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# MARKETING FACTORS INFLUENCING BANK SELECTION IN BOSNIA AND HERZEGOVINA

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## Abstract

*Conventional banks as well as Islamic banks need to recognize the criteria on which prospective customers establish their bank selection decision. Planning a proper marketing strategy in order to attract new customers is of crucial importance in indentifying these criteria. Examination of the bank selection criteria being employed by bank employees of different banks in Sarajevo is the main focus of this study. Five banks were selected as a sample for the study. In the study, 50 selection factors extracted from relevant literature will be used to determine bank selection. By comparing the means ranking of the factors will be provided from where we will be able to see witch factors have highest importance in selecting the bank.*

**Key words:** Marketing factors, Banks, Marketing strategy, Bank Selection

**JEL Classification:** M31

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## Introduction

Developed marketing is now the starting point for the survival of banks in a more and more competitive market. Bank marketing includes approach to the consumer. Task of strategic marketing is to direct the banking organization to its action as fully adapted to the market environment. In this context, one of the main tasks for bank managers is to identify the factors that will attract market segment which will take these factors in consideration when making key decisions bank selection. Banks must determine the needs of consumers in each market segment as well as how these consumers evaluate the strength of the bank compared to its competitive. (Bakarić, 2007)

Studies have shown that there is a very large percentage of students that will remain the same bank customers after graduation and during employment period (Lewis, 1982.), so that business banks of Bosnia and Herzegovina in the market segment of students could identify a significant business opportunity (maybe not so much because of the size but rather because of the potential financial strength after graduation and employment).

Bank selection criteria were the topic of many earlier studies. Many researchers such as Anderson et al. (1976), Evans (1979), Kaynack and Yavas (1985), Ross (1989), Kazeh and Decker (1993), Hegazi (1995), Metawa and Almossawi (1998) tried to discover an answer on question "how customers select banks?". Banks will easily identify right marketing strategies that are needed to magnetize new customers and keep existing ones (Kaynak and Kucukemiroglu, 1992).

Banks play the most important role in financial institutions in a modern economy. They perform some very important functions for society and in this process extensively influence the level of economic doings, the distribution of income and the level of prices in a country. Because of that with increasing competitiveness in the banking industry, and likeness of services offered by banks, it has become ever more important that banks identify the factors that will determine the base upon which customers decide between providers of financial services (Almossawi, 2001).

The relevant previous studies indicate that a big amount of research effort has been spent to explore bank selection criteria for broad categories of customers (Yue and Tom, 1995). Almossawi (2001) emphasized that one promising segment, younger age group, did not have enough attention. Banks which are planning to manage this vibrant market segment must understand how individuals belonging to such segments select their banks.

## Literature Review

The bank selection criteria have been mostly neglected in the relevant literature. Nevertheless, a number of studies have dedicated part of their analysis to the importance of selection factors relative to age of customers. As we could find, in part of their study, Boyd et al. (1994) investigated the importance of bank selection criteria in relation to the age of the head of the household. They found that for the age group under 21 years, a bank's reputation has a major position in determining their bank selection, followed by location, hours of operation, interest on savings accounts and providing convenience and fast service. The least important factors for this age group were found to be the friendliness of bank employees and the modern nature of their facilities (Almossawi 2001).

Kaufman (1967) explores the determinant factors used in decisions of bank selection by consumers and business firms in the USA. He found that the most influential factors reported by households were suitable 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 that were used in their study and they found that high rankings factor in choosing the bank were:

- friendly personnel;
- favorable loan experience;
- advice of friends; and
- Influence of relatives.

Fitts (1975) did factor analyze on a set of data and he found that, six factors had a big impact on bank attractiveness to customers. These factors are stated as follows:

- full service bank,
- customer orientation,
- a pleasant banking experience,

- convenience of time,
- shopping accessibility, and
- personal influence.

Laroche et al. (1986) in his study explored 140 households in Montreal, Canada, trying to learn how people select their banks in such a competitive banking environment. In ranking the selection factors, results show that friendliness of staff has the major position in the bank decision process, followed by hours of operations, size of waiting lines, convenience of location, and efficiency of personnel.

By using “analytic hierarchy process” Javalgi et al. (1989) in his study found that financial factors are the main criteria in customers' decisions of bank selection. Results and findings of this study demonstrate that financial factors such as safety of fund, interest on savings accounts, and availability of loans are ranked high. Other two factors that followed the main one were convenient location and bank's reputation.

Even there were few important purposes in Erol et al.'s (1990) study on of them was designed to determine the bank selection criteria used by customers of Jordan's conventional and Islamic banks. Results of his study emphasizes that factors which were ranked highly were as follows:

- fast and efficient services,
- bank's reputation and image,
- friendliness of bank personnel, and
- confidentiality of bank.

Haron et al. (1994) conducted a survey of 301 Muslim and non-Muslim commercial bank customers in Malaysia to resolve the selection criteria used in a Islamic as well as in conventional banking environment. Results of the study show that factors that are important in bank selection were valued almost the same by Muslims and non – Muslims. The factors that were ranked highly were as follows:

- fast and efficient services,
- speed of transactions,
- friendliness of bank personnel, and
- confidentiality of bank.

Results of the Holstius and Kaynak (1995) study, where authors tried to determine the importance of selected patronage factors used by Finnish customers in choosing their banks by conducting a survey of 258 bank customers, indicated that the highly ranked factors for Finnish customers were: reception at the bank, fast and efficient services, lower service charges, friendliness of personnel, and perceived confidentiality.

There is also a study that is determining the global preferences of undergraduates regarding existing Croatian banks. In this study, Bakarić, 2007 presented how an Analytical Hierarchy Process (AHP) model can be applied by banks to measure their competitive advantage on different criteria in comparison to other banks..

## Methodology

This article focuses on studying the bank selection criteria being employed by employees of five different banks in Sarajevo Canton that are selected as a sample for this study.

A specially designed questionnaire was used for necessary data collection. The questionnaires have been passed to bank employees who were requested to fill them out and to answer the questions which were the second part of the questionnaire. There were two sections of mentioned questioner. The first part of the questionnaire asked respondents to rate the relative importance of 50 potential influencing factors, on their selection decision of banks, using a ten point importance scale (ranging from “most important” to “least important”). The factors were adapted from the relevant literature, personal experience and interviews with banks employees. In the second section of the questionnaire respondents were asked to list five most impor-

tant and five least important items based on their opinion and experience with customers. During the interview they provided explanation what were the reasons for such ranking of factors.

In order to closely present sample for this study banking sector in Bosnia and Herzegovina will be shortly described and list of the banks that are operating in BiH will be provided.

### **Banking System in Bosnia and Herzegovina**

The banking sector in BiH has experienced some important structural and organizational changes in last 20 years. Since The banking sector, together with all other sectors of the economy, was destroyed during the war period 1992-1995. Therefore the post-war reconstruction started since 1996, and has been very difficult for the development of banking system of BiH. In 1997 the Central Bank of BiH was established according to the "Currency board" arrangement, whereby the focus was put on stabilization of the currency and restoring confidence into the financial system, and at the same time "stripping" the Central Bank's instruments of monetary policy. What followed after the establishment of the Central Bank was the introduction of a single currency in BiH market in line with the principle of pegging the national currency KM/BAM (Convertible Mark) to DEM (German Mark) at a fixed exchange rate of 1KM=1DM. The main effect of this was withdrawing from payment system as many as four then existing currencies, i.e., Serbian "Dinar", Bosnian "Dinar", Croatian "Kuna" and German "Mark". Today, KM is pegged to EUR at a fixed exchange rate of 1 EUR = 1,95583 KM. (Efendic, 2011)

At the end of the last century, the banking system went through the processes of consolidation, regulation and privatization. In conformity with the administrative organization of BiH, the legal framework consists of The Law of Banks of Federation B-H (FB-H) and the Banking Law of Republika Srpska (RS). Implementation and enforcement of those laws are controlled by the two bank supervision agencies in BiH, namely the Banking Agency of FBiH and RS, which issuing and banking licenses too. These agencies and regulators didn't support any changes or adoptions in laws on banks for full implementation of Islamic banking.

The concentrated privatization process is finished. And result of this privatization process is that today we have 98% of private domestic or foreign ownership. In the last ten years, confidence in the banking system has been restored and the banking system itself has been significantly developed and strengthened, measured by growth of deposits and the amount of capital. These processes coincided with the process of the concentration of the banking system due to numerous mergers and acquisitions of banks, which further resulted in reducing of the number of banks in BiH. (Efendic,2011)

The banking sector dominates the financial system in Bosnia and Herzegovina. Separately from the leading position of the banking system in the process of financial intermediation, there is a clear tendency of banks spreading into others, less developed segments of the financial system

### **Commercial Banks**

Commercial banks in BiH are enabled for banking actions and operations in relation to the Law on Banks. Taken as a whole, the main share of assets in BiH is today privately owned. Foreign-owned banks have been the main drivers of credit growth. The list of the commercial banks operating in the Bosnia and Herzegovina is given in Table 1. Headquarters of the 19 banks in the list are in Federation of Bosnia and Herzegovina, while headquarters of the 10 of them are in RS.

	Name of the BANK	Center Office	Official Website
1	ABS banka d.d. Sarajevo	Sarajevo	<a href="http://www.absbanka.ba">http://www.absbanka.ba</a>
2	BOR banka Sarajevo	Sarajevo	<a href="http://www.borbanka.ba">http://www.borbanka.ba</a>
3	Bosna bank international d.d. Sarajevo	Sarajevo	<a href="http://www.bbi.ba">http://www.bbi.ba</a>
4	FIMA banka dd Sarajevo	Sarajevo	<a href="http://www.fimabanka.ba">http://www.fimabanka.ba</a>
5	Hypo Hypo Alpe-Adria-Bank d.d. Mostar	Mostar	<a href="http://www.hypo-alpe-adria.ba">http://www.hypo-alpe-adria.ba</a>
6	Intesa Sanpaolo Banka d.d. Bosna i Hercegovina	Sarajevo	<a href="http://www.intesasanpaolobanka.ba">http://www.intesasanpaolobanka.ba</a>
7	Investiciono-komercijalna banka dd Zenica	Zenica	<a href="http://www.ikbze.com.ba">http://www.ikbze.com.ba</a>
8	Komercijalno-investiciona banka dd V.Kladuša	Velika Kladuša	<a href="http://www.kib-banka.com.ba">http://www.kib-banka.com.ba</a>
9	NLB Tuzlanska banka dd, Tuzla	Tuzla	<a href="http://www.nlbuzlanskabanka.ba">http://www.nlbuzlanskabanka.ba</a>
10	Postbank BH d.d. Sarajevo	Sarajevo	<a href="http://www.postbankbh.ba">http://www.postbankbh.ba</a>
11	Privredna banka Sarajevo d.d. Sarajevo	Sarajevo	<a href="http://www.pbs.ba">http://www.pbs.ba</a>
12	ProCredit Bank Sarajevo	Sarajevo	<a href="http://www.procreditbank.ba">http://www.procreditbank.ba</a>
13	Raiffeisen Bank dd BiH	Sarajevo	<a href="http://www.raiffeisenbank.ba">http://www.raiffeisenbank.ba</a>
14	Razvojna banka Federacije BiH	Sarajevo	<a href="http://www.ibf-bih.ba">http://www.ibf-bih.ba</a>
15	Turkish Ziraat Bank Bosnia dd Sarajevo	Sarajevo	<a href="http://www.ziraatbosnia.com">http://www.ziraatbosnia.com</a>
16	UniCredit Bank d.d.	Mostar	<a href="http://www.unicreditbank.ba">http://www.unicreditbank.ba</a>
17	Union banka d.d. Sarajevo	Sarajevo	<a href="http://www.unionbank.ba">http://www.unionbank.ba</a>
18	Vakufska banka d.d. Sarajevo	Sarajevo	<a href="http://www.vakuba.ba">http://www.vakuba.ba</a>
19	Volksbank BH dd	Sarajevo	<a href="http://www.volksbank.ba">http://www.volksbank.ba</a>
20	Balkan Investment Bank AD Banja Luka	Banja Luka	<a href="http://www.bib.ba">http://www.bib.ba</a>
21	Bobar banka ad Bijeljina	Bijeljina	<a href="http://www.bobarbanka.com">http://www.bobarbanka.com</a>
22	EEFC Bank, a.d. Banja Luka	Banja Luka	<a href="http://www.iefcbanika.com">http://www.iefcbanika.com</a>
23	Hypo Alpe-Adria-Bank a.d. Banja Luka	Banja Luka	<a href="http://www.hypo-alpe-adria.ba">http://www.hypo-alpe-adria.ba</a>
24	Komercijalna banka AD Banja Luka	Banja Luka	<a href="http://www.kombank-bl.com">http://www.kombank-bl.com</a>
25	NLB Razvojna banka	Banja Luka	<a href="http://www.nlbrazvojnabanka.com">http://www.nlbrazvojnabanka.com</a>
26	Nova banka ad Banja Luka	Banja Luka	<a href="http://www.novabanka.com">http://www.novabanka.com</a>
27	Pavlović International Bank a.d.	Slobomir Bijeljina	<a href="http://www.pavlovic-banka.com">http://www.pavlovic-banka.com</a>
28	Unicredit Bank a.d. Banja Luka	Banja Luka	<a href="http://www.novablbanka.com">http://www.novablbanka.com</a>
29	Volksbank a.d. Banja Luka	Banja Luka	<a href="http://www.volksbank-bl.ba">http://www.volksbank-bl.ba</a>

Source: *Banking Agency of the Federation of Bosnia and Herzegovina (2011) and Banking Agency of the Republic of Srpska (2011)*

**Table 1.** Commercial Banks in Bosnia and Herzegovina in 2012

Five banks that are selected for the study are: Bosnian Bank International, ProCredit Bank, Raiffeisen Bank, Turkish Ziraat Bank and UniCredit Bank. Bosnian Bank International is not listed in the table 1 because it is operating as Islamic bank. We decided to consider this bank because B-H has not made any restrictive or economic implementation in banking sector for developing of Islamic banking, so Islamic bank is treated as a conventional one.

### Findings of the study

According to personal interviews with the banks employees and questioner that is conducted, in table 1 we can see which factors are most important and which one are least important in bank selection. It should be noted here that every part of Table 2 was used in formulating the methodology and discussing the findings of this study.

Marketing factors influencing bank selection in Bosnia and Herzegovina

Factors	Factors Ranking						Average	Rank
	BBI Bank	ProCredit Bank	Raiffeisen Bank	Turkish Ziraat Bank	UniCredit Bank			
Availability of ATM's in several locations	9	9	10	10	9	9.4	1	
Financial stability of the bank	10	10	10	9	8	9.4	2	
Debit cards services	10	9	8	10	9	9.2	3	
Low interest rates on loans	10	10	10	9	7	9.2	4	
Staff confidentiality and trust	10	9	10	7	8	8.8	5	
Satisfaction of time waiting for service	8	9	10	9	8	8.8	6	
Speed of service from the cashiers	8	9	9	9	9	8.8	7	
Friendliness of bank personnel	10	9	9	8	7	8.6	8	
Knowledge and skills of staff i	9	10	10	6	8	8.6	9	
Professionalism and credibility of staff	9	9	10	8	7	8.6	10	
Bank opens afternoon	9	9	9	7	8	8.4	11	
Recommendations of friends	9	9	10	6	8	8.4	12	
Recommendations of relatives i	9	9	10	6	8	8.4	13	
Convenient branch locations	9	8	10	7	8	8.4	14	
Ease of opening a current account	7	6	10	10	8	8.2	15	
Bank's reputation	9	10	9	8	5	8.2	16	
Nearness of the bank to your office or house (residence)	9	9	10	7	6	8.2	17	
Personal security of customer	10	9	7	6	9	8.2	18	
Availability of large branch network across the country	10	6	10	8	7	8.2	19	
Simpler loan procedures	7	8	9	8	9	8.2	20	
Convenient ATM locations	7	8	10	8	7	8	21	
Low service charges	8	4	10	9	9	8	22	
Variety of services offered	10	8	8	7	7	8	23	
Loans easily obtained	9	9	8	7	6	7.8	24	
Searching for the best possible solutions to the financial problem by staff	9	7	9	7	7	7.8	25	
Sufficient number of cashiers	7	5	10	9	8	7.8	26	
Speed of loan approval and immediate payout	8	9	7	7	7	7.6	27	
Long loan repayment period	9	8	9	5	7	7.6	28	
Paying highest interest rates on saving accounts	9	6	7	7	8	7.4	29	
Pleasant bank layout, atmosphere and cleanliness	9	8	7	7	6	7.4	30	
Sufficient number of bank personnel	7	6	7	9	8	7.4	31	
Ability to design the amount and frequency of installments based on your own capabilities	8	5	10	6	8	7.4	32	
Available public transport nearby	6	8	10	5	8	7.4	33	
Several branches	9	7	7	6	7	7.2	34	
Providing credit cards with no annual fees	7	6	8	6	8	7	35	
Ease of access to senior bank personnel for consultation/advice	10	7	7	5	6	7	36	
Influential marketing campaign	7	8	7	7	6	7	37	
Potential customer complaints are managed effectively by the bank's staff	9	8	5	6	7	7	38	
Foreign exchange	6	6	9	6	8	7	39	
Possibility of partial or total early loan repayment anytime you want	8	7	10	4	6	7	40	
Banking by mail	9	9	7	6	3	6.8	41	
Brand name	5	8	8	7	6	6.8	42	
External appearance of bank	8	9	4	7	5	6.6	43	
Appearance and attire of staff	5	7	9	5	7	6.6	44	

Reception at the bank	7	9	6	4	6	6.4	45
Convenient location of the main branch of the bank	9	3	9	3	7	6.2	46
Opportunity of telephone banking	9	6	4	8	3	6	47
Availability of parking space near the banks facilities	8	7	5	6	3	5.8	48
Career development programs	8	6	5	5	5	5.8	49
Free gifts for customers	8	5	1	7	4	5	50

**Table 2.** Ranking importance of bank selection criteria factors among banks employees

The findings reveal that for banks employees based on their experience with customers, the five most influential factors for bank selection were:

- 1) Availability of ATM's in several locations
- 2) Financial stability of the bank
- 3) Debit cards services
- 4) Low interest rates on loans
- 5) Staff confidentiality and trust

On the other hand, the least important five factors determining bank selection were found to be:

- 1) Convenient location of the main branch of the bank
- 2) Opportunity of telephone banking
- 3) Availability of parking space near the banks facilities
- 4) Career development programs
- 5) Free gifts for customers

From Tables 2 it can be concluded that customers seem to prefer dealing with their banks through automated teller machines (ATM). For this reason the factor "Availability of ATM's in several locations" was among the most important determinant selection factors for respondents. This indicates that, in their bank selection, the new generation of customers tends to put more importance on the factors which give them fast and suitable access to the bank services, rather than factors related to availability of parking space near the banks facilities, career development programs and free gifts for customers. This can be viewed in Tables2 where factors such as "convenient location of the main branch of the bank", "opportunity of telephone banking", "availability of parking space near the banks facilities", "career development programs" and "free gifts for customers" scored low.

As we mention before, in the second section of the questionnaire respondents were asked to list five most important and five least important items in the based on their opinion and experience with customers. In the tables 3,4,5,6 and 7 we can see how banks employees ranked factors in regard to its importance.

Five most important factors	Five least important factors
1. Financial stability of the bank	1. Free gifts for customers
2. Professionalism and credibility of staff	2. Career development programs
3. Ease of opening a current account	3. Opportunity of telephone banking
4. Loans easily obtained	4. Availability of parking space near the banks facilities
5. Low interest rates on loans	5. External appearance of bank

**Table 3.** The five most/least important factors in determining bank selection provided by Raiffeisen Bank employees



When we talk about factors that are highly influence bank selection according to Raiffeisen Bank employees' opinion and their experience with customer we can see that "financial stability of the bank" is crucial. The reason for this is that customers want to be sure that their money is safe and that they can trust and stay loyal to the bank that they have selected. Since Raiffeisen Bank is the bank with highest market share in BiH it means that this bank has a lot of customers that are searching for different services. Sometimes happened that banks branches are really crowded and delays in providing services to its customers are possible so factors such as "professionalism and credibility of staff", "ease of opening a current account", and "loans easily obtained" are highly important. On the other hand Raiffeisen Bank employees think that factors such as "free gifts for customers", "career development programs", "opportunity of telephone banking", "availability of parking space near the banks facilities", as well as "external appearance of bank" are not so important in selecting the bank because these factors do not influence life circumstances so much.

Five most important factors	Five least important factors
1. Variety of services offered	1. Convenient bank location
2. Low interest rates on (loans) financing	2. free gifts for customers
3. Professionalism and credibility of staff	3. Career development programs
4. Satisfaction of time waiting for service	4. External appearance of bank
5. Low service charges	5. Available public transport nearby

**Table 4.** The five most/least important factors in determining bank selection provided by BBI Bank employees

Based on second part of the survey completed by BBI bank employees and according to interview organized with them we can see that one of the most important factors which highly influence bank selection is "variety of services offered". Since this is the only one Islamic bank in BiH and majority of its customers are Muslims "variety of services offered" is extremely important. Also "low service charges", "low interest rates on loans", "professionalism and credibility of staff", together with "satisfaction of time waiting for service" were ranked as five most important factors that are influencing bank selection. In contrast, "convenient bank location", "free gifts for customers", "career development programs", "external appearance of bank" as well as "available public transport nearby" were factors that were ranked with low level of importance in bank selection.

Five most important factors	Five least important factors
1. Bank's reputation	1. Convenient bank location
2. Low interest rates on loans	2. Low service charges
3. Personal security of customer	3. free gifts for customers
4. Financial stability of the bank	4. Sufficient number of cashiers
5. Knowledge and skills of staff	5. Foreign exchange

**Table 5.** The five most/least important factors in determining bank selection provided by ProCredit Bank employees

Consistent with findings taken from second part of the survey fulfilled by ProCredit Bank employees we found out that five most important factors influencing bank skeleton are:

1. Bank's reputation
2. Low interest rates on loans
3. Personal security of customer



4. Financial stability of the bank
5. Knowledge and skills of staff

On the other hand five least important factors influencing bank selection are:

1. Convenient bank location
2. Low service charges
3. Free gifts for customers
4. Sufficient number of cashiers
5. Foreign exchange

Five most important factors	Five least important factors
1. Ease of opening a current account	1. convenient location of the main branch of the bank
2. Availability of ATM's in several locations	2. Available public transport nearby
3. Availability of debit cards	3. Possibility of partial or total early loan repayment anytime you want
4. Low interest rates on loans	4. Reception at the bank
5. Speed of service from the cashiers	5. Ease of access to senior bank personnel for consultation/advice

**Table 6.** The five most/least important factors in determining bank selection provided by Turkish Ziraat Bank employees

When we talk about findings from Turkish Ziraat Bank employees interviews and filled survey we can see that factors that are the most important in selecting the bank are:

1. Ease of opening a current account
2. Availability of ATM's in several locations
3. Availability of debit cards
4. Low interest rates on loans
5. Speed of service from the cashiers

Reason for this is that majority of the their customers want quick service, they are just tired of BiH bureaucratic system and "Speed of service" , "ease of opening a current account" as well as "availability of ATM's in several locations will keep customer loyal to the bank. On the other hand five least important factors according to Turkish Ziraat Bank employees' opinion and their experience with customers are:

1. Convenient location of the main branch of the bank
2. Available public transport nearby
3. Possibility of partial or total early loan repayment anytime you want
4. Reception at the bank
5. Ease of access to senior bank personnel for consultation/advice

We can see that according to interview customers do not pay much attention on these factors in selecting the bank. For example factor "Ease of access to senior bank personnel for consultation/advice" does not

influence bank selection because customer would need consultation from senior bank personnel only in case of some problems which is not happening that frequent. "Possibility of partial or total early loan repayment anytime you want" is something that already is the practice of all banks and again customers are familiar with it so it will not affect bank selection. And finally "available public transport nearby" and "Convenient location of the main branch of the bank" were the factors that were ranked as low important in bank selection.

Five most important factors	Five least important factors
1. Availability of ATM's in several locations	1. Availability of parking space near the banks facilities
2. Low service charges	2. Banking by mail
3. Personal security of customer	3. Opportunity of telephone banking
4. Speed of service from the cashiers	4. free gifts for customers
5. Simpler loan procedures	5. convenient location of the main branch of the bank

**Table 7.** The five most/least important factors in determining bank selection provided by UniCredit Bank employees

According to our interviews with the respondents, we found out that the vast majority of customers prefer to use ATMs, not only for their speed and convenience but also for the mental structure of today's people especially young generation who have been very much involved with computer-based activities (e.g. games, Internet, e-mail, programming, etc.) Therefore, to attract new customers and to keep existing ones, banks must provide as many services as possible through their ATMs. Following factors that were ranked by UniCredit bank employees as highly important were "Low service charges" and "personal security of customers" together with "speed of service from the cashiers" and "simpler loan procedures".

If we analyze the findings in terms of ranking importance of bank selection criteria factors as less important we can see that according to bank employees their customers do not pay more attention on factors such as "availability of parking space near the banks facilities", "banking by mail", "opportunity of telephone banking", "free gifts for customers", "convenient location of the main branch of the bank" which can be seen from the Table 7.

## Conclusion

For many years commercial banks in Bosnia and Herzegovina used to offer the same bank products and services to all bank customers. The raise of competition, seems to go in front the banks to adjust their services structure in order to "determine the bank customer". As the banking institutions are now attempting to make different themselves from each other, a new era has arrived which would be proven crucial not only for the institutions' market success but for their definite survival. Bank managers are now required to implement the bank marketing philosophy, aiming at identifying and satisfying the particular needs of bank customers.

This study can help bank decision makers to recognize the major factors that may establish bank selection decisions among customers. Such information should help the management of commercial banks in devising proper marketing strategies for reaching and attracting new customers.

Overall the findings of this study are quite similar to findings in previous work in same area. Findings from this study reveal that based on bank employees experience with customers, they place more emphasis on factors like "availability of ATM's in several locations", "financial stability of the bank", "debit cards services", "low interest rates on loans", "staff confidentiality and trust". Therefore, such factors should be considered seriously by the commercial banks in designing their marketing strategies.

## Recommendations

The study reveals that technology plays an important role in the selection of banks. In today's environment, customers require more and more personalized and value added services like ATM. From Tables 2 it can be concluded that the factor "availability of ATM's in several locations" was among the most important determinant selection factors for respondents. This indicates that, in their bank selection, the new generation of customers tends to put more importance on the factors which give them fast and suitable access to the bank services. Such information should help the management of commercial banks in devising appropriate marketing strategies for reaching and attracting customers.

"Financial stability of the bank" together with "staff confidentiality and trust" are the factors which were highly important for customers in selecting their bank. The reason for this is that customers want to be sure that their money is safe and that they can trust and stay loyal to the bank that they have selected. In order to make their customers aware that bank that they selected has financial stability and confidential and trustable staff, promotional programs should be focus on these two factors.

Findings from the survey also indicate that customers place more emphasis on factors like "debit cards services" and "low interest rates on loans". Therefore, such factors should be considered seriously by the commercial banks in designing their marketing strategies. In many countries, the use of debit cards has become so widespread that their volume has overtaken or entirely replaced check and, in some instances, cash transactions. In order to offer low interest rates on loans banks may cut deep into its profit margins. But then they should find a way to offset the low margins. They may do it by having a larger number of customers. A bank with a low interest rate may have many ATM machines and branches in convenient locations; it may have better phone customer service; and its online banking system may have many powerful features. All of these recommendations may be taken into consideration if bank managers decide to offer low interest rates.

Since the findings of this study are based on bank employees' (service providers') perceptions only, investigating the correspondence between consumers' and service providers' perceptions could be a significant research area among concerned potential researchers. This will help the industry to better understand whether both customers and banks have the same perceptions regarding issues relevant to bank selection criteria.

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