Volume : 5 | Issue : 3 | March 2016 • ISSN No 2277 - 8179 | IF : 3.508 | IC Value : 69.48

A Study on Customer Preference Towards Ptt Bank for Financial Transactions: an Empirical Investigation

Economics

KEYWORDS : Consumer Choice, Banking Preference, PTT Bank Customers, Exploratory Factor Analysis

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ABSTRACT

PTT foundation which had been performing postal, telegraph and telephone services since 1840, registered its name as "PTT Bank" in 2004 and actively had started banking operations. PTT Bank had become a major competitor in banking sector with its large branch network. The aim of this study is to analyze the reasons for customer's preference of PTT Bank. Data were collected by survey method. Exploratory factor analysis was applied to the primary data. Finally, two premier factors influencing customers' PTT Bank preference determined and named as "the quality" and "additional benefits".

INTRODUCTION:

People choose a spesific bank for many reasons. According to a study of Almossawi (2001), the most important criterias are banks reputation, availability of parking place near the branch, friendliness of bank personnel and locations of ATM's. Taskin et. al. (2010) showed that reliability, creating an advertisement, social and technical competence, physical appearance, accessibility to banking services are the most important variables. In a study by Karamustafa and Yıldırım (2007), the banks's reliability, serving without long queues, variety of service type, the prevalence of ATM's revealed as the main important factors for customers to choose a specific bank. With their study, it is also determined that improper operations, delayed transactions, inability to find solution to the customers' problems are the most important reasons for customers to change their bank.

Objectıve of the Study:

The aim of the study is to examine the PTT Bank customer' banking preference in Gorele district of Giresun province, Turkey.

RESEARCH METHODOLOGY:

This reseach is based on primary data. Data were gathered through questionnaire between 21/12/2015 and 31/01/2016. By using simple random sampling method 150 customers selected from PTT Bank customers in Gorele district of Giresun province, Turkey. In this study, Exploratory Factor Analysis method was used to analyze the data.

Tools for the Study:

The questionnaire was developed due to the literature (Ozsay et. al., 2013, Taskın et. al., 2010, Karamustafa and Yıldırım, 2007). Likert type scale with 5 choices used as a tool for scoring the values of items. Statistical Package for the Social Sciences (SPSS) programme was used to analyse the data.

Limitation of the Study:

The sample size is limited to 150 respondents because of time, money and another constraints.

Factor Analysis:

Factor analysis is a multivariate statistical procedure. It is mostly used in the fields of education and psychology. It is a method of choice for interpreting self-reporting questionnaires. Factor analysis helps to decrease a large number of variables into a smaller set of variables. Factor analysis allows the formation and refinement of theory by establishing underlying dimensions between measured variables and latent constructs. The analysis provides construct validity evidence of self-reporting scales. Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) are two major classes of factor analysis. (Williams, Brown and Onsman, 2012:2) EFA is used when a researcher wants to find out the number of factors influencing variables and to analyze which variables "go together" (Yong and Pearce, 2013:80).

Table 1: Objectives of Exploratory Factor Analysis

Reduce the number of variables
Examine the structure or relationship between variables
Detection and assessment of unidimensionality of a theoretical construct
Evaluates the construct validity of a scale, test, or instrument.
Development of simple analysis and interpretations
Addresses multicollinearity
Used to develop theoretical constructs
Use to prove/disprove proposed theories

Source: Williams, Brown, and Onsman, 2012:2

EFA, has assumptions and expectations. There are 5 methodological issues that researchers should consider for utilizing EFA. At first, researcher should determine if the EFA is the most appropriate statistical method to achieve the purpose of the study. Second, the variables of the study, sample size and nature should be selected. Third, the extraction procedure should be chosen and then the method to decide the number of factors to retain. Fifth, researcher need to select the rotation method to yield a final interpretable solution. Failure to make a proper decision about one or more of these methodological issues may lead to erroneous results and limit the utility of the EFA (Taherdoost et al., 2014:376)

For EFA, Kaiser-Meyer-Olkin (KMO) test and Bartlett's test of sphericity is essential to measure the sample adequacy for using the factor analysis. The small values of the KMO and Barlett's test indicate that the correlation between pairs of variables cannot be explained by other variables and the factor analysis may not be appropriate. The null hypothesis states that the population correlation matrix is an identity matrix. The hypotheses is rejected by the Bartlett's test of sphericity (Mohanty and Pattanayak, 2016:468). In this analysis, the value of KMO statistics is 0,882 and Bartlett's Test of Sphericity is .000 ($p<0.05$) Finally, we may consider that factor analysis is an appropriate technique for analysing the data.

Table 2: KMO and Bartlett's Test

KMO	0,882	
Bartlett's Test of Sphericity	Approx.Chi-Square	1378.691
	df	91
	Sig	0.000

RESULTS AND INTERPRETATION OF THE DATA:

Table 3: Demographic Variables of Respondents

Sex	**No. of Respondents**	**Percentage**
Female	77	51.3%
Male	73	48.7%
Total	150	100%
Marital Status	**No. of Respondents**	**Percentage**
Single	79	52.7%
Married	71	47.3%
Total	150	100%
Age	**No. of Respondents**	**Percentage**
30≤	78	52%
31-45	54	36%

Volume : 5 | Issue : 3 | March 2016 • ISSN No 2277 - 8179 | IF : 3.508 | IC Value : 69.48

45›	18	12%
Total	150	100
Monthly Income	**No. of Respondents**	**Percentage**
1500≤ TL	87	58%
1501-2700TL	55	36.7%
2701≥TL	8	5.3%
Total	150	100
Occupation	**No. of Respondents**	**Percentage**
Government employee	14	9.3%
Private employee	32	21.3%
Not working	51	34%
Housewife	21	14%
Business profession	32	21.3%
Total	150	100%
Education	**No. of Respondents**	**Percentage**
Elementary School or under this level	32	21.3%
High School Graduate (Lycee)	37	24.7%
University Graduation	81	54%
Total	150	100%

Table 3, shows the demographic variables of bank customers' who participated the questionnaire study. Out of 150 respondents, 48.7% of the respondents are male and 51.3% are female. 52.7% of the respondents are single. 52% of the respondents belong to the age group of "30 and less", 36% of respondents belong to the age group "31-45" and 12% respondents belong to the age group "above 45". 9.3% of the respondent's working as the government employee, 21.3% working as a private employee, 21.3% working business profession, and 48% of the participants are unemployed. 58% of the respondent's monthly income is 1500 Turkish Lira (TL) or under this level, 36.7% of the respondent's monthly income is "1501≥2700 TL" and 5.3% of the respondent's monthly income is above 2701 TL. 21.3% of the respondent's graduated from elementary school or low eduation levels. 24.7% of the respondent have a high school degree and 54% respondernts graduated from university levels. According to our sample's structure we can say that young, educated, low-income, and unemployed people use PTT Bank services more often than the others.

Table 4: Findings Regarding the Exploratory Factor Analysis

ITEMS	**Factor 1: "Quality"** Factor Loadings	**Factor 2: "Additional benefits"** Factor Loadings
Skilled and knowledgeable staff	0,883	
The high quality of customer service	0,859	
The friendly and helpful staff	0,825	
A service approach to satisfying customer expectations	0,820	
Respect for people	0,709	
Giving flawless service in financial services	0,643	
Operations can be performed quickly (no waiting in long queues)	0,630	
Ease of operations	0,612	
Attractive opportunities in the financial products		0,905
Product and service diversification		0,901
Attractive product, process and service tariffs		0,890
Ease of accessibility to the branch		0,737
Being close to home and office		0,691
Successful management of the financial services		0,672
Variance Rate	42.665	21.592
Cronbach Alpha (n=14: α= 0.892)	Factor 1 Cronbach Alpha (n=8: α=0.898)	Factor 2 Cronbach Alpha (n=6: α= 0.900)
n=14, Cumulative Variance=64.257, Kaiser-Meyer-Olkin=0,882 Bartlett's Test= p=0.000		

Table 4, shows the EFA findings. Finally, two premier factors influencing customers' PTT Bank preference were determined and named; Factor 1 "the quality" and Factor 2 "additional benefits". Factor 1 "the quality", was accounted 42.665 per cent of total variance. Large proportune of variance explained by this factor suggests that the quality is an influential determinant of PTT Bank preference. Factor 2, "additional benefits" accounted 21.592 per cent of total variance and a cumulative variance of 64.257. The relatively large proportune of variance explained by this factor suggests that the additional benefits is also an influential determinant of PTT Bank preference.

Discussion:

The result of the study demonstrated two premier factors influencing customers' PTT Bank preference in Gorele district of Giresun province, Turkey. The factors "the quality" and "additional benefits" determined as an important factors of the customers' bank choice.

The findings of the study shows that organizations should give importance to their service quality in first place. Therefore, financial organization should develop their financial sevice quality and their staff's competence. Secondly, additionals benefits provided by the service provider is also important for customers. Hence, organizations need to develop their service benefits they offer to customers.

Suggestions:

This study focused on PTT Bank customers in Görele district of Giresun province, Turkey. So the results of these findings cannot be generalized to other PTT Bank branch, such as a branch in Istanbul or Ankara. Future research may consider the applicability of the findings to the other PTT Bank's branch or other organizations for another cities in Turkey. Future research may apply these findings for larger sample.

Conclusion:

The study is aimed to find out the customers' preference reasons for financial services offered by PTT Bank's Gorele branch in Turkey. Regarding the empirical research, two premier factors influencing customers' PTT Bank choice, "the quality" and "additional benefits" is determined as an important factors. These findings is valid for a branch in a small town but it offers a micro view. In this way, it will contribute to the literature and will be a starting point for the future research.

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