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The study of the rate and variety in granting loans and facilities of public and private banks and their impact on attracting customers (Case Study: the chosen Banks of Sistan and Baluchistan province)

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ABSTRACT: *There are several factors in modern banking which attract the customers. It will be important to identify and determine the impact and relationship of these factors to the success of banks in attracting customers. Nowadays, the conditions and the situations of the banks are not the same and influential factors may even be different for each of the branches of the Bank. The goal of this research is the study of the rate and variety in granting loans and facilities of public and private banks and their impact on attracting customers in Sistan and Baluchistan province. About 260 customers were questioned for examining hypotheses and T-student and Analyze-variance tests are used for analyzing the data. The results show that the variety of facilities is effective in customer satisfaction.*

KEY WORDS: *Bank, facilities, customer, public and private banks*

I.   INTRODUCTION

There are several factors in modern banking which attract the customers. It will be important to identify and determine the impact and relationship of these factors to the success of banks in attracting customers. Nowadays, the conditions and the situations of the banks are not the same and influential factors may even be different for each of the branches of the Bank. At the present time, it is important to identify these factors because of the competition between banks to attract customers. Moreover, competition among banks and loan institutions and other forms of financial resources is increasing, so it seems essential to create a competitive advantage for survival of the banks (Ahmadi and Moradrasoli, 2009).

Attraction of financial resources is the most important mission of the banks so it has an important impact on proper regulation of the flow of money and establishing of a proper monetary and credit system appropriate to long-term and short-term plans of country (Hedayati and et al, 2004).

The banks which absorb more deposits than other banks, they will have more profitability. The banks try to collect the wander fund of the community by their marketing and specific policies to allocate a greater share of deposits to themselves. The structure of bank deposits compared to other rivals should be in such a way that it increase the customers' motivation and willingness to choose any one of them and it will be a kind of marketing and advertising (Abbass. gh. pour, 2010). Certainly, a bank can have the power of maneuverability in economic and development projects more that have a positive and considerable performance in comparison to its rivals in banking system.

Having eighty years old, the banking industry has had enormous changes over the past three decades and after the first two decades of experience in public banking after the revolution, the private banks were activated again in 2001. The banks can be very influential in economic growth of countries by obtaining of customer satisfaction and encouraging savings and capital accumulation and their application in generative and consumption industrials (Ashrafi, 2007). By the formation of private banking in Iran, the power of banks gradually was faded and their customers have more choices to do their banking and financial affairs.

The Banks can attract the customer's satisfaction by granting a variety of facilities and amount of deposit interest rates, repayment period according to the customer's need. From the beginning of the foundation of economics, there has been extending and important issues among economists in relation to the role of interest rates in the orientation of macroeconomic variables. Many of the worlds estimated results of econometric models show that the amount of saving in community and interest rates are correlated.

By opening an account in the bank, the customers hope to receive the deposit interest of account and do the essential financial services in the best way through his bank and receive the needed credits and loans with the lowest interest rate in time (Asgharizadeh and Amin, 2011). However the more of citizens trust to public banks which have a long precedence and prefer to receive a lower interest but in peace. A look at interest rates in some state banks and compares it with the other components of interest in the country's banking market shows the existing gap and some of the customers 'unwillingness to deposit in these banks. Interest rates of deposits in state banks is almost half of the 40% inflation meanwhile the depositors have not the concession of receiving loans for their deposits while they have it in private banks and financial institution (Mafi, 2013). So in this direction the goal of this research is the study of the rate and variety in granting loans and facilities of public and private banks and their impact on attracting customers in Sistan and Baluchistan province.

The hypothesis of the research

There is a significant correlation between granting facilities and loans of state and private banks with attracting customers.

The history of the research

Tahmasebi and et al (2009) in stated that activities such as advertising and marketing are the techniques of attracting customers that good advertising strategy should be applied according to purposes of advertising and ultimately they stated that we can hope to the effectiveness of advertising activities and attracting more customers just by intelligent determining of advertising goals and applying suitable advertising strategies.

Ramazani (2006) in a research entitled "Influencing factors on Resource Mobilization of Bank e Sepah in Gulistan province" and believed that factors such as advertising, development of automation, the number of branches, interest rate and payment facilities are effective factors in attracting deposits.

Keshavarzain and Azimi (2005), in studied the impact of releasing of interest rate on macroeconomic variables of country in 1966-2002. According to the results of simultaneous equations system, they concluded that the negative real rates of interest rate will reduce investment and production and financial releasing will promote investment and economic growth.

Maghoinejad (1999), in a research entitled" Factors affecting on increasing of the rate of customer deposits at Bank e Tejarat in Rafsanjan city" concluded that improvement of the employees' social relationships with customers, , good personal characteristics, advertising, interest rates and favorable services are effective in attracting financial resources.

Laptit and et al (2008), in a research entitled" The expansion of banking services in Europe with regard to the pricing of loans" studied 602 European banks for the period 1996 to 2002 and reviewed the expansion of the banks on the basis of effects of services such the cost of the interest rate and loan pricing.

Wang and Zhang (2006), in studied long-term profitability of banks in Taiwan and concluded that banking services are the most important factor in profitability and obtaining profit for the studied branches of banks. Then the employees are considered as the most factors in increasing of profitability.

Satriv and Znivs (1997), in offered a framework for strategic modeling from various aspects of performance in branches of commercial banks in the United States. They presented the combination of strategic modeling and performance modeling for the first time in their research.

II. DISCUSSION AND CONCLUSION

The frequency of research variables:

●The rate and variety of granting facilities

The index scores are between 1 and 5 and the average of data is 2/62 and the obtained standard deviation is equal to 0/79.

Table (1): central Statistics of the distribution of scores of rate and variety of granting facilities

Variable	Average	S.D	minimum	maximum
The rate and variety of granting facilities	2/62	0/79	1	5

Source: research results

In Table 2 and Chart 1 the frequency and the desirability of variety and the rate of granting facilities by 260 of respondents are shown.

Table (2): Frequency of items in a variable of the rate and diversity of granting of facilities

The rate and variety of granting facilities				
		frequency	Percent	Cumulative percentage
Items	Very low	19	7.3	7.3
	Low	89	34.2	41.5
	Average	125	48.1	89.6
	high	25	9.6	99.2
	maximum	2	0.8	100
	maximum	260	100.0	

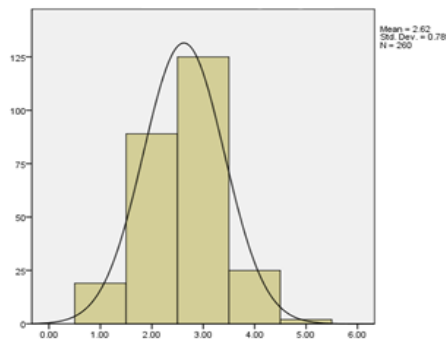.   Source: research results

Figure (1): the percentile bar graph of the frequency of variety and the rate of granting facilities, Source: research results

As it has been shown in above chart and table 19 people (7.3%) chose the item of Very low and 89 (34.2%) people chose the item of Low and 125 people (48.1%) chose the item of Average and 25 people (9.6%) chose the item of High and 2 people (0.8%) chose the item of Maximum. The bar graph shows the skewness of a normal variable and the frequency is 2.5.

●The variable of Customer satisfaction
The index scores are between 1 and 5 and the average of data is 2/67 and the obtained standard deviation is equal to 0/72.

Table (3): central Statistics of the distribution of scores of customer satisfaction

Variable	Average	S.D	minimum	maximum
Customer satisfaction	2/67	0/72	1	5

Source: research results

In Table 4 and Chart 2 the frequency and the desirability of customer satisfaction by 260 of respondents are shown.

Table (4): Frequency of items in a variable of customer satisfaction

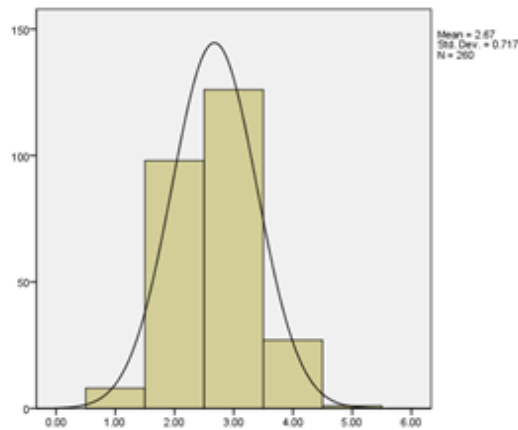| **Customer satisfaction**				
		frequency	Percent	Cumulative percentage
Items	Very low	8	3.1	3.1
	Low	98	37.7	40.8
	Average	126	48.5	89.2
	high	27	10.4	99.6
	maximum	1	0.4	100
	maximum	260	100.0	

Source: research results

Figure (2): the percentile bar graph of the frequency of customer satisfaction, Source: research results

As it has been shown in above chart and table 8 people (3.1%) chose the item of Very low and 98 (37.7%) people chose the item of Low and 126 people (48.5%) chose the item of Average and 27people (10.4%) chose the item of High and 1 people (0.4%) chose the item of Maximum. The bar graph shows the skewness of a normal variable and the frequency is 2.5.

Inferential statistics
Table 5 shows the descriptive statistics of main and detail variables of questionnaire according to sex separation. The mean and standard deviation of the original variables and the dependent variables are calculated and presented.

Table (5): group sex statistics

	Sex	No	Mean	SD	SD of the mean
Interest rates of deposits	male	108	2.4074	.59652	.05740
	female	152	2.5066	.72784	.05904
Rate of Facilities	male	108	2.5000	.67672	.06512
	female	152	2.4276	.73333	.05948
Variety of facilities	male	108	2.6204	.79387	.07639
	female	152	2.6250	.78742	.06387
Customer Satisfaction	male	108	2.6389	.72934	.07018
	female	152	2.6974	.70981	.05757

Source: research results

Table (6): independent test of sample sex

	Loon test		T - student test					CI of 95%	
	F	Probability	t	Degrees of freedom	Probability	The mean difference	SD difference	Lower bound	Upper bound
Interest rates of deposits	6.899	.009	-1.165	258	.245	-.09917	.08514	-.26682	.06848
			-1.204	252.719	.230	-.09917	.08234	-.26133	.06299
Rate of Facilities	.737	.392	.809	258	.419	.07237	.08940	-.10369	.24842
			.821	241.106	.413	.07237	.08819	-.10136	.24610
Variety of facilities	.002	.966	-.047	258	.963	-.00463	.09943	-.20044	.19118
			-.046	229.434	.963	-.00463	.09957	-.20082	.19156
Customer Satisfaction	.288	.592	-.647	258	.518	-.05848	.09036	-.23641	.11945
			-.644	226.719	.520	-.05848	.09077	-.23735	.12039

Source: research results

Table (6) applies the T- Student test and Loon test on data according to sex. Loon test is used for assumption of equality of variances and T-Student test is used for assumption of equality of means.
According to the equality of variances and the p-value, it can be concluded that the assumption of equal variances is rejected in the variable of interest rate. So in the variances of the male and the female community are not equal in this variable.

It is observed in the assumption of equality of variances that the P-value is more than 5% in all variables. As a result of these variables, there is no reason to reject the null hypothesis and therefore we can say that in the studied variables, there were no significant differences between men and women.

Table 7 shows the descriptive statistics of the main and the detail variables of the questionnaire according to the type of bank. The mean and standard deviation of the variables and the dependent variables were calculated and presented.

Table (7): The group statistics of the type of the Banks

The type of the Bank		No	Mean	SD	the mean SD
The deposit rate	public	156	2.4295	.67310	.05389
	private	104	2.5192	.68238	.06691
The rate of facilities	public	156	2.4744	.74875	.05995
	private	104	2.4327	.65008	.06375
The diversity of facilities	public	156	2.6410	.84203	.06742
	private	104	2.5962	.70393	.06903
Customer satisfaction	public	156	2.6859	.75181	.06019
	private	104	2.6538	.66492	.06520

Source: research results

Table (7) applies the T- Student test and Loon test on data according to the type of the banks (public and private). According to the equality of variances test, the p-value is more than 5% for all variances so there is no reason for rejecting of null hypothesis and variances of these variables are equal between the community of the public and private banks.

It is observed in the assumption of equality of variances that the P-value is more than 5% in all variables. As a result of these variables, there is no reason to reject the null hypothesis and therefore we can say that in the studied variables, there were no significant differences between the public and private banks.

III. CONCLUSION

In this research, the statistic sample is consisted of 260 customers of public banks (Maskan, Meli, Keshavarzai) and private banks (Sina, Ghavamin, Eghtesad e Noin, Tejarat, Mellat, Saderat and Saman) in Sistan and Baluchestan. The questionnaires were distributed among them in order to test the hypothesis of the research. 152 (58/46%) of questionnaires were answered by the men and the other 148 (41/54%) of questionnaire were answered by the women. As it was shown in chapter 4, 22.3% of respondents aged less than 25 years, 35.4% at age 25 to 35 and 28.5% were in the age range of 36 to 45 and 13.8 % were aged over 45 years and also in terms of qualification, 15.8% of them had not diploma, 18.1% of them were diploma, 27.7% of them had A.A degree and 28/8% had B.A degree and 9/6% had M.A degree and above it. In terms of jobs, 15/8 % had no job, 6/5% was worker, 11/2% was teachers, 4/6% was engineers, 3/8% was physicians, 10/4% was students, 26/9% was employees and 20/8% had free jobs. The purpose of research includes the review and identifying of different strategies of public and private banks in the calculation of interest rates and variety of facilities and assessing of the efficacy of strategies to attract customers in selected banks in Sistan and Baluchestan.

Hypothesis testing: The variety of facilities of public and private banks has a significant correlation with customer satisfaction.

It was shown by the help of Loon and T-student tests that there was no significant difference in variables used in this study between private and public banks. Because the P-value is more than 5% in all variables in the test of equality of variances, so there is no reason for rejecting of null hypothesis and variances of these variables are equal between the community of the public and private banks.

In the test of assumption of the equality of the means, the P-value was more than 5% in all variables. As a result of these variables, there is no reason to reject the null hypothesis and therefore we can say that in the studied variables, there were no significant differences between the public and private banks.

However for the variable of desirability of the variety and the rate of granting facilities, from total number of 260of customers, 19 people (7.3%) chose the item of Very low and 89 (34.2%) people chose the item of Low and 125 people (48.1%) chose the item of Average and 25 people (9.6%) chose the item of High and 2 people (0.8%) chose the item of Maximum so it can be concluded that the diversity of facilities is effective in customer's satisfaction.

IV. SUGGESTIONS

The results of this study showed that since the rate of interest is effective on customer satisfaction and his investment in bank, it will be suggested that the banks should design packages of deposits with special privilege and should consider the culture and the religion of each region (especially Sunni areas). For example daily cash deposit without interest but with the privilege of priority facilities papers or payment of the cost of domestic and foreign tours for Sunni areas.

With regard to the impact of facilities rate on customer satisfaction, considering indices such as interest -free loans, partnership facilities and facilities of civic participation and the amount of commission for the named facilities will be effective in improving of these indices for attracting customers and the amount of customer's investment in these banks.

Diversity in loans and facilities has a considerable impact for attracting customers. For example in commercial-free areas partnership facilities and loans are welcomed more because it is easier to customers. It will be suggested that the banks give financial advice to their customers to receive the best facilities and loans according to their income, the time of repaying and also according to the kind of their needs.

The relationship between performance and customer satisfaction with the performance evaluation models of organization such as the balanced scorecard and the study of new variables in customers' satisfaction such as giving financial advice will increase the customer satisfaction.

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