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Customer behavior and preferences in retail banking: A qualitative study of urban consumers in Erbil

Research Project

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department of Finance and Banking in partial fulfillment of
requirements for the degree of bachelor in Finance and Banking

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Dedication

This study dedicated to our beloved parents, family, and department (Finance & Banking) for their love, endless support, encouragement and sacrifices. Researchers

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Acknowledgment

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Abstract

The banking industry is constantly evolving due to changing customer behaviors and technological advancements. Understanding how customers choose their banks is crucial for financial institutions and researchers. Factors influencing customer behavior range from trustworthiness to technological innovation. These decisions impact bank strategies, customer satisfaction, and financial ecosystem stability.

A survey collected responses from 62 urban consumers in Erbil city, using a Likert-type scale to measure importance of bank selection criteria. Descriptive statistics and exploratory factor analysis identified key factors in customer banking behavior. The most significant factors were found to be "Age," "Gender," "Education level," and "Income level," while factors such as "Trust and Reputation," "Convenience," and "Satisfaction" were deemed less significant.

These findings suggest that banks need to focus on staff selection, training, and motivation to meet customer satisfaction. Additionally, they should prioritize competence and professionalism to enhance service delivery. Understanding customer behavior in retail banking aids in stabilizing financial systems and fostering economic growth, contributing to finance and banking knowledge.

Keywords: Urban Consumers, Trust, Reputation, Convenience, Customer Satisfaction

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Chapter 1

Introduction

The banking industry is dynamic, constantly shaped by evolving customer behaviors and preferences. In an era characterized by technological advances, economic transformations, and an ever-increasing array of financial service providers, understanding how customers make decisions regarding their banking choices has become a focal point for both financial institutions and researchers alike.

Customer behavior in the banking sector is a multifaceted phenomenon influenced by a myriad of factors, ranging from trustworthiness and convenience to the attractiveness of innovative technological services. These choices, in turn, have profound impacts on banks' strategies, customer satisfaction, and the overall stability of the financial ecosystem.

This research embarks on a journey to explore the complex landscape of customer behavior and preferences in banking, and seeks to shed light on the underlying drivers that guide retail banking decisions. By focusing on qualitative inquiry, we aim to delve deeply into the stories, experiences, and perspectives of banking customers to discover valuable insights that may improve banking strategies, improve customer services, and inform future financial innovations.

In the following pages, we'll provide a comprehensive exploration of the factors shaping customers' choices in banking, delving into questions of trust, convenience, technology adoption, and more. Through the lens of qualitative research methods, we will engage with the voices of banking customers, allowing their stories to illuminate the complex fabric of banking behavior.

As we embark on this research journey, our goal is not only to contribute to the growing body of knowledge in this area, but also to provide practical recommendations that may enable financial institutions to better serve their

customers and adapt to the ever-evolving banking landscape. In the 21st century.

1.1 Research Questions

1. What are the key factors influencing customers' decisions in choosing a bank or financial institution?
2. How do customers perceive trustworthiness and reputation in the banking sector?
3. What role does convenience play in shaping customers' banking preferences?
4. How do customers assess and express their satisfaction with banking services?

1.2 Research Objective

1. To gain insights into how customers make decisions about their banking choices, including factors such as trust, convenience, and satisfaction.
2. To stabilize financial systems and promote economic growth.
3. To understand of consumer behavior, preferences, and decision-making in the context of financial services. It adds to the body of knowledge in finance and banking.

1.3 Research importance

Conducting research on "Customer Behavior and Preferences in Banking" is important for several reasons:

1. **Improving Banking Services:** Understanding customer behavior and preferences allows banks and financial institutions to tailor their services to better meet the needs and expectations of their customers. This can lead to higher customer satisfaction and loyalty.
2. **Competitive Advantage:** Banks that can accurately identify what drives

customer choices in the banking industry can gain a competitive advantage. They can use this knowledge to differentiate themselves from competitors and attract and retain customers.

3. Understanding customer behavior can also aid in the identification and prevention of fraudulent activities and financial scams, protecting both the bank and its customers.

1.4 Research design and Methodology

Qualitative Approach: As clarified, this research will use a qualitative approach with data collected through questionnaires, which will include open-ended questions to elicit detailed responses.

1.4.1 Questionnaire Development

Open-Ended Questions: Designed the questionnaire to include open-ended questions that encourage participants to provide detailed narratives, explanations, and personal experiences related to their banking behavior and preferences.

1.4.2 Participant Selection

Purposive Sampling: Continue to use purposive sampling to select participants who represent a diverse range of demographics, banking habits, and preferences.

1.4.3 Data Collection Process

Questionnaire Distribution: Administered the questionnaires to participants. Ensure that the questionnaires clearly instruct participants to provide detailed qualitative responses to the open-ended questions.

1.4.4 Data Analysis

Thematic Analysis: Used thematic analysis to analyze the qualitative responses gathered from the questionnaires. Follow these steps: a. Compile and organize responses. b. Code responses to identify recurring themes. c. Develop themes and sub-themes. d. Analyze and interpret the themes in relation to your

research questions.

1.4.5 Hypotheses Development

Hypothesis 1: Trust and Reputation Impact Bank Selection

- Null Hypothesis (H0): Trustworthiness and reputation do not significantly influence customers' choice of a bank.
- Alternative Hypothesis (H1): Trustworthiness and reputation significantly influence customers' choice of a bank.

Hypothesis 2: Convenience Is a Primary Driver for Bank Selection

- Null Hypothesis (H0): Convenience factors such as branch location and ATM access are not significant drivers for customers when selecting a bank.
- Alternative Hypothesis (H1): Convenience factors such as branch location and ATM access are significant drivers for customers when selecting a bank.

Hypothesis 3: Technological Services Affect Customer Satisfaction

- Null Hypothesis (H0): The availability of technological services (e.g., online banking, mobile apps) does not significantly impact customer satisfaction with a bank.
- Alternative Hypothesis (H1): The availability of technological services significantly impacts customer satisfaction with a bank.

Hypothesis 4: Online and Mobile Banking Positively Influence Banking Experience

- Null Hypothesis (H0): The use of online and mobile banking services does not have a significant impact on customers' overall banking experience.
- Alternative Hypothesis (H1): The use of online and mobile banking services has a significant impact on customers' overall banking experience.

Hypothesis 5: Customer Satisfaction Relates to Loyalty

- Null Hypothesis (H0): There is no significant relationship between

customer satisfaction and customer loyalty.

- Alternative Hypothesis (H1): There is a significant relationship between customer satisfaction and customer loyalty.

Hypothesis 6: Demographic Factors Influence Banking Preferences

- Null Hypothesis (H0): Demographic factors (e.g., age, income, education) do not significantly influence banking preferences.
- Alternative Hypothesis (H1): Demographic factors significantly influence banking preferences.

Hypothesis 7: Banks' Reputation Impacts Decision-Making

- Null Hypothesis (H0): Banks' reputation and brand image do not significantly influence customers' decision-making in banking.
- Alternative Hypothesis (H1): Banks' reputation and brand image significantly influence customers' decision-making in banking.

Chapter 2

Literature Review

2.1: Definition of Customer Behavior

One "official" described "customer behavior" as the study of individuals, groups, and organizations and the procedures they employ to choose, utilize, and discard goods, services, and experiences. This definition has noted thoughts of needs and the effect that their fulfillment has on society and consumers otherwise.

According to a July 4, 2013 post by John Dudovskiy on his website, consumer purchasing behavior has considered to be a crucial aspect of marketing, and Kotler and Keller (2011) have described this behavior. The study of how people, groups, and organizations buy and discard goods, services, ideas, or experiences in order to satisfy their needs and wants is a manifestation of consumer purchasing behavior.

Numerous factors influence customers' purchase decisions to varying degrees. Adam, Ewa, and Maria, (2013) stated that this type of conduct was related to the purchasing habits of people and households who purchase products and services for their own use. The specific elements of consumer behavior that require research include the motivations behind consumer purchases and the factors that, in the opinion of marketers, influence customer purchasing patterns. Furthermore, an understanding of the shifting social dynamics and necessary for additional research are required.

Schiffman and Kanuk (2012) proposed a concept of consumer behavior that is comparable to this one. According to this concept, the customer's behavior has exhibited when they chose and paid for the goods and services by making use of the resources at their disposal to satiate needs and desires.

Kotler and Keller (2011) define customer behavior as the study of the what, how, when, and why customers purchase the given goods and services. Numerous

definitions really see consumers' purchasing behavior as a process that begins with their selection, continues with their purchase, and ends with their disposal of goods and services that satisfy their needs and desires. Nonetheless, researchers and academics generally agree that this process is dynamic and subject to change over time as customers' need both psychological and physical alter and influence the characteristics of their purchases.

Nevertheless, despite significant attempts to discover and comprehend consumer purchasing behavior, it is exceedingly challenging to determine the explain reasons behind a consumer's purchases and their preference for one good or service over another. In conclusion, it is evident that firms stand to gain over time from a deeper understanding of consumer purchasing behavior through research and identification. Because local goods and services are of such high quality, the country's domestic consumer base will grow more sophisticated at the same time. When the purchasing habits of customers are well-understood, and the products are of excellent quality, the country's export potential can be enhanced consequence raised competitive. Additionally, a greater understanding of consumer behavior will benefit the nation's economic situation. These include politics, technology, the nation's general economic situation, and ethnic cultures (Kochina, 2019).

2.2: Customer Behavior Models

Establishing and sustaining a solid relationship with consumers is crucial for a business to succeed in the market, particularly in the services sector, like banking, where there is huge obstacle to overcome. Marketers must therefore, comprehend the ideas of consumer behavior by thoroughly examining various consumer models in order to evaluate the data required for target market identification and selection, as well as support different marketing tactics like market segmentation and positioning. Since customers are complicated individuals with nuanced purchasing habits,

studying consumer behavior is crucial. It is uncommon to be able to forecast consumer behavior in a given situation in a desirable way since human nature makes the subject of understanding consumer behavior complicated. This endeavor has the potential to lead the company's marketing initiatives to success (Maiyaki, & Mokhtar, 2012).

Therefore, the goal of studying consumer behavior is to comprehend the decision-making processes that consumer use to allocate their available funds toward purchases. Consumer behavior aids in the understanding of people by marketers, enabling them to make more informed decisions and gain a competitive edge in the marketplace (Khadka, & Maharjan, 2017).

Each day, consumers make a number of purchasing decisions. Most significant organizations have done research into the what, where, how, and how much of these decisions, as well as what happens to the impulse purchases people make of things they don't need or consume. What elements will influence consumers' responses to the bank's marketing campaign will be the main focus of this thesis. In academic classes the stimulus-response model of buyer behavior has explored as the beginning point. It demonstrates the way in which marketing and other stimuli that the consumer has exposed to can captivate their attention and elicit particular responses. Black box refers to what these efforts has aimed at, the minds of the consumers (Fejza, Livoreka, & Bajrami, 2017).

The model Fig. 2.1 below demonstrates how marketing and other stimuli can infiltrate a consumer's head and elicit specific reactions. It is crucial for marketers to understand the buyer's thoughts, sometimes referred to as the "black box." While psychological constructs are part of the unknowable and need to be ignored,

observable behavior can be examined. Product, pricing, location, and promotion are the four marketing stimuli. The main forces and events in the buyer's surroundings, such as those related to politics, technology, economics, and society and culture, are considered additional stimuli. These forces are the inputs into the buyer's "black box," and the observable reactions of the buyer are the outcomes. The outcomes include the product, brand, and dealer selections, as well as the amount and date of the purchase (Kotler 2011).

Every day, consumers make a number of purchasing decisions. The research conducted by numerous large corporations to better understand consumer purchasing decisions has heavily focused on addressing issues such as what, where, how much, and how exactly consumers buy, as well as why they buy and how they return items they no longer need. For marketers the most significant question is this how do consumer react to the bank's many marketing initiatives? The stimulus-response model of buyer behavior serves as the foundation (Khin, 2019).

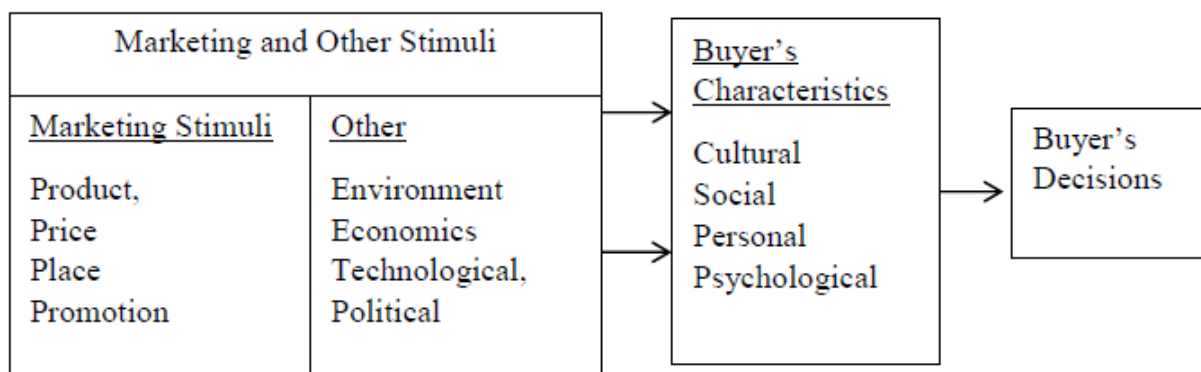


Figure (1):The Model of Consumer Behavior (Source: Stimulus Response Model of Consumer Behavior (Kotler, 2011).

2.3: Factors Affecting Customer Banking behavior

The above mention models of consumer behavior have indicated that consumer behavior is subject to effect by several types of decision process variables some of which are external and others are internal.

However, consumer behavior in banking is subject to the same influences. In other words, consumers' banking behavior can be affected by a number of internal and external factors. Paz, and Rodríguez-Vargas (2023) defined three sets of factors that might impact consumer banking behavior these factors are the following: (1) external factors; (2) internal factors; and (3) the consumer process.

(Paz, & Rodríguez-Vargas, 2023).

2.3.1: The External Factors.

Šostar, & Ristanović, (2023). suggests that a variety of outside variables could affect how consumers behave when it comes to banking. These can be divided into: (1) cultural; and (2) social factors.

(1) The cultural factors:

Customers has impacted by the social milieu in which they have raised, or their own culture. Thus, cultural traits of the customer may influence their requirements, wants, perceptions, and desires. As a result, a lot of banks have taken this into account and built part of their business around cultural considerations. National banks, for instance, have made an effort to create branches in nations where a sizable population of immigrants originates from. As a matter of fact, these types of branches have great success in luring in the specific customer categories that the bank is trying to reach, namely, those with comparable nationalities (Shavitt, & Cho, 2016).

(2) The social factors:

In their empirical investigate Abdul Hadi (2018). concluded that in an Oriental culture, where people are still strongly rooted in traditional cultural values and family ties, social influences in the form of friends' and family's advice in buying are a dominant factor in bank selection. However, the influence of social factors is not limited to an Oriental culture only. Thus, in many Western societies and others customers can be influenced by social factors, but the importance of each of these factors may differ from one community to another. Moriuchi, (2012) indicated that the topic of ethnicity has emerged as a significant construct in the study of consumer behavior. The authors carried out research to investigate the relationship between English-French Canadian ethnicity and the use (ownership) of financial services.

Their study's conclusions supported the hypothesis that the ownership of financial services in Canada has influenced by the predictor variable, English-French population. The results of their investigation thus verified that the English-Canadian and French-Canadian ethnic groups differed in their financial service usage. When it comes to explaining the use (ownership) rate of financial instruments in Canada, the authors found that ethnicity plays a bigger role than parameters like income, family size, and the life cycle of the family (Nakhaie, 2020).

2.3.2: The Internal Factors.

Two types of factors can be classified as internal factors; these are the following:

1. The psychological factors:

The psychological factors can be divided into two groups:

1. Motivation and Perception:

A crucial component of the fundamental psychological makeup of a consumer is the behavioral aspect of purpose. According to Durmaz, and Diyarbakırlıoğlu, (2011) motives are essentially behavioral tendencies to act in a way that leads to goal-satisfying objects. They are derived from prior experiences and help people make decisions about what to buy or whom to patronize based on patterns of behavior that they find acceptable. For example, when customers create a savings account at a specific bank, they are trying to fulfill certain desires. However, there are other reasons why customers might take action. For instance, when it comes to consumer saving habits, some have been driven by greater interest rates on their accounts.

On the other hand, some people may be inspired to open a savings account by additional benefits like storing extra cash in a secure location for later use. One may argue that every person has a different perspective on a certain—for instance, bank or service.

Customers, for instance, believe that banks are profit-making entities that look out for their interests and interact with wealthy individuals. To the point that, under some circumstances, some lower-class customers would rather not do business with banks because they believe that these organizations have founded to only service the wealthy. Taking that into consideration a lot of banks have begun to modify their brand, trying to alter the way that customers view them. They are accomplishing this by letting various customer segments know that they value them as customers and that they have something to offer. Put differently, banks make an effort to convey the idea that they are accessible to all members of society. The relationship between a customer and a bank may impact or motivate their purchasing decisions.

According to Hosseini, Abdolvand, & Harandi, (2022) the most significant marketing concern of the decade will probably be the tension between relationship

and product and how it affects consumer purchasing decisions. Therefore, for a bank's strategy to be considered operational content, it must explicitly identify the target client and the ways in which the bank will meet their demands. The same author further notes that market research indicates a significant percentage of customers buy a variety of banking products from a company they view as their bank. That is to say, relationship-oriented clients grant their primary bank the "right of first refusal" when contemplating the acquisition of a new product by approaching it first to ascertain availability and cost. The relationship-oriented segment's purchasing habit offers the main bank an edge in cross-selling more goods and gaining a bigger portion of the clients' overall banking business.

Additionally, Hosseini and others mentioned that market research has demonstrated a strong association between the bank that customer choose as their primary bank and the one where they maintain their principal transaction account (such as a checking account). Therefore, banks adopted a relationship strategy focus on understanding their customers' banking behavior and profiling them into different groups (segments) to satisfy the financial needs of each different segment and keep good relationship with them.

2. Attitude, Belief, and Intention:

Ajzen, & Fishbein, (2010) emphasize that today most researchers agree that the simple concept of attitude proposed by Thurstone and Fishbein is the most useful. That is, attitude represents person's favorable or unfavorable feelings toward the object in question.

Beliefs (cognition) and intentions to behave (èonation) are seen as related to attitude, but are separate concepts, not part of attitude itself. However, attempts have

been made by a number of scholars to develop a model for predicting consumers attitudes towards an object.

2. Personal Factors:

The second category of internal elements that impact customer behavior is personal considerations. However, in the banking industry, individual aspects have shown to be quite significant in determining how customers behave. Personal factors have broadly classified into three types: (1) socio-economic factors, which include things like income, education, and occupation; (2) demographic factors, which include things like age, marital status, sex, family size, and life cycle stage; and (3) other personality factors, which include things like lifestyle, personality, and self-concepts (Gajjar,2013).

2.3.3: The Customer Buying Process

The consumer decision-making process involves five basic steps. This is the process by which consumers evaluate making a purchasing decision. The 5 steps are problem recognition, information search, alternatives evaluation, purchase decision and post-purchase evaluation (Stankevich, 2017).

Five steps of the consumer decision making process

- 1. Problem recognition:** Recognizes the need for a service or product
- 2. Information search:** Gathers information
- 3. Alternatives evaluation:** Weighs choices against comparable alternatives
- 4. Purchase decision:** Makes actual purchase
- 5. Post-purchase evaluation:** Reflects on the purchase they made

Steps in the consumer decision process

Generally speaking, the consumer decision-making process involves five basic steps.

1. Problem recognition

The first step of the consumer decision-making process is recognizing the need for a service or product. Need recognition, whether prompted internally or externally, results in the same response: a want. Once consumers recognize a want, they need to gather information to understand how they can fulfill that want, which leads to step two.

But how can you influence consumers at this stage? Since internal stimulus comes from within and includes basic impulses like hunger or a change in lifestyle, focus your sales and marketing efforts on external stimulus. Develop a comprehensive brand campaign to build brand awareness and recognition—you want consumers to know you and trust you. Most importantly, you want them to feel like they have a problem only you can solve.

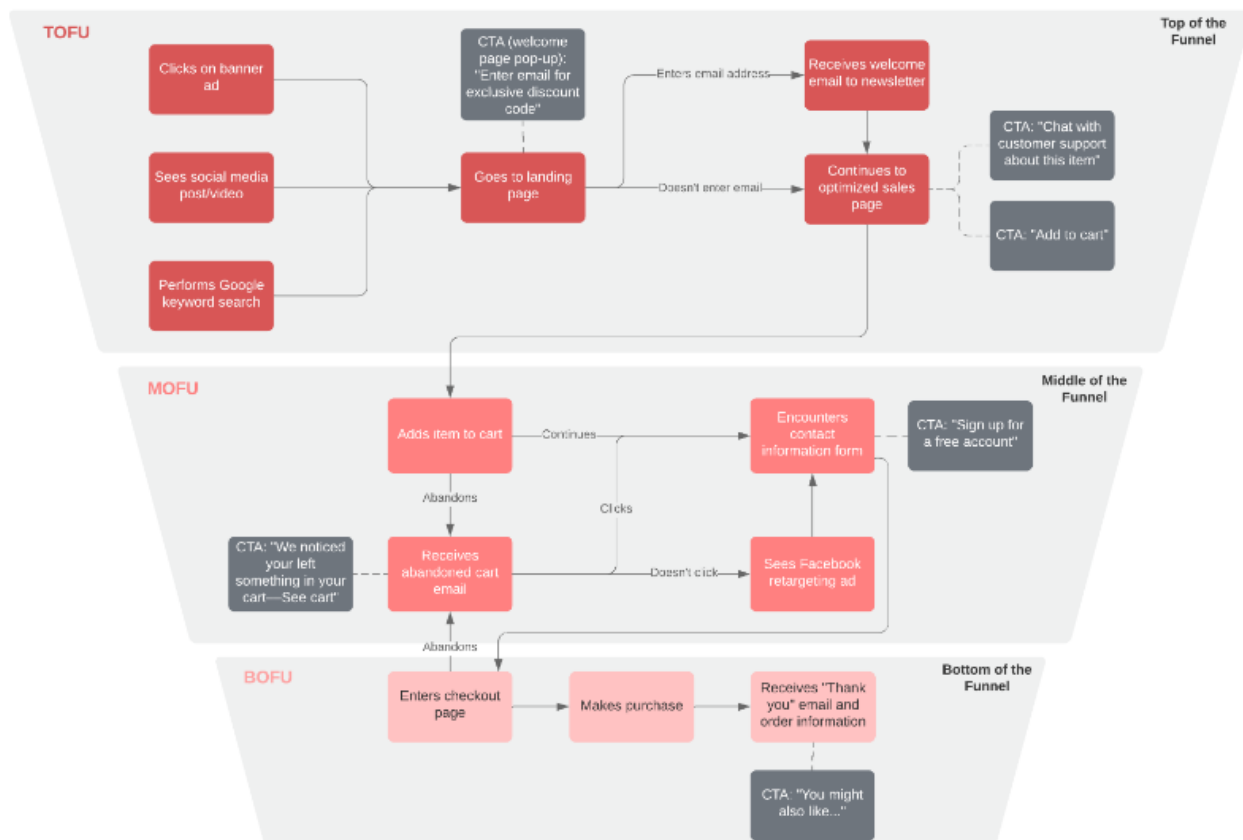
2. Information search

When researching their options, consumers again rely on internal and external factors, as well as past interactions with a product or brand, both positive and negative. In the information stage, they may browse through options at a physical location or consult online resources, such as Google or customer reviews.

Your job as a brand is to give the potential customer access to the information they want, with the hopes that they decide to purchase your product or service. Create a funnel and plan out the types of content that people will need. Present yourself as a trustworthy source of knowledge and information (Stankevich, 2017).

Another important strategy is word of mouth—since consumers trust each other more than they do businesses, make sure to include consumer-generated content, like customer reviews or video testimonials, on your website.

Example: The customer searches “women’s winter coats” on Google to see what options are out there. When she sees someone with a cute coat, she asks them where they bought it and what they think of that brand.



3. Alternatives evaluation

At this point in the consumer decision-making process, prospective buyers have developed criteria for what they want in a product. Now they weigh their prospective choices against comparable alternatives. Alternatives may present themselves in the form of lower prices, additional product benefits, product availability, or something

as personal as color or style options. Your marketing material should be geared towards convincing consumers that your product is superior to other alternatives. Be ready to overcome objections—e.g., in sales calls, know your competitors so you can answer questions and compare benefits.

Example: The customer compares a few brands that she likes. She knows that she wants a brightly colored coat that will complement the rest of her wardrobe, and though she would rather spend less money, she also wants to find a coat made from sustainable materials (Qazzafi, 2019).

4. Purchase decision

This is the moment the consumer has been waiting for: the purchase. Once they have gathered all the facts, including feedback from previous customers, consumers should arrive at a logical conclusion on the product or service to purchase.

Example: The customer finds a pink winter coat that's on sale for 20% off. After confirming that the brand uses sustainable materials and asking friends for their feedback, she orders the coat online. (Panwar et al .,2019).

5. post-purchase evaluation

This part of the consumer decision-making process involves reflection from both the consumer and the seller. As a seller, you should try to gauge the following:

- Did the purchase meet the need the consumer identified?
- Is the customer happy with the purchase?
- How can you continue to engage with this customer?

2.4: Retail banking

Sasikala (2013) carried out study to determine the connections among characteristics of service quality, customer happiness, and customer loyalty, particularly in context of retail banking. The SERVQUAL scale has utilized by the author as a measurement instrument to examine the loyalty of 200 retail banking clients from various banks in Vellore District. According to the study, there is a correlation between customer satisfaction and demographic factors consist of income and marital status with the exception of education level. There exists a correlation between excellent quality, contentment, and loyalty and other demographic variables such as age, gender, marriage status, and employment position. Additionally, she discovered a strong correlation between income, loyalty, and excellent quality. She came to the conclusion that SERVPERF outperforms SERVQUAL in retail banking (Sasikala, 2013).

Retail banking can be classified as a high contact service, whereas online and mobile banking are considered low contact services, according to Lovelock & Writz (2016). Given that retail banking is both an information-based service organization and a people process service, it is implied that there is a high level of interaction between customers and banks throughout the service delivery process, where customers are more likely to visit or enter the bank, especially during the bank selection stage (Lovelock & Writz, 2016). Drawing from the preceding discourse on service and its implications for the banking industry, it can be inferred that customer participation is a crucial facet of service that significantly contributes to elucidating customers' banking behavior, namely their choice of bank.

The financial services sector has recently experienced a series of disturbances, resulting in an environment characterized by a relatively mature market for retail banking, with little growth in primary demand beyond that generated by population

growth and a depressed demand for many of the financial services offered. The proliferation of marketing waste, the high cost of serving a customer and the high number of dissatisfied customers is some of the issues the financial institutions have to face these days. Furthermore, retail banks in both developed and emerging markets need to face the effects of globalization, increasing regulatory requirements, amplified customer expectations, technological progress in managing data and intense competition between banks and other financial institutions (Omarini,2011).

In this context, in order to maintain their business, retail banks need to adapt quickly to the dynamic market conditions and business needs, continue to seek additional revenue, and improve operational efficiency required by increasing transaction volumes.

In the modern banking industry, banks must employ innovative targeted marketing strategies in order to draw in new business and keep existing clients. Information and communication technology advancements allow financial institutions to provide their clients with a greater range of individualized services and products at reduced costs. Therefore, mass customization, customer value analysis, and the formation of one-to-one connections were made feasible (Peppard, 2000, p. 312). Furthermore, retail banks have forced to add new components to their distribution networks in an effort to expand their geographic reach. Customer reliance on high-street branches has reduced with the introduction of the Internet, digital TV, smart cards, GSM phones, and ATMs. These innovations also provided clients with continuous access to services regardless of their location (Omarini, 2011).

Chapter 3

Methodology

3.0 Introduction

This chapter presents the research methodology to be utilized to conduct this research, and the chapter is organized as follows: research design, population and sampling techniques, data collection methods, and data analysis methods.

3.1 Research Design

Research design as a method that provides answers to issues such as procedures to utilize to collect data, the type of sampling strategies and tools to be utilized and how time and cost oblige will be dealt with. The study adopted a descriptive research design.

The researcher considered the descriptive research design as suitable for the study because the study was concerned with finding answers to a key question of Customer behavior and preferences in retail banking: A qualitative study of urban consumers in Erbil city (Saunders *et al.* (2003) describes.

3.2 Population and Sampling technique

For this research the private banks in Erbil city were considered as population, but only few private banks were selected as targeted population and hub for data collection. Such as; Cihan Bank, Regional Trade Bank, Brayatey Bank and Zanko Bank.

Further on, suitable sampling technique has been used in this research; It's is a type of non- probability sampling technique which involves the sample being drawn from that part of the population which is suitable, easily available and close to the researcher. For which, the sample size of (80) has distributed and when collected and received (62) selected individuals; including bank's employees, bank's

customer and other professional experts of private banks have been collected.

3.3 Data Collection Methods

Data collection methods refer to the process of collecting data after the researcher has recognized the kinds of information needed which is based on the research questions guiding the study. The researcher used to collect data widely through primary data source, therefore the major parts of information in this research have been collected through circulated and structured questionnaire that includes close ended and Likert scale questions amongst specific number of private banks such as; Cihan Bank, Regional Trade Bank, Brayatey Bank and Zanko Bank.

However, Secondary data source was vital for the completion of this research project and a major part of secondary data was collected for the first and second of this research project. The secondary data in this research was collected data through online academic journal article, books and previous research thesis.

3.4 Data Analysis Methods

Data analysis is the systematic organization and mixture of the research data and the testing of research hypotheses, utilizing those data (Creswell and Plano, 2010). Data analysis also involves categorizing, collecting data, controlling and summarizing the data and describing them in meaningful terms. The reason for information analysis is to reduce collected data to a sensible size, making synopses, searching for examples, and applying statistical techniques.

However, Descriptive analysis was utilized to decide the proportions and frequency of the variables. Correlation tests were utilized to draw inferences about the population from the sample and Statistical Package for Social Scientists (SPSS) was utilized to simplify the data analysis. The results were presented in the form of tables and figures, as well as, the type of this research is quantitative.

Chapter 4

Empirical Results and Data Analysis

In this chapter, we explore the empirical results and data analysis derived from our study on customer behavior and preferences in the retail banking sector. Through a comprehensive examination of the collected data, we aim to provide insights into the factors influencing customers' banking choices and decision-making processes. Beginning with an assessment of Cronbach's Alpha reliability coefficient, we proceed to delve deeper into the key findings that shed light on customer perceptions and behaviors within the banking landscape.

4.1 Empirical results

1. Cronbach's Alpha

Table (1): Cronbach's Alpha

Item	Cronbach's Alpha	N of Items
Section four	.769	11

Source: Prepared by the researcher based on the SPSS statistical program

Table (1) shows the Cronbach's alpha is 0.769 and that's acceptable

2. Age

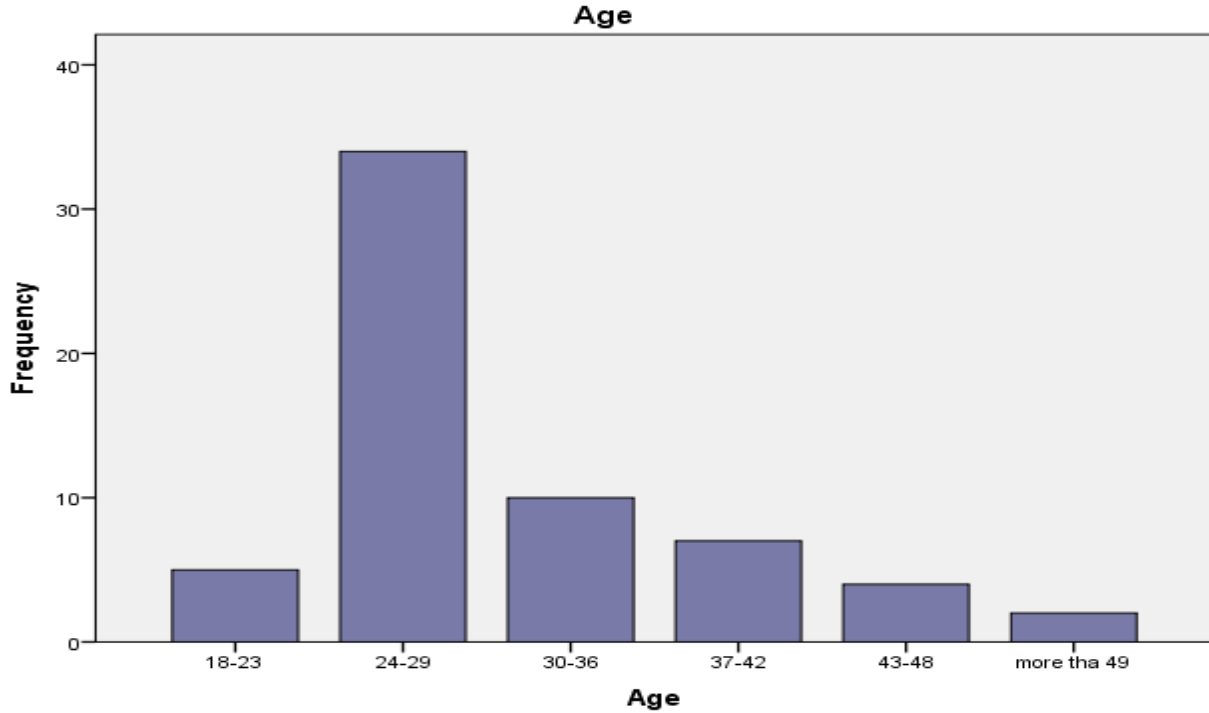


Figure (2): Age

Source: Prepared by the researcher based on the SPSS statistical program

Figure (2) shows 5 of customers between 18-23 years old and 34 customers between ,24-29 years old, 10 of them between 30-36 years and from 37-42 years there is 7 customers, 4 customers between 43-48 and 2 of them more than 42 years' old

3. Gender

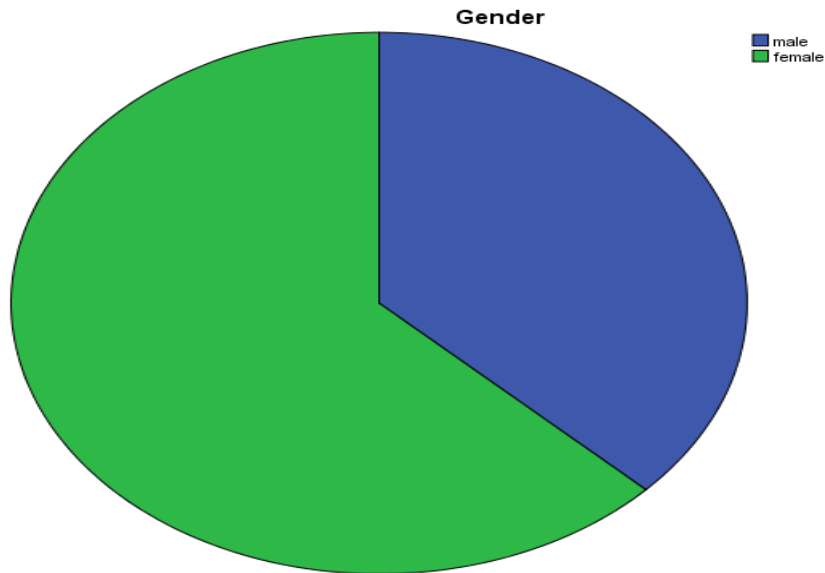


Figure (3)the gender of customers

Figure (3) shows indicates that (37.1%) of customers were male and (62.9%) of the customer were female

4. Income level



Figure (4):Income level

Source: Prepared by the researcher based on the SPSS statistical program

Figure (4) shows indicates that (48%) of customer's income less than 25,000\$, (11.3%) of customer's income between 25,001\$-50,000\$, 6.5% of customer's income

between 50,001\$-75,000\$,302& of customer’s income between 75,001\$-100,000\$ and 30.6 of customer’s income more than (100,00).

5. Education Level

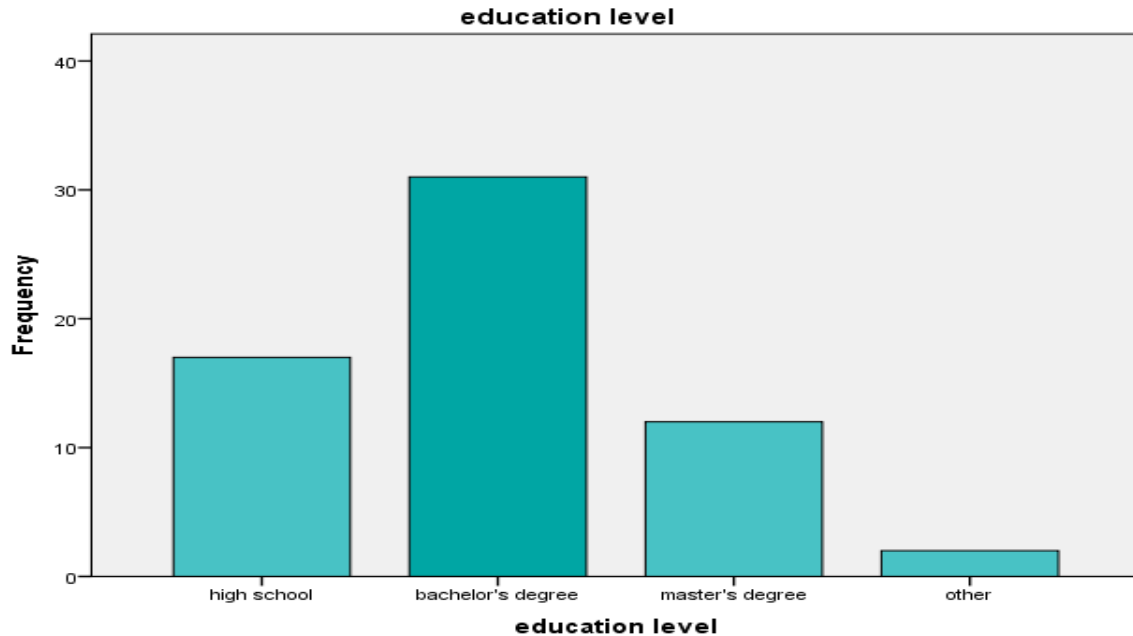


Figure (5):the education level of customers

Figure (5) shows that the questioner asked the customers about their education level the results show most of them (27.4%) have high school and 50% of them have bachelor’s degree. However, 19.4% of the customers have master’s degree and only (3.2) % have other degree.

6. How many years you are customer in this bank

Table(2):how many years you are customer in this bank

	Item	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-1month-1year	.21	.33.9	.33.9	.33.9
	-2y-8y	.23	.37.1	.37.1	.71.0
	-9y-17y	.11	.17.7	.17.7	.88.7
	-18y-24y	.4	.6.5	.6.5	.95.2
	More than 25 years	.3	.4.8	.4.8	.100.0
	Total	.62	.100.0	.100.0	

Source: Prepared by the researcher based on the SPSS statistical program

Table (2) show indicates that 33.9% of customers were (1month-1year) that they have been client of the bank and 37.1% of them were above 2-8 years that they have been client of bank. Also 17.7% of them were (9-17 years) that they have been client of bank and 6.5% of customer were 18-24 years been a client while 4.8 % of them were more than 25 years.

7. which factor are most important to you when choosing a bank?

Table (3): which factor are most important to you when choosing a bank?

	Item	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	trustworthiness	21	33.9	33.9	33.9
	convenience	8	12.9	12.9	46.8
	interest rates and fees	13	21.0	21.0	67.7
	customer services quality	11	17.7	17.7	85.5
	technological services	9	14.5	14.5	100.0
	Total	62	100.0	100.0	

Source: Prepared by the researcher based on the SPSS statistical program

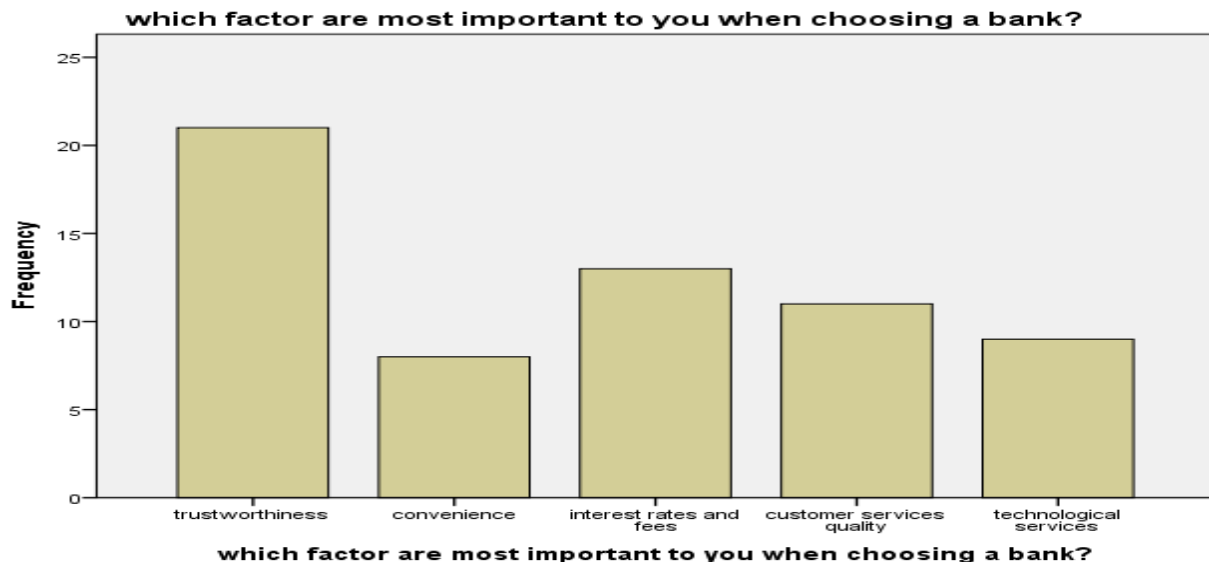


Figure (6): which factor are most important to you when choosing a bank?

Table (3) and Figure (6) customers selected important points to choose a new bank and 33.9% of customers said trustworthiness is most important and 12.9% of customers choose convenience of banks are important and 21% of customers were

said interest rates and fees most important and 17.7% choose customer services quality in most important and only 14.5 said technological service.

8. Have you ever switched banks in the past

Table (4):Have you ever switched banks in the past?

Item		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	18	29.0	29.0	29.0
	no	44	71.0	71.0	100.0
	Total	62	100.0	100.0	

Source: Prepared by the researcher based on the SPSS statistical program

Table (4) shows the biggest level(No) reached (%71) and yes(%29)

9.How do you assess the trustworthiness of a bank?

Table (5):How do you assess the trustworthiness of a bank?

Item		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	good service	13	21.0	21.0	21.0
	have a huge capital	13	21.0	21.0	41.9
	return in cash with no delay	14	22.6	22.6	64.5
	international branch	22	35.5	35.5	100.0
	Total	62	100.0	100.0	

Source: Prepared by the researcher based on the SPSS statistical program

Table (5) indicates that 29% of customers changed banks in past and 71% of customers did not change or switched bank in past Also, indicates that 21% of customer were assess trustworthiness in good service and 21% of customer were assess trustworthiness in have a huge capital and 22% of customer were assess trustworthiness in return in cash with no delay and the most of customer 35% were assess trustworthiness in international branch.

10. Have you been ever influenced by a bank's reputation or brand when making banking decisions?

Table (6): Have you been ever influenced by a bank's reputation or brand when making banking decisions?

Item		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	25.8	25.8	25.8
	No	46	74.2	74.2	100.0
Total		62	100.0	100.0	

Source: Prepared by the researcher based on the SPSS statistical program

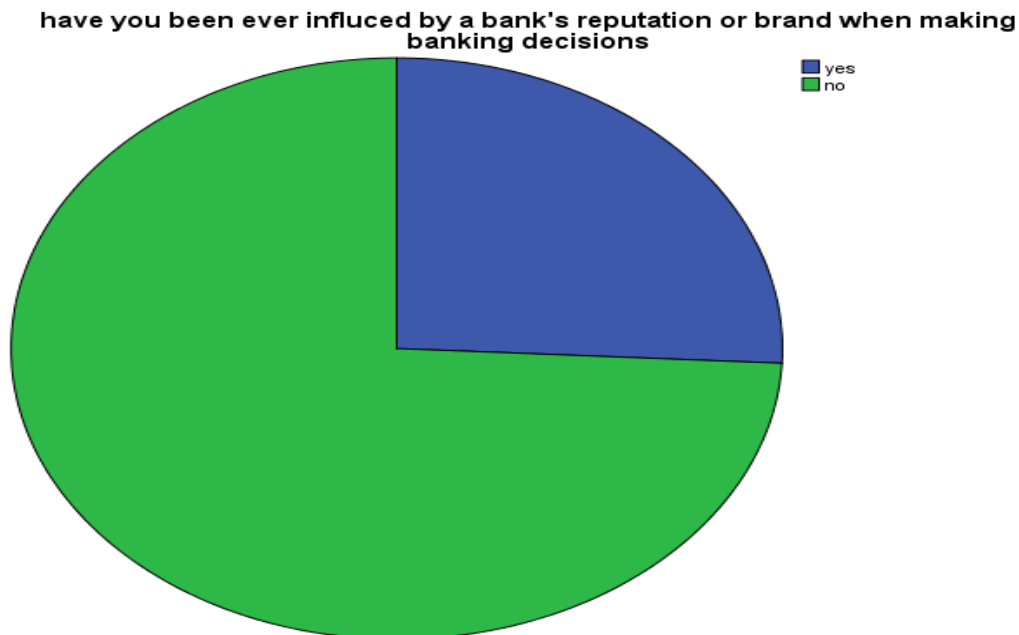


Figure (7): Have you been ever influenced by a bank's reputation or brand when making banking decisions?

In table (6) and figure (7) indicates that the most of customers 74.5% said no and 25.8 of customers said yes.

11. How important is the convenience of branch locations and ATM's when choosing a bank?

Table (7): How important is the convenience of branch locations and ATM's when choosing a bank?

	Item	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all important	5	8.1	8.1	8.1
	low important	6	9.7	9.7	17.7
	slightly important neutral	7	11.3	11.3	29.0
	moderately important	17	27.4	27.4	56.5
	strongly important	27	43.5	43.5	100.0
	Total	62	100.0	100.0	

Source: Prepared by the researcher based on the SPSS statistical program

In table (7) indicates that 21% of customer were assess trustworthiness in good service and 21% of customer were assess trustworthiness in have a huge capital and 22% of customer were assess trustworthiness in return in cash with no delay and the most of customer 35% were assess trustworthiness in international branch.

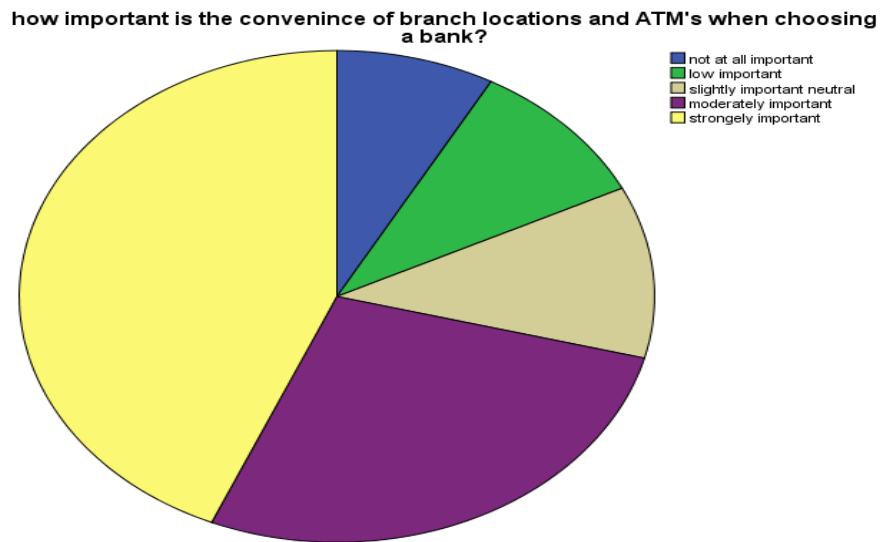


Figure (8): How important is the convenience of branch locations and ATM's when choosing a bank?

Source: Prepared by the researcher based on the SPSS statistical program

Figure (8) show that only 8.1% of customers were not at all important and 9.7% were low important,11.3% slightly important neutral, 27.4% of customers were moderately important and the most of customers 43.5% strongly important for it.

12. what specific feature or service in online or mobile banking do you find most:

Table (8):what specific feature or service in online or mobile banking do you find most:

Item		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	easy for use	25	40.3	40.3	40.3
	confident	19	30.6	30.6	71.0
	24/opened	11	17.7	17.7	88.7
	others	7	11.3	11.3	100.0
	Total	62	100.0	100.0	

Table (8) the most of customer 40.3% said easy for use and 30.6% of customer confident then (17.7%) were offered 24h open and 11.3% of customers of bank were have other services.

13. Do your primary use online or mobile banking services?

Table(9): Do your primary use online or mobile banking services?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Online	8	12.9	12.9	12.9
	Mobile	16	25.8	25.8	38.7
	Both	25	40.3	40.3	79.0
	Neither	13	21.0	21.0	100.0
	Total	62	100.0	100.0	

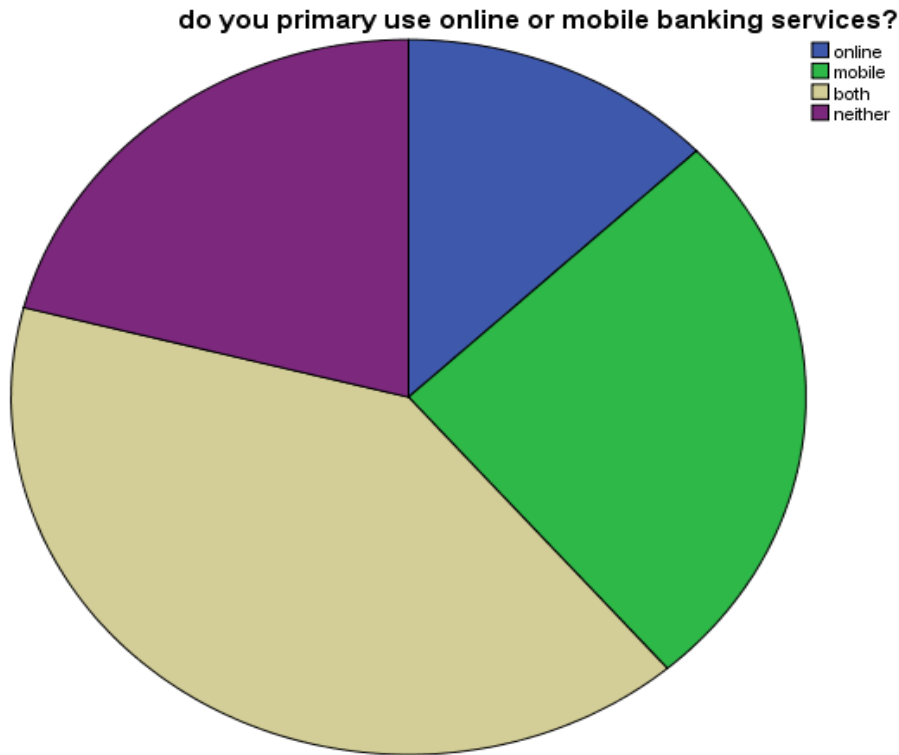


Figure (9):do you primary use online or mobile banking services?

Table and Figure (9) shows that 12 12.9% of customers were preferring online to banks and 25.8% of customers were said mobile phone and 40.3% of customers said both and 21% neither of them.

14: what specific feature or service in online or mobile banking do you find most

Table (10): what specific feature or service in online or mobile banking do you find most

	Item	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	easy for use	25	40.3	40.3	40.3
	confident	19	30.6	30.6	71.0
	24/opened	11	17.7	17.7	88.7
	others	7	11.3	11.3	100.0
	Total	62	100.0	100.0	

Table (10) describe that 40.3% of customers were said easy for use and 30.6% were said confident and 17.7% said 24/open while 11.3% of customers were have other specific feature or service.

15. How satisfied are you with your current bank's services?

Table (11):How satisfied are you with your current bank's services?

Item		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all satisfied	13	21.0	21.0	21.0
	satisfied	5	8.1	8.1	29.0
	more than satisfied	1	1.6	1.6	30.6
	very satisfied	43	69.4	69.4	100.0
	Total	62	100.0	100.0	

Table (11) indicates that 21% of customers not at all satisfied while 69.4% of customers very satisfied and 8.1% of customer were satisfied and 1.6 more than satisfied.

16. What aspect of your current bank's services contribute the most to your satisfaction?

Table (12): What aspect of your current bank's services contribute the most to your satisfaction?

Item		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	online	26	41.9	41.9	41.9
	fast working	13	21.0	21.0	62.9
	easy for use	11	17.7	17.7	80.6
	ATM & 24h serving in mobile	10	16.1	16.1	96.8
	international transaction	2	3.2	3.2	100.0
	Total	62	100.0	100.0	

Table (12) we asked customers what aspect of your current bank's services contribute the most to your satisfaction and 41.9% were said online banking and 21% of them said fast working at bank and 17.7% of customers answered that easy for working and 16.1% of customer said ATM & 24h service mobile and 3.2% of the customer said have international transaction.

17: if there anything else you would like to add about your banking experiences, preferences, or factors that influence your choices?

Table (13): if there anything else you would like to add about your banking experiences, preferences, or factors that influence your choices?

Item		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes, serve more services	14	22.6	22.6	22.6
	Yes, add service my account	11	17.7	17.7	40.3
	No	37	59.7	59.7	100.0
	Total	62	100.0	100.0	

Table (13) show asked customer if anything else you would to add about banking services and (22.6%) of customers said yes if they add more services and 17.7 of customers said add service my account to we get our salary while 59.7% said nothing else to add.

Table (14): Reliability Statistics

Reliability Statistics

Cronbach's Alpha	N of Items
.769	11

Table (15): Descriptive Statistics

4.2 Descriptive Statistics

	Descriptive Statistics	N	Mean	Std. Deviation
1.	education level	62	1.9839	0.77865
2.	which factor are most important to you when choosing a bank?	62	2.6613	1.4704
3.	have you ever switched banks in the past	62	1.7097	0.45762
4.	how do you assess the trustworthiness of a bank?	62	2.7258	1.16182
5.	have you been ever influenced by a bank's reputation or brand when making banking decisions	62	1.7419	0.44114
6.	how important is the convenience of branch locations and ATM's when choosing a bank?	62	3.8871	1.29444
7.	do your primary use online or mobile banking services?	62	2.6935	0.95108
8.	what specific feature or service in online or mobile banking do you find most	62	2	1.0243
9.	how satisfied are you with your current bank's services?	62	3.9839	1.64458
10	what aspect of your current bank's services contribute the most to your satisfaction?	62	2.1774	1.23506
11	if there anything else you would like to add about your banking experiences, preferences, or factors that influence your choices?	62	2.371	0.83438
	Valid N (listwise)	62		
	Total		2.539591	1.026679

The purpose of this study was to determine Customer behavior and preferences in retail banking: A qualitative study of urban consumers in Erbil.

This study finding that the Customer behavior and preferences in retail banking which was prepared from the retail banks. In term of (Q9) how satisfied are you with your current bank's services?, is the first highest participant the mean is (3.9839) this mean that the most of participants often, In term of (Q6) how important is the convenience of branch locations and ATM's when choosing a bank?, is the second

highest participant the mean is (3.8871) this mean that the most of participants often ,
In term of (Q20) how do you assess the trustworthiness of a bank? is the third highest
participant, the mean is (2.7258) this mean that the most of participants often. In term
of (Q3) have you ever switched banks in the past, the mean is (1.7097) this mean that
the lowest of participants often.

Chapter 5

Conclusion and Recommendation

5.1 Conclusion

In this study to find Customer behavior and preferences in retail banking: A qualitative study of urban consumers in Erbil city of Iraq also the objective of the study is

- To find insights into how customers make decisions about their banking choices, including factors such as trust, convenience, and satisfaction.
- To stabilize financial systems and promote economic growth.
- To understand of consumer behavior, preferences, and decision-making in the context of financial services. It adds to the body of knowledge in finance and banking.

The results showed that there was a significantly negative relationship between customers' behavior and the preference in retail banking:

In question (6) how important is the convenience of branch locations and ATM's when choosing a bank? Question (9) how satisfied are you with your current bank's services? And question (4) how does you assess the trustworthiness of a bank?

Also, currently Banks spend a lot of money aiming to reach potential customers and create awareness about their company, change the customers' attitudes and influence customers' buying behavior.

Furthermore, none of the studies dealt with the changes of private-banking client perceptions due to an acquisition. Only one study was found which dealt with the changes of consumer perceptions but in retail banking and due to a merger. In this area further research is required and mandatory because more and more banks - especially private banks - have been acquired by large banks. The acquisition itself has an influence on the perception of the service offered by the bank. How far the

acquisition changes the aspects in banking like image, branding, reputation (included in the determinant credibility) and pricing etc. and how far these changes influence the consumer perception must be discovered by further research.

5.2 Recommendation

Based on the findings of the study, the following recommendations are forwarded.

- Demographic and socioeconomic result shows that the age, gender, educated and income level the majority of customer in Erbil city. Thus, banks shall take this into consideration and attempt to develop banking products and service that appeal to this customer segment.
- Considering that “Personal characteristics” is the first most important factor that is considered significant by customers in bank selection decision and the fact that employees of service organization are part of the service that service organizations offers (inseparability), banks shall take significant efforts in selecting, training and motivating the staff members to deliver the promised service and thereby ensure the satisfaction of customers. Also increased emphasis shall be given to develop emotional intelligence of bank employees;
- “E-banking Technology” is the third most important factor in customer bank selection decision. This reflects customers’ preference for convenience banking which enables them to keep in touch with their money anywhere and anytime. Thus, banks shall consider seriously to invest on upgrading their IT capability, increase emphasis on IT based service delivery channels such as ATMs, electronically networked branches, internet banking, mobile and agent banking;
- Staff members have significant role to play in influencing bank selection decisions of the customers, which is evident from the fact that seven out of top ten motivational items are found to be the items linked with the performance.

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Appendix

Survey Questionnaire

Customer Behavior and Preferences in Banking

Dear sister or brother

Thank you for participating in our study on customer behavior and preferences in banking. Your feedback is valuable and will help us better understand how customers make decisions regarding their banking choices. Please answer the following questions to the best of your knowledge and experiences.

Demographic Information:

1. Age: _____
2. Gender: [] Male [] Female [] Other
3. Income Level: [] Less than \$25,000 [] \$25,000 - \$50,000 [] \$50,001 - \$75,000 [] \$75,001 - \$100,000 [] Over \$100,000
4. Education Level: [] High School [] Bachelor's Degree [] Master's Degree []
Other (please specify): _____

Banking Preferences:

5. How long have you been a customer of your primary bank? _____ years/months
6. Which factors are most important to you when choosing a bank? (Please rank them from 1 to 5, with 1 being the most important and 5 being the least important)
 - Trustworthiness
 - Convenience (e.g., branch location, ATM access)
 - Interest rates and fees
 - Customer service quality
 - Technological services (e.g., online banking, mobile app)
7. Have you ever switched banks in the past? [] Yes [] No
 - If yes, what were the primary reasons for switching banks?

Trust and Reputation:

- 8. How do you assess the trustworthiness of a bank? Please describe the factors or indicators you consider.
- 9. Have you ever been influenced by a bank's reputation or brand image when making banking decisions? [] Yes [] No
 - If yes, please explain how.

Convenience:

- 10. How important is the convenience of branch locations and ATMs when choosing a bank?
(Scale of 1 to 5, with 1 being not important at all and 5 being extremely important)
1- 2- 3- 4- 5-
- 11. Do you primarily use online or mobile banking services?
[] Online [] Mobile [] Both [] Neither
- 12. What specific features or services in online or mobile banking do you find most convenient?
1- Easy for use 2- Confident 3- 24/opened 4- others

Satisfaction:

- 13. On a scale of 1 to 5, how satisfied are you with your current bank's services?
(1 = Very Dissatisfied, 5 = Very Satisfied)
- 14. What aspects of your current bank's services contribute the most to your satisfaction?

Additional Comments:

- 15. Is there anything else you would like to add about your banking experiences, preferences, or factors that influence your choices?

Thank you for completing this questionnaire. Your input is greatly appreciated and will be kept confidential.