

Preferences of Mati North District Teachers of a Lending Bank

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Abstract:

This study aimed to find out teachers' preference of lending bank vis-à-vis loan based on the following attributes like trust and relationship, secure feeling, convenience, financial benefits, and technology; the teachers' preference of bank vis-à-vis loan influenced by the attributes through choice-based conjoint analysis; describe the demographic characteristics of teachers behind their choice of lending bank; and the market shares of each product profile. The respondents of this study were the teachers of Mati North District, Schools City Division of the City of Mati. The study area comprised of randomly selected schools and 179 teachers as computed. Choice-based conjoint analysis was utilized to get the effect and attribute in the study. The results of the study divulged that in the course of direct ranking, financial benefit was the most important attribute followed by secure feeling, trust and relationship, convenience, and technology. Correspondingly, most teachers in Mati North District preferred lending bank with low service charge, security at the bank, well-informed and proficient staff, minimal documents needed, and availability of ATM.

Key Words: financial benefit, secure feeling, trust and relationship

Introduction

Teachers showed numerous preferences to choose which they believed can be most beneficial for them. They inspected and evaluated the products and services they would like to select based on the features (Banyte, 2008) and what holds most weight (Adams, 2014). They also preferred the most important attributes that fit to particular products and services they looked for.

In the article of Mokhlis (2009), he pointed out that teachers preferred banks based on the strong competition that occurs in the market for financial services. In a common instance, Mburu (2015) stated that consumers compare the pricing of loans at various lenders.

One of the services that teachers tend to choose is on financial involvement as they indulged themselves to lending banks. They would prefer to choose a lending bank that gives quality services and a very low interest rate to subsidize on their finances. Barlevy and Neal (2012) cited that availing of loans is considered a common practice.

Most of the teachers, like an ordinary individual, believed Bhatt (2013) that they wished to avail home loan, personal loan or any other loan from financial institutions without considering some important attributes that need to analyze in choosing a lending bank to transact with.

In the light of the premises mentioned, this study is considered to investigate vis-à-vis the determinants in the selection of lending bank of teachers.

Review of Literature

Attributes in Choosing a Lending Bank

Trust and relationship is emphasized in selecting a lending bank. The study of Garrity (2016) stressed out that there is a smooth relationship between the two parties when their bond becomes stronger and trust is in between. It was seconded by Adams (2015) who stipulated that the cost and type of bank product is important in purchasing behavior of consumers and that a relationship is based on trust is a necessity. Moreover, Maddern, et. al (2007) reported that the bank staffs and other personnel must have courteousness in dealing with the debtors to influence borrower's choice.

The feeling of being secured is a contributory factor in choosing a lending bank. Mokhlis, et. al (2011) proved that the main focus of a marketing campaign to attract borrowers is to make them feel secure by emphasizing the bank's long term stability and protection of the privacy and confidentiality of customer's information. This was paved in the study of Akrani (2011) stating that customer confidence and sense of security can be increased through banking service quality cues. Also, Chigamba and Fatoki (2011) believed that winning customer's confidence ensures a high probability of customer's loyalty.

Studies revealed that convenience is a factor to be considered in choosing a lending bank for a loan transaction such as length of time the customer has to spend (Marous, 2012 and Dabone, et. al, 2013) and quality of service (Aregbeyen, 2011).

An article of Nieto (2007) presented that a lower interest rate decreases the coast of a loan, in turn, increases the demand for a bank loans. This was enhanced by Senyucel (2009) in his study that service charge policy is one factor that clients.

Rapid innovations brought by technology triggered financial institutions in promoting electronic services. Singh (2011) cleared one thing that card and mobile banking is the best among all innovated services provided by banks.

Methodology

Research Design

The study employed Choice-based Conjoint Analysis to predict the choice of teachers in lending banks. It focused on the five attributes which affect teachers' choice of lending bank such as trust and relationship, secure feeling, convenience, financial benefit, and technology.

Sampling

The study was conducted at Mati North District, City Division of Mati. There were 23 elementary schools with 324 teachers. Only 179 teachers were part of the study after computing Slovin's formula through proportionate stratified random sampling. Lottery method was used in order to survey the representative of each school.

Data Collection

A pre-survey questionnaire was conducted to teachers to determine the attributes that affect their choice of lending banks. Expected attributes from various studies and literatures were adapted to help them identified. They were also given a space in the questionnaire in order for them to write additional attributes which were not found in the pre-survey questionnaire. Then, a pilot testing was carried out to 30 teachers from the other district to determine the validity and reliability of the survey tool. Afterwards, the final questionnaire was conducted to the 179 teachers as respondents.

Analysis

The study was analyzed by means of Choice-based Conjoint Analysis. First, the attributes valued by the customers were established. In this study, the product or service attributes from the related studies on features influencing teachers' choice of lending bank were verified and tasked them to rank the attributes. There was an open-ended question to assure that the respondents could give their own attributes. Then, determine the product or service profile of teachers' choice of lending bank. In this article, the computer optimized experimental design was used to generate all probable product profiles. Further, a market simulation was used to calculate the product profile that had the most value of utility to see the greatest value of market share.

Findings

Teachers' Choice of Lending Bank vis-à-vis Loan

Table 1 showed the importance of five attributes which include secure feeling, convenience, technology, financial benefit, and trust and relationship through direct ranking. It can be gleaned that financial benefit ranked 1 unanimously from Cluster 1 to Cluster 4 as the most important attribute. Other attributes had varied ranks positioning 2, 3, 4 and 5. In Cluster 1, trust and relationship, secure feeling, convenience, and technology ranked 2, 3, 4 and 5 respectively. In Cluster 2, secure feeling trust and relationship, convenience, and technology ranked 2, 3, 4 and 5 respectively. In Cluster 3, trust and relationship, secure feeling, technology, and convenience

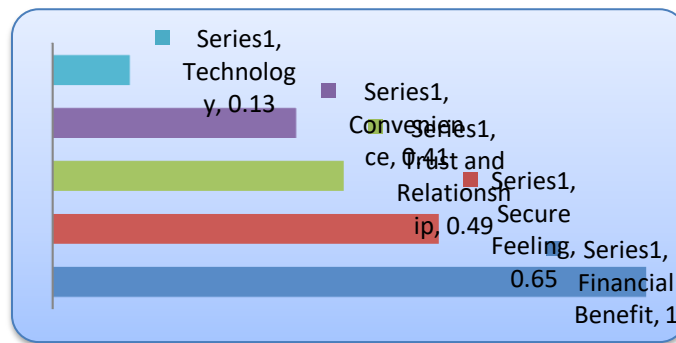
ranked 2, 3, 4 and 5 respectively. In Cluster 4, convenience, trust and relationship, secure feeling, and technology ranked 2, 3, 4 and 5 respectively.

Table 1
Teachers' Choice of Bank vis-à-vis Loan

Cluster	1	2	3	4
Size	18.4% (33)	32.4 % (58)	26.8% (40)	22.3% (40)
Inputs	Secure Feeling Rank 3 (100%)	Secure Feeling Rank 2 (60.3%)	Secure Feeling Rank 3 (41.7%)	Secure Feeling Rank 4 (65%)
	Convenience Rank 4 (66.7%)	Convenience Rank 4 (69%)	Convenience Rank 5 (58.3%)	Convenience Rank 2 (57.5%)
	Technology Rank 5 (100%)	Technology Rank 5 (89.7%)	Technology Rank 4 (58.3%)	Technology Rank 5 (57.5%)
	Financial Benefit Rank 1 (100%)	Financial Benefit Rank 1 (100%)	Financial Benefit Rank 1 (41.7%)	Financial Benefit Rank 1 (47.5%)
	Trust and Relationship Rank 2 (63.6%)	Trust and Relationship Rank 3 (46.6%)	Trust and Relationship Rank 2 (31.2%)	Trust and Relationship Rank 3 (55%)

Teachers did not have the same rank in terms of importance of the factors and that they could be classified into four clusters according to the rank they showed to the attributes. As Cluster 2 which had the greatest number of teachers and treated to be a cluster with large size, it can be deduced that in choosing a bank, most teachers considered financial benefit as the most important attribute, followed by secure feeling, trust and confidence, convenience, and technology.

Figure 1



Predictor Importance of Attributes in Bank

Figure 1 showed the predictor importance of attributes in bank. It revealed that financial benefit was the most important attribute, followed by secure feeling, trust and relationship, convenience, and technology. This implied that financial benefit was the first attribute to be considered by teachers in choosing a lending bank where there were relaxation of lending interest rate and a more just redistribution for the benefit of its customers. This was supported by the study of Tank

and Tyler (2005) that borrowers tend to attach greater importance on financial benefits when choosing a bank to patronize.

Choice of Attributes by Choice-based Conjoint Result

Table 2 showed the individual attribute level utilities of teachers' choice of lending bank with 15 independent parameters. Attribute level utility with negative values means that the teachers did not even prefer the levels of attributes. Financial benefit attribute level vis-à-vis low service charges had the bigger utility value of 0.325 compared to low interest rate and insurance system. This claim was supported by the study of Adrian and Shin (2010) that teachers preferred to transact a bank with low service charges. Then, on the secure feeling attribute level vis-à-vis stable banking had the greatest utility value of 0.613 compared to assurance of privacy and security at the bank. This was also clear in the statement of Singh and Kumar (2006) and Nandwani (2005) suggested that bank with stable banking is a big attraction to clients like teachers. In trust and relationship attribute level, well-informed and proficient staff had the highest utility value of 0.765 compared to customer service and courtesy. In this, Nachane, et. al, (2006) proved in their study that teachers favor on banks with well-informed and proficient staff.

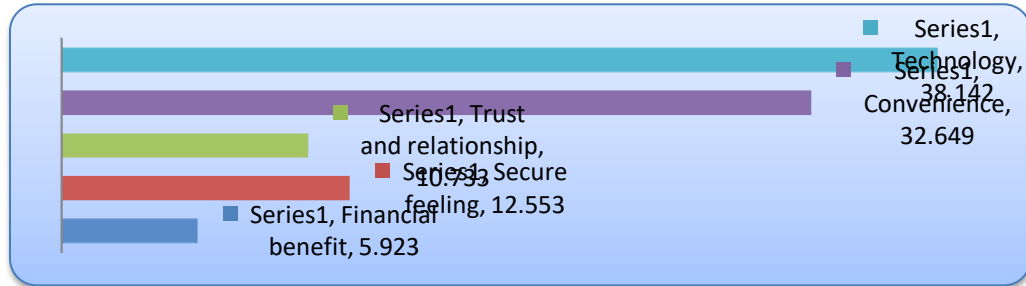
Table 2
Individual Attributes Level Utilities

Source	Utilities
Financial Benefit – Insurance System	-0.470
Financial Benefit – Low Interest Rate	0.145
Financial Benefit – Low Service Charges	0.325
Secure Feeling – Assurance of Privacy	0.459
Secure Feeling – Security at the Bank	-1.072
Secure Feeling – Stable Banking	0.613
Trust and Relationship – Customer Service	-0.090
Trust and Relationship – Courtesy	-0.675
Trust and Relationship – Well-informed and Proficient Staff	0.765
Convenience – Minimal Documents Needed	2.229
Convenience – Parking Facility	-2.152
Convenience – Spacious Establishment	-0.077
Technology – Availability of ATM	1.936
Technology – Connectivity to other Bank's ATMs	1.247
Technology – Mobile Banking	-3.182

Minimal documents needed had also the highest minimal value of 2.229 in the convenience attribute level when compared to parking facility and spacious environment. Mukharji (2005) claimed that the bank industry must be aggressive in adhering teachers' choice of bank with minimal documents needed. Lastly, availability of ATM had the greatest utility value of 1.936 in the technology attribute level compared to connectivity to other bank's ATMs and mobile

banking. Bailey, et. al (2012) sustained that teachers preferred to transact a bank with the availability of ATM.

Figure 2



Attribute Importance

Figure 2 presented the overall attribute importance derived from the generated utilities of individual attribute levels through aggregation of all teachers’ responses. It revealed that technology is the most important attribute in teachers’ choice of lending bank with 38.142%, followed by convenience, secure feeling, trust and relationship, and lastly, financial benefit with 32.649%, 12.553%, 10.733%, and 5.923% respectively. Mokhlis (2009) postulated that technology comes as one of the features considered by clients in banking to give quick and convenient access to the bank services. This was added by Marous (2012) who stated that banking institutions focusing on new technologies can allow them to compete effectively for the increasing number of accounts in motion, so, technology speed up transaction to save time and energy.

Market Share of Product Profile

Table 3 showed the product profile and their corresponding levels, utility and market share values which were used to stimulate market shares. It can be noted that product profile 022 had the highest market share value of 7.571%. This means that teachers preferred a lending bank which offered low service charges, stable banking, well-informed and proficient staff, minimal document needed during application, and availability of ATM. This proved the findings of Khan (2010) that banks should focus not only on the satisfaction of ATM users but also aim at delighting them with other services like stable banking. However, product profile 147 had the market share value of 0.631% was undesirable which comprised attribute levels of low interest rate, stable banking, well-informed and proficient staff, spacious establishment, and availability

Table 3
Product Profile and their Corresponding Levels, Utility and Market Share Values

Product Profile	Attribute Levels					Utilities	Market Share
	Financial Benefit	Secure Feeling	Trust and Relationship	Convenience	Technology		

PP 022	low service charges	stable banking	well-informed and proficient staff	minimal documents needed	availability of ATM	0.076	7.571
PP 072	low service charges	assurance of privacy	well-informed and proficient staff	minimal documents needed	availability of ATM	0.065	6.495
PP 208	low interest rate	stable banking	well-informed and proficient staff	minimal documents needed	availability of ATM	0.063	6.326
PP 167	low interest rate	assurance of privacy	well-informed and proficient staff	minimal documents needed	availability of ATM	0.054	5.426
PP 198	low service charges	stable banking	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.038	3.802
PP 157	low service charges	assurance of privacy	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.033	3.262
PP 003	low service charges	stable banking	customer service	minimal documents needed	availability of ATM	0.032	3.220
PP 071	low interest rate	stable banking	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.032	3.177
PP 199	low interest rate	stable banking	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.032	3.177
PP 112	low service charges	assurance of privacy	customer service	minimal documents needed	availability of ATM	0.028	2.762
PP 001	low interest rate	assurance of privacy	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.027	2.725
PP 204	low interest rate	stable banking	customer service	minimal documents needed	availability of ATM	0.027	2.690

PP 182	low interest rate	assurance of privacy	costumer service	minimal documents needed	availability of ATM	0.023	2.308
PP 200	low interest rate	assurance of privacy	costumer service	minimal documents needed	availability of ATM	0.023	2.308
PP 110	low service charges	stable banking	Courtesy	minimal documents needed	availability of ATM	0.018	1.794
PP 119	low service charges	stable banking	Courtesy	minimal documents needed	availability of ATM	0.018	1.794
PP 098	insurance system	stable banking	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.017	1.717
PP 106	insurance system	stable banking	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.017	1.717
PP 175	low service charges	stable banking	costumer service	minimal documents needed	connectivity to other bank's ATMs	0.016	1.617
PP 190	insurance system	assurance of privacy	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.015	1.473
PP 201	insurance system	assurance of privacy	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.015	1.473
PP 012	insurance system	stable banking	costumer service	minimal documents needed	availability of ATM	0.015	1.454
PP 002	low service charges	security at the bank	well-informed and proficient staff	minimal documents needed	availability of ATM	0.014	1.405
PP 108	low service charges	assurance of privacy	costumer service	minimal documents needed	connectivity to other bank's ATMs	0.014	1.387
PP 176	low service charges	assurance of privacy	costumer service	minimal documents needed	connectivity to other bank's ATMs	0.014	1.387
PP 185	low interest rate	assurance of privacy	Courtesy	minimal documents	availability of ATM	0.013	1.285

				needed			
PP 126	insurance system	assurance of privacy	costumer service	minimal documents needed	availability of ATM	0.012	1.248
PP 207	insurance system	assurance of privacy	costumer service	minimal documents needed	availability of ATM	0.012	1.248
PP 013	low interest rate	security at the bank	well-informed and proficient staff	minimal documents needed	availability of ATM	0.012	1.174
PP 083	low service charges	assurance of privacy	Courtesy	minimal documents needed	connectivity to other bank's ATMs	0.008	0.773
PP 075	low service charges	stable banking	well-informed and proficient staff	spacious establishment	availability of ATM	0.008	0.755
PP 181	low service charges	stable banking	well-informed and proficient staff	spacious establishment	availability of ATM	0.008	0.755
PP 073	low interest rate	stable banking	Courtesy	minimal documents needed	connectivity to other bank's ATMs	0.008	0.753
PP 141	insurance system	stable banking	costumer service	minimal documents needed	connectivity to other bank's ATMs	0.007	0.730
PP 006	low service charges	security at the bank	well-informed and proficient staff	minimal documents needed	connectivity to other bank's ATMs	0.007	0.706
PP 004	insurance system	assurance of privacy	Courtesy	minimal documents needed	availability of ATM	0.007	0.695
PP 191	insurance system	assurance of privacy	Courtesy	minimal documents needed	availability of ATM	0.007	0.695
PP 140	low service charges	assurance of privacy	well-informed and proficient staff	spacious establishment	Availability of ATM	0.006	0.648
PP 061	low interest rate	assurance of privacy	Courtesy	minimal documents needed	connectivity to other bank's ATMs	0.006	0.645

PP 076	insurance system	security at the bank	well-informed and proficient staff	minimal documents needed	availability of ATM	0.006	0.635
PP 120	low interest rate	stable banking	well-informed and proficient staff	spacious establishment	availability of ATM	0.006	0.631
PP 147	low interest rate	stable banking	well-informed and proficient staff	spacious establishment	availability of ATM	0.006	0.631

of ATM. The claim was rejected by Katircioglu, et.al (2011) when the stressed that debtor chooses spacious establishment for an ease feeling. Consequently, the 42 product profiles generated in the market share values were already existed or the product is new or not yet offered in the market.

Conclusion

This study was conducted to find out the teachers' choice of lending bank vis-à-vis loan based on the following attributes: trust and relationship, secure feeling, convenience, financial benefits, and technology. It also aimed to determine the teachers' choice of bank vis-à-vis loan influenced by the attributes through Choice-based Conjoint analysis and also to determine the market shares of each product profile.

In summary, financial benefit was the most important attribute during direct ranking. It was followed by secure feeling, trust and relationship, convenience, and technology. By choice-based conjoint analysis, technology was the most important in the overall attribute derived from the generated utilities of individual attribute levels. Through market share of product profile, the Mati North District teachers preferred a lending bank influenced by the attributes revealed in product profile 022 which comprised of low service charges, security at the bank, well-informed and proficient staff, minimal documents needed, and availability of ATM.

Suggestions and Recommendations

In the premise of findings and conclusions, it is recommended that financial benefits may be considered by teachers when they choose a lending bank. Lending bank also is encouraged to offer longer term payment with minimal interest rate and low service charges to have a higher net loan. To retain and attract more teachers to patronize the services offered by a lending bank, the product profile 022 with the highest market share may be adapted which comprised of low service charges, security at the bank, well-informed and proficient staff, minimal documents

needed, and the availability of ATM. Furthermore, it is highly recommended to conduct similar research problems that focus on branch availability, ATM fees, ease of deposit, and on line banking features. Lastly, researches on the teachers' performance and learners' academic achievement may be done due to interruption of classes happened when the teacher transact business to lending banks during class hours.

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