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## An Analysis of Key Determinants Influencing Bank Selection in Kandahar City: Insights Post-Establishment of the Islamic Emirate of Afghanistan

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### Abstract

*This study aims to identify and rank the key factors influencing bank selection by customers in Kandahar City following the establishment of the Islamic Emirate of Afghanistan in 2021. Using convenience sampling, 400 surveys distributed to customers in schools, public institutions, and banks, yielding 368 usable responses (92% response rate). A five-point Likert-type questionnaire comprising 30 bank selection items used to collect data. Descriptive statistics, consists on respondents' characteristics (age, gender, education level, and occupation), mean, and standard deviation to analyze and summarize the dataset. Regression analysis, employed to evaluate the data and identify relationships between variables. The findings revealed that five principal factors significantly influence bank selection: bank reliability (mean = 4.1, SD = 0.8), operational environment (mean = 3.9, SD = 0.7), adherence to Islamic banking principles (mean = 3.8, SD = 0.9), reputation (mean = 3.7, SD = 0.8), and mobile banking services (mean = 3.6, SD = 0.9). These findings provide practical implications for banks, including designing customer-focused strategies, enhancing Sharia-compliant services, and leveraging technology like mobile banking to remain competitive in a transitioning market. Researchers may use this study as a foundation to explore consumer behavior and banking which may affect the generalizability of the findings. Future research could expand to other regions, conduct longitudinal studies to examine evolving preferences and explore the influence of emerging technologies such as blockchain and AI on bank selection.*

**Keywords:** *Determinants, Bank Selection, Kandahar City*

### Introduction

The conventional banking system, which based on interest, poses a significant challenge for Muslims due to the prohibition of Riba (interest) in Islam. Despite its importance in modern life—providing essential functions such as security, convenience, online payments, and investments—there is a pressing need for a

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banking alternative that complies with Islamic Shariah principles. This issue is underscored in various Quranic verses (Al-Baqarah 2:275-280; Al `Imran 3:130; An-Nisa 4:16; Ar-Rum 30:39). Therefore, exploring banking options that align with Islamic teachings is crucial, particularly in contexts like Kandahar City where Islamic finance principles are highly relevant.

The banking sector's role in economic growth and equity is well documented, as evidenced by studies on Indonesia's economic development and the banking industry's impact (Usman & Lestari, 2019). Previous research highlights the importance of customer-focused strategies in banking, noting that customer preferences and needs significantly influence bank success (Hedayatnia & Eshghi, 2011; Leibert, 2004). In Ethiopia, increased competition among banks has led to a greater emphasis on customer satisfaction and service improvements (Lelissa & Lelissa, 2017). Understanding these dynamics is crucial for banks, as they need to align their strategies with customer expectations to remain competitive (Gerrard & Cunningham, 2001; Kaur & Arora, 2019; Sayani & Miniaoui, 2013).

This study provides new insights into the determinants of bank selection specifically within Kandahar City. Unlike previous studies that broadly address banking competition or customer preferences in different regions, this research focuses on the unique context of Kandahar, examining how both bank-related factors and personal factors influence customers' choice of banks. This localized approach aims to fill gaps in the literature and provide relevant recommendations for banks operating in the region.

This study investigates the key factors that determine bank selection among customers in Kandahar City. By analyzing how various bank-related and personal factors affect customer decisions, the research offers valuable insights for banks to enhance their service offerings and marketing strategies, ultimately improving customer satisfaction and loyalty in the region.

## **Literature Review**

Rational choice theory is the process of determining what options are available and then designating the most favored one according to some consistent criterion (Levin, 2004). In rational choice theory, individuals are seen as motivated by the wants or goals that articulate their 'first choices'. They act within specific, given restrictions and based on the information that they have about the state and circumstances under which they are performing. At its simplest, the relationship between first choices and constraints can be seen in the purely technical terms of the relationship of a means to an end. As individuals cannot attain and accomplish all of the various things that they want, they must also make preferences about both their goals and the means for achieving these goals (Scott, 2000). Rational choice theory holds that individuals must anticipate the outcomes of alternative courses of action and compute which will be best for them (Usman & Lestari, 2019). The applicability of rational choice, where people compare the costs and benefits of certain actions, is

easy to see concerning the bank selection behavior of customers. Since people want to get the most useful products/services at the lowest price/convenience, they will judge the benefits/importance of a certain bank's services/offers (for example, how useful is it or how appealing is it) compared to related ones from other banks. Then they will weigh and balance prices or costs and benefits. In general, people will elect, to adopt the bank that they behold and discern the greatest payment and bonus or benefits at the lowest cost, given their preferences (Levin, 2004).

Competition theory explains how firms try to win customers' support and loyalty through service excellence, meeting customers' needs, and providing innovative products. Competition occurs when two or more organizations act independently to supply their products to the same group of consumers. Direct competition endures when organizations produce similar or relevant products that entreat and request from the same group of consumers. Indirect competition survives when different firms make or sell items that although not in head-to-head competition still compete for the same money in the customer's pocket. Both direct and indirect competition cause commercial firms to develop new products, services, and technologies, which would give consumers greater selection and better products (Aregbeyen, 2011). Thus, the competitive strategy of firms is dependent upon consumers' choice characteristics, which aim to influence firms' productive decisions toward the contentment of consumers' preferences.

When searching for, purchasing, using, evaluating, or constituting the product or the idea that they have for the commodity and if it will fulfill their need. The study of consumer behavior therefore seeks to understand how consumers make decisions on how to spend their available resources in considering purchases (Kotler, 2009). It is the process individuals or groups go through to choose, purchase, use, and distribute goods, services, ideas, or experiences to content, and assuage their needs and wants (Kotler et al., 2011). Consumer behavior not only affected by external factors but also by their attitudes and assumptions. These attitudes and expectations continuously change in response to a continuous flow of events, information, and personal experiences (Scott, 2000).

Customer faithfulness is one of the most important indicators used to assess the quality of services offered by an organization (Ateed & Rehmanb, 2020; Blankson et al., 2009). The essential issue for the continued success of an organization is its potential to keep its existing customers and make them dependable on its brands (Mokhlis, 2009; Rakshit & Bardhan, 2019). Therefore, gaining customer faithfulness becomes a key purpose for banking organizations adopting a relationship marketing perspective (Rasheed et al., 2015).

Various experimental research using different methodologies and approaches done in various units of the world to examine and explore the bank selection criteria of the customers. Results show that bank selection affected by various factors as shown below:

**Table 1.** *Selected Studies of Bank Selection Criteria Done in Banking Framework*

Author/s and Topic	Methodology and Technique (s) (Scope/ area)	Sample Size	Main finding (s)
Maiyaki & Mokhtar (2010) “Effects of Electronic Banking Facilities, Employment Sector and Age-Group on Customers’ Choice of Banks in Nigeria.”	Self-administered Questionnaire, descriptive analysis, mean scores and standard deviations (Nigeria)	417 customers were selected from Kano metropolis	Most important factors: Size of the bank total asset, Availability of large branch, Reputation of the bank, Personal security of customer, Other findings: Recommendations of friends/relatives, the attractiveness of banks physical structure and opportunity of telephone banking
Aregbeyen (2011) “Determinants of banks selection criteria by business customers in Nigeria.”	Self-administered Questionnaire, descriptive analysis, mean scores and standard deviations (Nigeria)	1750 respondents from seven positions from Nigeria	Most important factors: Safety of Funds, secured ATMs Availability of technology-based, Service, convenience (position)
Gerrard & Cunningham (2001) “Singapore Undergraduates: How they adopt which Bank to support.”	Self-administered Questionnaire, descriptive analysis and Factor Analysis (Singapore)	184 Singapore’s undergraduates students	Most important factors: Feel secure “electronic services” and “service provision”.
Holstius & Kaynak (1995) “Retail Banking in Nordic Countries: The Case of Finland.”	Self-administered questionnaire	258 banking customers from Finland	Most important factors: fast and efficient services reception at the bank, friendliness of personnel

Author/s and Topic	Methodology and Technique (s) (Scope/ area)	Sample Size	Main finding (s)
Lymperopoulos, Chaniotakis & Soureli (2006) "The Significance of Service Quality in Bank Selection for Mortgage Loans."	Self-administered Questionnaire, descriptive analysis and mean scores (Greek)	1,092 banks' customers in the greater area of Athens	Most important factors: Bank quality service, Product attributes, Product access, Communication, Other findings: banks should try to design the right mortgage loans, interest and service charges
Dusuki & Abdullah (2007) "Why do Malaysian Customers Patronize Islamic banks?"	Self-administered Questionnaires, Friedman Test	750 respondents from four different regions.	Most important factors: Convenient location, Friendly employees, large, profit, minded, and efficient service.
Almossawi (2001) "Bank Selection Criteria Employed by College Students in Bahrain: An Empirical Analysis."	Self-administered Questionnaire, descriptive analysis and Factor Analysis (Bahrain)	1000 students from University of Bahrain	Most important factors: Reputation, Availability and location of ATM, Parking space near bank, Friendliness of personnel, Other findings: Difference in selection process between male and female
Rao & Sharma (2010) "Bank Selection Criteria Employed by MBA Students in Delhi: An Empirical Analysis."	Self-administered Questionnaire, descriptive analysis and Factor Analysis (India)	312 MBA students were selected from Delhi	Most important factors: Employee's courtesy, Parking facility, Loyalty programs, Brand name, Security system and low charges, Other findings: Responsiveness, value added services, convenience.

### Hypotheses Development and Methodology

The hypotheses developed based on the logical relationships between various factors and customers' bank selection decisions in Kandahar City. The hypotheses formulated to test the influence of specific variables on bank selection, with each hypothesis supported by a rationale explaining the expected correlation between the variables.

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### *H1: Islamic Banking (IS. B)*

Islamic banking operates according to Sharia law, which prohibits the payment or acceptance of interest charges (Riba) for loans and ensures ethical business dealings (Abdullah et al., 2023). This banking system promotes profit-sharing, fairness, and equity, which can be attractive to customers who prioritize religious and ethical considerations in their financial decisions.

- H<sub>0</sub>: Islamic banking does not have a positive and significant impact on the choice of bank by the customer.
- H<sub>1</sub>: Islamic banking has a positive and significant impact on the choice of bank by the customer.

The hypothesis posits that customers who value Sharia-compliant financial products are more likely to select banks offering Islamic banking services.

### *H2: Bank Environment (B.ENV)*

The bank environment includes the physical setting of the bank branches, the comfort and ambiance, as well as the customer service provided. A pleasant and professional bank environment can enhance customer experience, making banking more enjoyable and less stressful.

- H<sub>0</sub>: Bank environment does not have a positive and significant impact on the choice of bank by the customer.
- H<sub>1</sub>: Bank environment has a positive and significant impact on the choice of bank by the customer.

This hypothesis suggests that a welcoming and efficient bank environment influences customers' decision to select a particular bank, as it can lead to higher customer satisfaction and loyalty.

### *H3: Mobile Banking (M.B)*

Mobile banking allows customers to perform banking transactions through their smartphones or other mobile devices. This service offers convenience, accessibility, and time efficiency, which are increasingly important in today's fast-paced world.

- H<sub>0</sub>: Mobile banking does not have a positive and significant impact on the choice of bank by the customer.
- H<sub>1</sub>: Mobile banking has a positive and significant impact on the choice of bank by the customer.

The hypothesis implies that the availability and quality of mobile banking services are significant factors in bank selection, particularly for Tech-savvy customers who prefer managing their finances digitally.

### *H4: Bank Reputation (B.REP)*

A bank's reputation encompasses its overall image, trustworthiness, reliability, and ethical conduct in business operations. A strong reputation can reassure customers of the bank's stability and integrity.

- $H_0$ : Bank reputation does not have a positive and significant impact on the choice of bank by the customer.
- $H_1$ : Bank reputation has a positive and significant impact on the choice of bank by the customer.

This hypothesis asserts that customers are more likely to choose banks that have a strong, positive reputation, as it builds trust and confidence in the bank's services and operations.

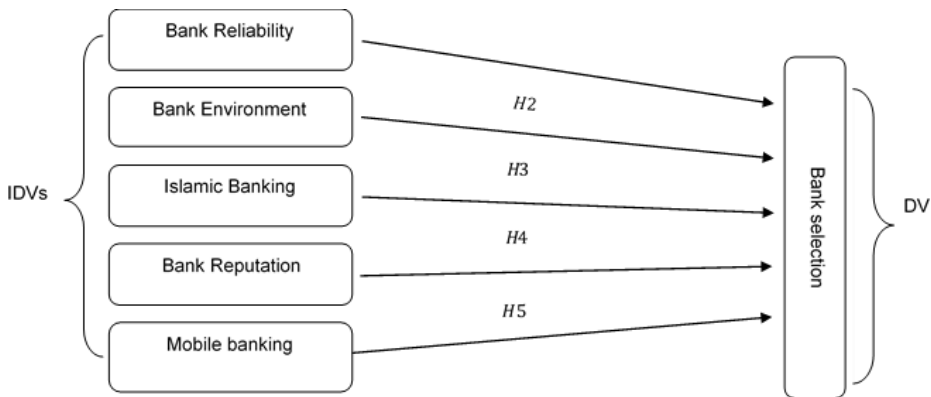
***H5: Mobile Banking (M.B)***

Mobile banking allows customers to perform banking transactions through their smartphones or other mobile devices. This service offers convenience, accessibility, and time efficiency, which are increasingly important in today's fast-paced world.

- $H_0$ : Mobile banking does not have a positive and significant impact on the choice of bank by the customer.
- $H_1$ : Mobile banking has a positive and significant impact on the choice of bank by the customer.

The hypothesis implies that the availability and quality of mobile banking services are significant factors in bank selection, particularly for tech-savvy customers who prefer managing their finances digitally.

**Figure 1. Research Framework**



This study employs a quantitative research approach using static panel data to test hypothesized factors and achieve the research objective. Panel data combines cross-sectional data and time series data, observing the same parameters over a certain period (Achsani & Kassim 2021). This method chosen is systematically analyze the factors influencing bank selection decisions.

The research conducted in Kandahar City, Afghanistan. The sample population includes active customers banking in various branches within the city, including board offices, state offices, and schools, ensuring a diverse representation of clients.

Primary data for this study gathered through structured questionnaires distributed to bank customers in Kandahar City. The questionnaire was meticulously prepared to ensure reliability as the sole data collection tool (Shafie et al., 2013). Questionnaires commonly used in social science research due to their compatibility with literate participants and their ability to eliminate the need for in-person interviews (Hay, 2016; Kothari, 2004; Mokhlis et al., 2009).

From total 400 questionnaires were distributed, and 390 were returned. After careful checking for excessive missing data, 368 usable questionnaires retained, resulting in a response rate of about 94 percent. This high response rate attributed to the self-administered approach used in distributing the questionnaires (Mokhlis, 2009). The questionnaire divided into two parts: demographic variables and five factors consisting of 30 attributes related to bank selection criteria, measured on a 5-point Likert scale ranging from “strongly disagree” to “strongly agree”.

**Table 2.** *Variable Measurements for Quantitative Data*

Variable	Description	Measurement Scale
Bank Services Quality	Quality of services provided by the bank	Likert Scale (1-5)
Interest Rates	Perceived competitiveness of interest rates offered	Likert Scale (1-5)
Customer Service	Satisfaction with customer service	Likert Scale (1-5)
Convenience of Location	Ease of accessing the bank’s branches	Likert Scale (1-5)
Personal Financial Goals	Alignment of bank services with personal financial goals	Likert Scale (1-5)
Brand Reputation	Perception of the bank’s reputation	Likert Scale (1-5)
Security Measures	Perceived security of banking transactions	Likert Scale (1-5)

Statistical analysis performed using the Statistical Package for Social Sciences (SPSS) version 27.0. Descriptive and inferential statistics used to analyze the data. Frequencies of demographic variables measured, and means of the five factors calculated and ranked by importance. A one-sample t-test used to test the research hypotheses and achieve the study objectives (Zulfiqar et al., 2014). Regression analysis also conducted to determine the impact and significance of various factors on bank selection.

## Result and Discussion

### Reliability and Validity

Regarding validity, the content of the questionnaires examined by the advisor before they distributed to the customer. Reliability refers to the firmness of a measure (Abdullah et al., 2024). A test considered reliable if we get the same result frequently. Reliability means the extent to which an experiment, test, or measuring procedure yields the same result over and over. Therefore, in this study, the researcher used mechanisms like minimizing participants' errors while filling out questionnaires,



reducing participants' prejudice, and avoiding researchers' errors. Reliability of the questionnaire items reviewed using the Cronbach Alpha test. The study is reliable if the Cronbach Alpha coefficient is greater than or equal to 0.70. Therefore, from the pilot test the following table shows the questionnaire is bona fide, logical, and reliable.

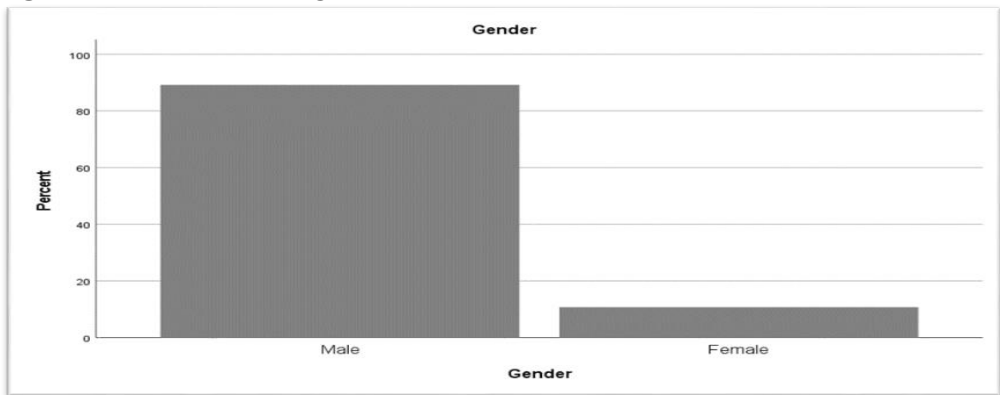
**Table 3. Reliability Test**

Variables	Numbers of items	Cronbach's alpha
	Dependent variable	
Banks selection	5	0.837
	Independent variables	
Islamic banking	5	0.834
Bank reputation	5	0.831
Mobile banking	5	0.824
Bank reliability	5	0.835
Bank environment	5	0.837

## Descriptive Statistics: Characteristics of Respondents

### Gender

**Figure 2. Gender Percentage**



The study involved the gender distribution of respondents to answer the questionnaires provided as shown in the above figure. The following figure shows that respondents male and female answered the questionnaires distributed. Out of 400 respondents, 10.2% were female while 89.8% were males. This indicates that the majority of the study participants were male in the study period. This implies that the male population of the city has the chance to represent in every matter.

**Table 4. Work Type, Educational Level and Income Per Month**

Sr. No.			Frequency	Percentage
1	Work type	Government sector	157	40.3%
		Private sector	165	42.3%

		academic Level	48	12.3%
		Other	19	4.9%
2	Educational level	12 grades	109	27.9%
		Bachelor	244	62.6%
		Master	23	5.9%
		PH.D.	7	1.8%
		Illiteracy	7	1.8%
3	Income per month	Under 100,000	300	76.9%
		100000-200000	61	15.6%
		200000-500000	18	4.6%
		Above 500000	11	2.8%

Results of respondent's occupation, as presented in table 4.1, show that 40.30 percent of the customers are public employees 42.3 percent are private employees and 12.3 percent are academic level. This shows that most customers who are using banking services are private employees, which is composed of 42.3 percent of the total respondents. Looking at the level of education in the above table the respondents hold a high level of education while 62.6 percent of the respondents have a bachelor's degree, 27.9 percent of the respondents have education at or below diploma level and 5.9 percent have attained Master's and PHD 1.8 percent.

## Age

**Table 5.** *Age Distribution of Respondents*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18_25	167	42.8	42.8	42.8
	26_35	163	41.8	41.8	84.6
	36_45	40	10.3	10.3	94.9
	above 45	18	4.6	4.6	99.5
	5.00	1	.3	.3	99.7
	21.00	1	.3	.3	100.0
	Total	390	100.0	100.0	

In this study, the age of the respondents was considered as the demographic factor of the study. The study explains the bank selection decision in Kandahar. When we look at the age group of respondents, the number of employees between the ages of 18-25 becomes 167 respondents, between 26-35 years becomes 163 respondents, between 36-45 years becomes 40 respondents, and above 45 years becomes 18 respondents.

## Descriptive Analysis

This section deals with the analysis and interpretation of data obtained from the responses collected through the distributed questionnaire.

**Table 6.** *Extent of Response*

Mean value	Extent of response
1.00-1.50	Strongly disagree
1.51-2.50	Disagree

Mean value	Extent of response
2.51-2.75	Neutral
2.76-3.50	Agree
3.51-5.00	Strongly agree

### Islamic Banking Factor

**Table 7.** *Mean and Standard Deviation Summary of Convenience*

Sr. No.	Islamic banking	Mean	Std. Derivation
1	I am sure of all the ethical principles of managing Islamic banking procedures.	4.17	0.985
2	The nature of Islamic banking following Sharia has a positive effect on my financial decisions.	4.12	0.980
3	I believe that Islamic banking creates a positive sense of financial trust and transparency.	4.26	0.870
4	Prohibition of interest in Islamic banking is an important factor in choosing financial services for me.	3.97	1.031
5	Islamic banking is in line with own religious or moral interests.	4.24	0.938
6	Islamic banking	4.152	0.9608

### Reputation Factors/Bank's Image

**Table 8.** *Mean and Standard Deviation Summary for Reputation*

Sr. No.	Reputation factors/Bank image	Mean	Std. Derivation
1	Innovativeness and adaptation of new technology.	4.11	1.037
2	Reputation in the market.	4.08	.944
3	The risk exposure of the bank is not significant.	3.43	1.169
4	Safety of funds and confidence.	3.81	1.010
5	Implicit/ explicit guarantees to the depositors such as deposit insurance.	3.73	1.070
6	Reputation factors/Bank image	3.83	1.046

### Bank Environment

**Table 9.** *Mean and Standard Deviation Summary for Bank Environment*

Sr. No.	Bank environment	Mean	Std. Derivation
1	The staff members at the bank are approachable and helpful.	3.85	1.130
2	I feel that the waiting time for services at the bank is reasonable.	3.54	1.271
3	The technology and digital services provided by the bank are user-friendly and efficient	3.89	1.071
4	The bank atmosphere is welcoming and comfortable for customers.	3.83	1.092
5	I believe that the bank provides adequate security measures to safeguard customer information and	3.99	1.091

Sr. No.	Bank environment	Mean	Std. Derivation
6	Bank environment	3.82	1.131

### Bank Reliability

**Table 10.** *Mean and Standard Deviation Summary for Bank Reliability*

Sr. No.	Bank Reliability	Mean	Std. Derivation
1	The Bank website does not freeze.	3.86	1.048
2	Process of transaction.	4.24	0.930
3	Wide range of products and services provided.	3.93	0.988
4	The bank website does not freeze after the customer puts in all the information.	3.78	1.032
5	Information provided on the website.	3.86	0.949
6	Bank reliability	3.94	0.989

### Mobile Banking

**Table 11.** *Mean and Standard Deviation Summary for Mobile Banking*

Sr. No.	Mobile Banking	Mean	Std. Derivation
1	Mobile banking has met my expectations compared to traditional banking.	3.76	1.181
2	Mobile banking has a better ability to manage problems than traditional banking.	3.89	1.090
3	Mobile banking generates cost savings compared to traditional banking.	3.87	1.140
4	Mobile banking is easier to use than traditional banking.	4.05	1.109
5	There is more to mobile banking systems, network and more than traditional banking	3.82	1.108
6	Mobile banking	3.88	1.125

### Summary of Mean and Standard Deviation of Variables

**Table 12.** *Summary of Mean and Standard Deviation of Variables*

Sr. No.	Variables	Mean	Std. Deviation	Rank
1	Islamic Banking	4.152	0.9608	1st
2	Bank reliability	3.94	0.989	2nd
3	Mobile banking	3.88	1.125	3rd
4	Bank reputation	3.83	1.046	4th
5	Bank environment	3.82	1.131	5th

### Inferential Analysis

Inferential statistics and descriptive statistics are one of two statistical methods employed to analyze data. This tool aims to provide measurements that can describe the overall population of a research project by studying a smaller sample of it. This way, the researcher can make suppositions about key elements with a fair degree of confidence. Among these inferential tools and appliances are skewness and kurtosis, normality tests, multicollinearity, and regression models.

## Skewness and Kurtosis

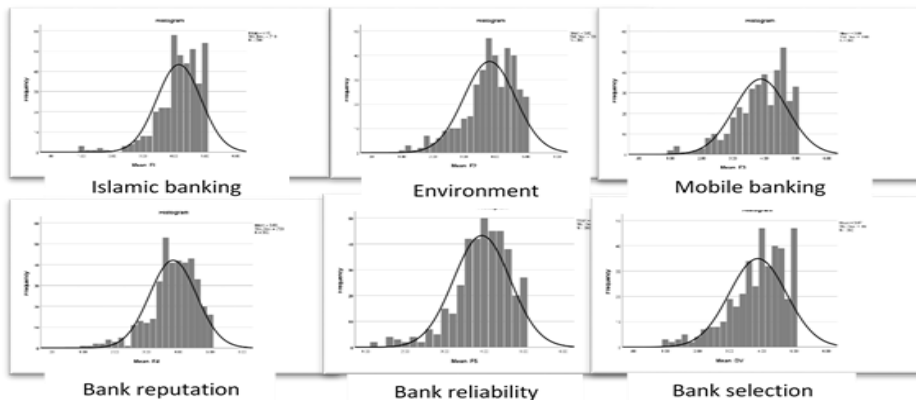
Skewness is a measure of symmetry, balance, or more concisely, the lack of symmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the center point. Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. Data sets with high kurtosis tend to have heavy tails or outliers. Data sets with low kurtosis tend to have light tails or lack of outliers. A uniform and unvarying distribution would be the extreme case. The values within the range of +1.96 and -1.96 said to be acceptable. Beyond these limits can called skewed data. Leibert (2004), Lelissa & Lelissa (2017), Kaur & Arora (2019) argued that data is considered normal if Skewness is between -2 to +2 and Kurtosis is between -7 to +7. From rule of the thumb, the researcher's data is normally distributed.

**Table 13.** *Skewness and Kurtosis*

Variables	N		Mean	Skewness		Kurtosis	
	Valid	Missing		Statistic	Standard error	Statistic	Standard error
Islamic Banking	390	0	4.1549	-1.532	0.124	3.699	0.247
Bank Environment	390	0	3.8236	-.902	0.124	.606	0.247
Mobile Banking	390	0	3.8805	-.921	0.124	0.673	0.247
Bank Reputation	390	0	3.8287	-.936	0.124	1.215	0.247
Reliability	390	0	3.9379	-1.040	0.124	1.588	0.247
Bank selection	390	0	3.8713	-.949	0.124	0.647	0.247

## Normality Test

**Figure 3.** *Normality Test*



A judgment of the normality of data is a requirement for many statistical tests because normal data is an underlying presumption in parametric testing. There are two main methods of appraising normality: graphically and numerically. This study relies on visual and optical inspection. Statistical tests have the benefit of making an objective assessment of normality but disadvantaged sometimes not being tender and sensitive enough at low sample sizes or overly sensitive to large sample sizes. As such, the researcher prefers to use optical assessment via graphical observation, and the above figure shows the normal distribution of data.

### **Multicollinearity**

Multicollinearity occurs when independent variables in a regression model are correlated. This correlation is a matter because independent variables should be independent. If the degree of correlation between variables is high enough, it can cause problems when you adjust the model and decode the results. The strong relationship between explanatory variables is a problem of Multicollinearity and is not acceptable for ordinary least-square regression analyses.

**Table 14.***Multicollinearity Test Results*

<b>Variables</b>	<b>Tolerance</b>	<b>VIF</b>
Islamic Banking	0.665	1.505
Bank Environment	0.605	1.654
Mobile Banking	0.548	1.826
Bank Reputation	0.479	2.089
Reliability	0.572	1.748

### **Correlation Analysis**

Pearson's Product Movement Correlation Coefficient was calculated to determine the relationship between Islamic banking, reputation factors/bank's image, bank environment, mobile banking, bank reliability factors, and bank selection decision.

Correlation analysis is a useful way of exploiting and abusing relations (association) among variables. The value of the coefficient ( $r$ ) ranges from -1 to +1. The value of the coefficient of correlation ( $r$ ) denotes both the strength and direction of the relationship. If  $r = -1$  there is a perfectly negative correlation between the variables. If  $r = 0$  there is no relationship between the variables and if  $r = +1$  there is a perfectly positive relationship between the variables (Kothari, 2004).

**Table 15.** *Correlation Analysis*

		<b>Islamic Banking</b>	<b>Environment</b>	<b>Mobile Banking</b>	<b>Reputation</b>	<b>Reliability</b>	<b>Bank selection</b>
Islamic Banking	Pearson	1	0.434**	0.503**	0.505**	0.388**	0.436**
	Correlation						
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000
Environment	N	390	390	390	390	390	390
	Pearson	0.434**	1	0.520**	0.538**	0.507**	0.536**
	Correlation						
Mobile Banking	Sig. (2-tailed)	0.000		0.000	0.000	0.000	0.000
	N	390	390	390	390	390	390
	Pearson	0.503**	0.520**	1	0.586**	0.505**	0.488**
Reputation	Correlation						
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.000
	N	390	390	390	390	390	390
Reliability	Pearson	0.505**	0.538**	0.586**	1	0.604**	0.512**
	Correlation						
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.000
	N	390	390	390	390	390	390
	Pearson	0.388**	0.507**	0.505**	0.604**	1	.535**
	Correlation						
	Sig.	0.000	0.000	0.000	0.000		0.000

	(2-tailed)						
	N	390	390	390	390	390	390
Bank selection	Pearson	0.436**	0.536**	0.488**	0.512**	0.535**	1
	Correlation						
	Sig.	0.000	0.000	0.000	0.000	0.000	
	(2-tailed)						
	N	390	390	390	390	390	390

\*\* . Correlation is significant at the 0.01 level (2-tailed).

As the above table shows, there is a significant correlation between bank selection decisions and independent variables. Bank selection decision with Islamic banking ( $r=0.436^{**}$ ) bank environment ( $r=0.536$ ), bank reliability( $r=0.535^{**}$ ), mobile banking ( $r=0.488^{**}$ ) and bank reputation ( $0.512^{**}$ ). This implies that an increase or decrease in the selection criteria of customers is connected with a similar change in the customer's decision in Kandahar city.

### Regressions Analysis

Multiple regression analysis was applied to find out whether there was a statistically significant relation between bank selection criteria and the dimension of bank selection criteria.

**Table 16.** *Regression analysis*

Model Summary											
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Change Statistics					Durbin-Watson
						R Change	Square Change	F Change	df1	df2	
1	0.651a	0.424	0.417		0.67997	0.424		56.560	5	384	0.000
a. Predictors: (Constant), Reliability, Islamic banking, Bank environment, Mobile banking, Bank reputation											
b. Dependent Variable: Bank Selection											



**Table 17. Model Results**

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	130.755	5	26.151	56.560	0.000b
	Residual	177.544	384	0.462		
	Total	308.298	389			

a. Dependent Variable: Bank selection  
b. Predictors: (Constant), Reliability, Islamic banking, Bank environment, Mobile banking, Bank reputation

**Table 18. Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	0.098	0.240		0.409	0.683	-0.373	0.569		
	ISB	0.157	0.059	0.127	2.667	0.008	0.041	0.273	0.665	1.505
	B. ENV	0.261	0.053	0.243	4.883	0.000	0.156	0.366	0.605	1.654
	MB	0.121	0.055	0.115	2.195	0.029	0.013	0.229	0.548	1.826
	B.REP	0.124	0.067	0.103	1.845	0.066	-0.008	0.257	0.479	2.089
	B.REL	0.300	0.063	0.242	4.730	0.000	0.175	0.424	0.572	1.748

a. Dependent Variable: Bank Selection

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The model analysis includes the independent variables of Islamic banking, reputation factors/bank's image; bank environment, mobile banking, bank reliability, and the dependent variable Bank Selection Decision. As denoted in the above model summary and ANOVA table, the linear combination of the independent variable was significantly related to the dependent variable,  $R=.651$ ,  $R\text{ square}=.424$ , adjusted  $R\text{ square}=.417$ ,  $F=56.560$  ( $p=.000$ ). An estimated 67.997% of the total variation in the dependent variable. Bank Selection Decision, is collectively explained by the predictors, i.e., (Islamic banking, reputation factors/bank's image; bank environment, mobile banking, and bank reliability factors) whereas the remaining is explained by other factors. Therefore, the bank selection decision of the banking industry in Kandahar City has more resolving power than other unexplained variables.

$$BS = .098 + .157(IS.B) + .261(B.ENV) + .121(MB) + .124(B.Rep) + .300(B.REL) + E$$

BS: Bank selection

IS. B: Islamic banking

B.ENV: Bank Environment

M.B: Mobile Banking

B.REP: Bank Reputation

## Discussion

The findings highlight the significant role of Islamic banking principles in influencing bank selection among customers in Kandahar. This aligns with the cultural and religious values of the region, where compliance with Islamic banking principles is highly regarded. The high mean score for Islamic banking indicates its critical importance to customers, confirming previous studies that emphasize the relevance of Sharia-compliant banking systems in predominantly Muslim regions.

Bank reliability emerged as another significant factor, with a high mean score and a strong correlation with bank selection. This suggests that customers prioritize trust and consistency in service delivery when choosing a bank. Reliable services enhance customer satisfaction and loyalty, reinforcing the necessity for banks to maintain high standards of reliability.

Mobile banking also significantly impacts bank selection decisions, reflecting the growing demand for technological convenience and accessibility in financial services. The high mean score and significant correlation indicate that customers value the ease and efficiency provided by mobile banking solutions. This finding underscores the importance of investing in advanced mobile banking platforms to meet customer expectations.

The bank environment also found to be a significant determinant of bank selection. A welcoming and comfortable banking environment can attract and retain

customers by providing a pleasant banking experience. This factor highlights the need for banks to focus on creating an inviting atmosphere in their branches.

Although bank reputation did not show as strong a correlation as the other factors, it remains an important aspect of customer bank selection. Maintaining a positive reputation through corporate social responsibility and community engagement can enhance customer perceptions and contribute to a bank's overall attractiveness.

In conclusion, the study reveals that Islamic banking principles, bank reliability, mobile banking, and bank environment are key determinants of bank selection in Kandahar. These insights can help banks tailor their strategies and services for better meet customer needs, thereby enhancing customer satisfaction and loyalty.

## **Conclusion**

This study aimed to analyze the determinants of customers' choice of bank in Kandahar city. By identifying the key factors that influence bank selection, the study sought to provide valuable insights that could help banks in the region tailor their strategies and services for better meet customer needs and preferences. The study found that Islamic banking principles, bank reliability, mobile banking, and bank environment significantly influence customers' bank selection decisions in Kandahar. The results indicated that:

- Islamic Banking had the highest mean score and a significant positive impact on bank selection.
- Bank Reliability was also a critical factor, reflecting the importance of trust and consistent service.
- Mobile Banking was highly valued for its convenience and efficiency.
- Bank Environment contributed to customer satisfaction through a welcoming and comfortable atmosphere.
- Bank Reputation, while important, showed a comparatively weaker correlation with bank selection.

## **Practical Implications**

The findings suggest several practical implications for banks operating in Kandahar:

1. Banks should ensure their products and services comply with Sharia law to attract and retain customers in this predominantly Muslim region.
2. Banks need to focus on maintaining high standards of reliability and consistency in their services to build trust and loyalty among customers.
3. Developing advanced mobile banking platforms can meet the growing demand for technological convenience and accessibility.
4. Creating a welcoming and comfortable atmosphere in bank branches can enhance the customer experience and satisfaction.

5. Engaging in corporate social responsibility and community activities can help banks maintain a positive reputation and attract more customers.

### **Suggestions for Further Studies**

Further research could explore the following areas

1. Conduct comparative studies between different cities or regions to understand if the determinants of bank selection vary geographically.
2. Perform longitudinal studies to observe how customer preferences and determinants of bank selection evolve.
3. Investigate the specific features of mobile banking that most influence customer satisfaction and bank selection.
4. Explore the impact of emerging technologies such as blockchain, AI, and fintech innovations on bank selection criteria.
5. Examine how different customer segments (e.g., by age, income level, occupation) prioritize various factors in their bank selection process.
6. Conduct qualitative research, such as interviews or focus groups, to gain deeper insights into the reasons behind customers' preferences and choices.

By addressing these areas, future studies can provide a more comprehensive understanding of the factors influencing bank selection and offer actionable recommendations for banks to enhance their competitive edge and customer satisfaction.

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