monthly Inward remittance of between GHS 500 and GHS 1000.

- National Loyalty, a factor that was presumed by the researcher to influence bank selection amongst Nigerians living in Ghana did not appear to be relevant to both

  Nigerian traders and Students. It received the least appreciation.

5.3 Conclusion

As a follow up to the findings of previous scholars in the West African Nations of Nigeria, Gambia and Ghana, this research investigated the factors that influenced banked selection amongst Ghana-based Nigerians using those in Kumasi as a case study. It further aimed at assessing the financial capacity of Nigerians in the informal sector of Ghana's economy.

Findings from the research were meant to serve as a blueprint for bank strategist to inform their targeting of this population in Ghana.

Result from this study revealed that the three most important factors Nigerian traders in Ghana consider when selecting a bank are; Efficient International Money transfer systems/Remittances, Quick and efficient service delivery, and Access to Loans and overdrafts. On the other hand,

Nigerian students found the following as three most important factors in their selection of a bank; Efficient International Money transfer Systems/Remittances, Efficient E-banking Services and Recommendation by parents.

Factors such as Nearness of a bank to a business location, Good relationship management/ Customer service and Costs on Transactions came up as other factors that are relevant to their selection of banks.

The estimated Nigerian population of 1.2million resident in Ghana is largely engaged informal trading both on large and small scale. The rest are into formal expatriate employment and education. This population controls a significant financial and economic base of Ghana and drives foreign trade and remittance. It will be very prudent for banks to understand the unique value proposition of this population so they can strategize to maximize their value they have.

5.4 Recommendations

Kumasi is Ghana's second largest city and has the largest number of Rural and non-bank financial institutions in Ghana in addition to over 120 universal bank branches. This reality makes competition for customers very stiff and banks within this markets need to understand the customers who drive the finances of the Kumasi economy. The results of this research have culminated in the following recommendations;

1. Marketing staff of banks should note that Nigerians doing business in Ghana control some key business sectors with great financial potential. Nigerians are the dominant immigrants in Ghana with the highest international student population. They have specific banking needs that need to be satisfied in order to maximize gains from them. Therefore banks must target this group in the development of their strtegic marketing

   plans.

2. For traders banks, banks should pay attention to the three most important factors that seem to surface amongst Nigerians them being: Efficient International transfer systems/Remittance, quick and efficient services, and Access to loans and overdrafts.

3. In targeting Nigerian students, bank strategist should ensure that they are able to provide efficient international money transfer systems and efficient E-banking services.

4. Respondents of all groups contended that, Nearness of banking locations to their places of work and abode was very important and that means that banks with a wider branch spread stands a better chance of winning and maintaining customers.

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"*Total assets of Banks in Ghana*"-www.ghanabizmedia.com/ghanabizmedia/.../172-total-totalassets-of-banks-reach-billion.html

DRAFT QUESTIONAIRE

KNUST SCHOOL OF BUSINESS

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

PROJECT TOPIC: A Case Study of Bank Selection Criteria amongst Kumasi-based Nigerians

Please tick [√] where appropriate

1. Gender

   a. Female ☐ b. Male ☐

2. Age

   a. Less than 20 ☐ b.20-29 ☐ c.30-39 ☐ d.40-49 ☐ e.50-59 ☐

   f.60 and above ☐

3. Educational Level

    a. No formal education ☐ b. Primary school☐ c. Secondary school☐

    d. Tertiary ☐ e. Others☐

4. What do you do for a living?

    a. Trade ☐ b. student ☐ c. Unemployed ☐

5. Do you have a bank account?

    a. Yes ☐ b. No ☐ c. No response

6. How many bank accounts do you keep?

    ……………………………………………………………………………………………..

7. Which banks do you keep accounts with?

    ……………………………………………………………………………………………

8. Which of the banks stated above is your regular bank?

    8b. Why is this your preferred bank?...
    ....
    ....
    ....
    ....

9. What kind of account do you hold?

    a. Savings ☐ b. current ☐ c. business account ☐ d. All ☐

10. If you are a trader what is your average monthly sales?

11. a. 1000 – 5000 b. 5000 – 10000 c.10000 – 25000 d. above 25000

12. If you are a student, what is your monthly stipend?

a.100 – 500 b. 500- 1000 c. 1000- 1500 d. 1500 – 2000

13. Please rank the factors below in order of importance with 1=Most important factor and 6= Least important

Factors	1	2	3	4	5	6
National Loyalty						
Quick and efficient services						
Recommendation by parents						
Efficient E-banking services(ATM,Internet,Sms						
Efficient international money transfer syetem/ Remittance						
Safety of funds						
Assess to Loans/overdrafts						

14b. Please give a brief justification for your ranking in 14a above……………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………

14b. Besides the Factors stated in 14a above, what other factor, in your opinion would influence your selection of a bank?
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………

15. Would you choose a Nigerian bank over a Ghanaian bank if they both offered you same service satisfaction?

a) Yes b) No c) Not relevant

Thank You.