

## **FACTORS AFFECTING THE SELECTION OF A RETAIL BANK IN SOUTH AFRICA: A FEMALE GENERATION Y CONSUMER'S PERSPECTIVE**

### **ABSTRACT**

The competitive nature of the South African retail banking industry cannot be disputed as there are high levels of competition for both banked and unbanked consumers in order to grow market share. This is specifically true for female Generation Y consumers as they have high disposable incomes, are technologically savvy and brand conscious and are therefore an indispensable target market for retail banks. In order to attract this target market, South African retail banks need to determine which factors influence the female Generation Y consumer's selection of a retail bank. This can also assist in preventing current consumers from switching to other banks. This study aimed to determine which factors and their dimensions, female Generation Y consumers consider when selecting a retail bank in South Africa. From previous literature, it was identified that the main factors that need to be researched included price, product selection, innovation, status, and peer referral. These factors were measured through a descriptive research design, using quantitative methods. Convenience sampling was used where 300 self-administered questionnaire was administered to females between the ages of 18 and 36 who held a bank account with one of the five major retail banks in South Africa. A total 274 questionnaires were retained for data analysis which included Pearson product moment correlation analysis and regression analysis so as to test for relationships between various variables. Results showed that the peer referral factor emerged as a two-factor solution which were named recommendation and trustworthiness. The remaining

factors were identified as single factor solutions and were all considered valid and reliable. The data analysis revealed that price, product selection, innovation, status, recommendation and trustworthiness influence female Generation Y consumers' selection of a retail bank. However, product selection had the greatest influence on the purchase intention of female Generation Y consumers when selecting a retail bank in South Africa. In order to attract female Generation Y consumers, it is recommended that retail banks in South Africa emphasise the intrinsic features and benefits associated with their banking product and service selection. It is also recommended that the retail banks in South Africa should focus on their main benefits and features of their products and services when differentiating themselves from competition in order to be successful. In conclusion, considering that many South African banking brands are operating in Africa, it is recommended that the study be repeated in other African countries. Through such research, the factors affecting the selection of a retail bank in that specific country can be determined and a comparative analysis can be done with the South African results to establish similarities and differences.