

Customer Preferences on Banking Services in the City of Mati, Davao Oriental

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Abstract

This study examined customer preferences on banking services in the City of Mati, Davao Oriental. Specifically, it identified the key banking service attributes influencing customer preferences, determined the relative importance of each attribute, estimated utility values associated with banking service attributes, and identified the most and least preferred combinations of banking service profiles. The study employed a quantitative inferential research design using Exploratory Factor Analysis (EFA) and Conjoint Analysis. A total of 385 respondents who were active clients of universal banks operating in the City of Mati participated in the study through purposive sampling. Data were collected using online survey questionnaires administered through KoboCollect Toolbox. The first phase identified banking attributes through factor analysis, while the second phase evaluated combinations of service attributes using conjoint analysis. Results revealed that customers strongly preferred banking services characterized by security, efficiency, accessibility, confidentiality, technological reliability, and customer-oriented service delivery. Findings further indicated that modern banking facilities, fast and reliable transactions, professional staff behavior, and accessible online banking services significantly shaped customer preferences. The study emphasized the importance of aligning banking strategies with customer expectations to strengthen customer satisfaction, financial inclusion, and competitive advantage among banking institutions in the City of Mati.

Keywords: Banking Services, Customer Preference, Conjoint Analysis, Factor Analysis, Financial Inclusion, Universal Banks

1. Introduction

Several studies emphasized that customer preference in banking is influenced by service quality, accessibility, technological convenience, security, and reliability. Maulana (2019) identified factors such as online banking facilities, ATM accessibility, waiting time, transaction reliability, and reward programs as influential determinants of customer preference. Similarly, Lu (2014) reported that bank reputation, service quality, and technological services significantly affected customer decision-making.

Salamat and Abdul-Kadir (2012) highlighted that confidentiality, fast service delivery, professionalism of employees, and customer assistance were important factors in attracting and retaining clients. Talavera (2020) further explained that Filipino bank customers prioritize reliability, empathy, responsiveness, and tangibility in evaluating banking service quality.

Recent studies emphasized the growing importance of digital banking services. Giri and Fauziah (2016) found that efficiency, system availability, privacy, and security significantly influence customer

satisfaction in online banking. Ataei (2023) added that user-friendly digital platforms and transparent communication improve customer trust and loyalty.

In the Philippine context, Burgos and Pilar (2024) stressed the importance of modern banking environments, efficient services, and personalized customer interactions in maintaining competitiveness among banks. The study further recommended expanding localized research to better understand customer banking preferences in areas such as Davao Oriental.

The reviewed literature demonstrated that customer preferences are shaped by multiple interconnected service attributes. These findings provided the theoretical and empirical basis for identifying banking service attributes included in this study. World Bank cited that development depended on financial services including credit, savings accounts, and payments (Demirgüç-Kunt, et al. 2022). The availability of financial services increased remittances, consumption, and investments which led to improve resilience to financial shocks among families and enterprises (Jack and Suri, 2014).

By 2025, 79% of adults were expected to have a bank or mobile money account, compared to 74% in 2021. Digital financial services increased quickly in low and middle income countries, with more than half of all accounts now digital, including those at banks, credit unions, and post offices, which has improved access and money management. Despite these advances, certain groups, including women, people with lower incomes, and individuals with less education, continued to encounter obstacles. (Klapper et al., 2025; Demerger-Kunt et al., 2022)

Klapper, et al (2025) reported that in the year 2024, 73% of women in low- and middle-income economies had financial accounts, up from 50% in 2014. The global gender gap in account ownership was just 4 percentage points. In regions like East Asia, women had the same account access as men. While women owned fewer mobile phones, mobile phone ownership, they helped close the gender gap in financial access. Poverty had a bigger impact than gender on access to accounts and phones. Demirgüç-Kunt, et al. (2022) added that individuals who did not have an account frequently cited lack of funds, distance to the closest financial institution, and inadequate documents as some of the main causes.

According to Hannig and Jansen (2010), financial inclusion strived to bring the "unbanked" people into the established financial system so they could have access to financial services including credit, insurance, payments, and transfers.

RSM, UOB & Rajah and Tan Asia (2016) stated that E-commerce and FinTech had quietly gained popularity in the Philippines in recent years. The Philippines could establish itself as a market leader in international e-commerce, given the appropriate circumstances, particularly in the areas of banking, finance, and mobile payments, the nation had shown tremendous promise.

Jafari (2016) explained that any organization's ability to succeed depended on its ability to comprehend markets, consumers, and rivals. Financial institutions like banks played a critical role in the economy. Banks' roles in luring deposits and loans had to be consistent with the economic nature of society. Sustainable development was a complicated economic system to improve performance of banks and financial organizations worldwide.

Llanto and Rosellon (2017) also emphasized the ability to access financing enables the poor to participate in income-producing ventures and build up assets like savings and insurance to shield them from possible dangers and shocks. Considering this, efforts to promote inclusive financial systems took center stage in the growth of the financial sector in emerging nations. The Philippine government made attempts to increase financial inclusion, education, and regulation in this respect.

The Global Microscope 2020 report of the Economist Intelligence Unit, cited by the Bangko Sentral ng

Pilipinas (BSP, 2020), identified the Philippines as a global leader in financial inclusion. BSP (2022) also emphasized that account ownership was essential for enabling individuals to access financial services and improve financial security. In 2021, the country had 22,935 automated teller machines and 13,154 bank offices, including 504 in the Davao Region, indicating continued expansion of banking access.

Since the start of the COVID-19 pandemic, effective steps to stop the virus' spread in countries crucial to the creation of global value chains (GVCs) affected commerce and production in other nations, notably the Philippines, where international markets were still crucial as sources of demand and sources of inputs. The conglomerate structure of the economy in the Philippines, according to the World Bank in 2020, restricted the growth of the capital market (Arenas, et al., 2022).

In 2024, the banking system showed strong performance with continued growth in assets, loans, deposits, and earnings, alongside solid capital and liquidity. This highlighted the system's resilience and its capacity to support the Philippine economy while delivering essential financial services to more Filipinos (BSP, 2024). The banking sector, which acted as the foundation of the financial system, maintained a sound footing. With sufficient buffers on capital, liquidity, and loan loss reserves, the Philippine banking sector maintained its sound footing over the past few years. The BSP encouraged banks to broaden their presence and increase their market reach through digital access points to bring more cutting-edge and effective financial services to the countryside (BSP, 2022).

Davao Oriental's economy grew by 46% in 2023, driven by strong performances in agriculture, manufacturing, and services. Factors like infrastructure improvements and increased investment contributed to this growth, highlighting the province's economic resilience and development potential. The fastest growths were observed in Transportation and storage with 23.0 percent, followed by Other services with 20.1 percent, and Financial and insurance activities with 12.1 percent (PSA, 2024). The 2024 City of Mati profile presented an optimistic picture of city's growth trajectory, with strong economic fundamentals, a growing business environment, and improvements in infrastructure. Continued focus on sustainable practices, investment in human capital, and government reforms would be critical in maintaining this positive momentum (DTI, 2024).

Despite these insights, with lack of localized studies, Burgos and Pilar (2024) further suggested the expansion of research for broader insights and improved overall banking services in Davao Oriental. The study's goal was to fill the gap to uncover empirical evidence on analyses on customer preferences on banking services in the City of Mati, Davao Oriental. The study primarily concentrated on important research findings to customer preferences on banking services.

2. Objectives of the Study

Generally, this study aimed to uncover customer preferences on banking services. Specifically, it aimed to:

1. Identify the key banking service attributes that influence customer preferences.
2. Determine the relative importance of each attribute in shaping overall customer preferences.
3. Estimate the utility values associated with each banking service attribute.
4. Identify the most and least preferred combinations of banking service attributes.

3. Review of Related Literature

Maulana (2019) study stated that consumers frequently lack clarity regarding the dimensions of bank services since these aspects were intangible and subject to multiple interpretations. Conjoint analysis

helped customers make more realistic decisions because it forced them to weigh all of the available options at once, which was how people typically do in real life. The attributes included banks with and without online facility, located near home or office, with waiting time under and above 10 minutes, transaction error at 0% or 3%, with banking day from Mondays to Fridays or Mondays to Saturdays, and several reward programs that cover either all products and services or some products and services.

Respondents to Lu (2014) research in Malaysia believed that the interest rate and bank reputation were the most crucial aspects to consider when choosing a bank. The third most crucial factor in choosing a bank was assessed as the quality of services. The services offered, including as ATMs, internet banking, parking facilities, and phone banking, were the next in importance. Out of six considerations, the branch location came in fifth place. The least essential element, according to respondents' ratings, was the bank charges or fees.

Selamat and Abdul-Kadir (2012) recognized that banks had to better comprehend the requirements, preferences, and behavior of the customers in their target market to remain competitive. The success of a bank was better and competitive in the market if it was able to comprehend exactly what clients wanted and worried about when they visited a bank. Therefore, bank managers should provide quick and effective services with high levels of confidentiality to draw in more clients, increase their usage of their services, and outperform their rivals. The criteria included provision of fast and efficient service, bank confidentiality, reputation and image, range of services, friendliness of bank persons, low interest rates in loans, favorable credit terms, parking space, financial counseling, low service charges on cheques, confidence in bank's management, high interest rates on deposit, bank reception, location near home or work, external appearance, counter partitions, recommendation from friends and relatives, media advertising and overdraft privileges.

Talavera (2020) added that Filipino bank consumers prioritize four key dimensions of service quality: reliability, empathy, responsiveness, and tangibility. They valued accurate and consistent banking processes that followed established protocols. To meet these expectations, banks provided dependable, timely, and error-free services across both online and offline channels. This required maintaining updated facilities and IT systems, training staff in quick problem-solving, ensuring sufficient personnel during peak hours, and integrating service recovery and complaint handling into training programs. Regular evaluations of banking processes and materials were also essential to sustain service quality and customer satisfaction. She adapted that service quality attributes of an excellent bank must include visually appealing layout, functioning ATM and online facilities, professionally dressed personnel, easily understandable bank forms, convenient location, error-free services, consistent and dependable services, orderly and systematic bank services, quick and timely services, willing to respond to customer queries, prompt resolution of customer complaints, referral to the right person or department for a concern, effective customer service assistance, limited waiting time of bank transactions, knowledgeable and competent staff, respectful employees, secured bank transactions, confidential customer information, secured bank premises, maximum tolerance to customer complaints, individual care and attention, timely advisory to clients, suitable working hours and adequate staff during peak hours.

Rosima and Apat (2022) highlighted that service assessment encompassed five key dimensions: tangibility, responsiveness, reliability, assurance, and empathy. Tangibility involved maintaining modern equipment, updated IT systems, appropriate facilities, a clean reception area, effective promotional materials, and a pleasant environment. Empathy required employers to provide personalized attention, address specific client needs, explain transactions clearly, and exhibit courtesy. Reliability emphasized

accurate client records, sincerity in problem resolution, transparency, timely updates, and readily available references. Responsiveness entailed prompt communication, on-time service delivery, willingness to assist, and immediate attention to client requests. Lastly, assurance focused on ensuring confidentiality, fostering a sense of security, handling accounts safely, and providing comprehensive and reliable service. Anitha G. (2022) suggested that factors like interest rates on deposits and loans, service efficiency, customer understanding, personalized assistance, social responsibility, accessibility, ATM reliability, and the bank's ability to address complaints promptly must be considered in bank selection. Additionally, Gigante et al. (2022) stated that consumer preference for traditional banks was influenced by proximity, service speed, and ease of transactions. Customers value banks that were accessible, provided timely updates, and offered direct assistance from knowledgeable and friendly staff using modern technology. Similarly, staff attitude and conduct, service delivery speed, customer awareness and education, customer relationships, and grievance handling mechanisms all had a significant impact on customer satisfaction (Abraham, et. al. 2022).

Product diversity, staff performance, and reliability significantly had influenced customer preferences and satisfaction. Respondents agreed these factors positively shape their banking choices. Understanding stakeholders, assessing customer needs, and implementing timely, customer-focused programs were essential for sustained satisfaction. The bank balanced profitability with customer-centered initiatives. By using service quality as a key performance measure and leveraging technology to monitor customer preferences, banks had enhanced product delivery, optimized resources, and strengthen long-term customer loyalty (Alcuetas, et. al. 2023).

It was revealed by Chauhan et. al. (2023) that key considerations included a bank's reputation and technology, branch accessibility, appearance and word of mouth, customer service, pricing and cost, and available amenities. These factors helped bank executives develop effective marketing strategies to attract and retain clients in a highly competitive industry. Banks considered lowering loan interest rates, expanded branch networks, and implemented awareness and publicity campaigns to enhance customer convenience and engagement. Factors included accessibility in terms of atm services and location, the banking services available, quality of service, privacy and confidentiality agreements, attitude of bank employees, financial stability, reputable brand name, rewards, accessibility of bank office and technology adoption.

Taotao et al. (2024) outlined key attributes of online banking services, including online facilities, security features, distance from the central business district (less than 500 meters or more than 1 kilometer), ATM availability, waiting times of 25–45 minutes, operating days from Monday to Friday, Tuesday to Saturday, or Monday to Saturday, and withdrawal charges ranging from Php16.00 to Php17.00.

Burgos and Pilar (2024) emphasized that due to intense competition and the uniformity of banking services, understanding the factors that influence customer bank choice was essential. These factors included facilities, services and values, price, and fundamentals, with particular importance given to meeting customer needs through personalized service and transparent financial performance. Improving facilities for a modern banking environment, ensuring efficient service, offering competitive rates with low charges, and implementing strong marketing strategies were identified as critical for banks to remain competitive. In the study, component matrix included, knowing the board members, bank's profile, familiarity of audited annual reports, interaction with the user's family, relatives/friends, and organization, adequacy of tellers, low interest rates on loans, good interest rates, low service fees, influential marketing campaigns, higher return on savings, individualized customer attention, physical facilities/equipment on good working order, with debit card facility, speedy service, strong customer commitments, bank interior,

prompt response to bank inquiries, prompt service, sustained trust on delivery, maintenance of sound relationship, staff expertise, and warm bank reception.

The biggest absolute influence on the decision to utilize internet banking services came from the use of debit cards: people who use debit cards to mark transactions were 20% more inclined to use online banking. Customers who made more transactions were substantially more likely to use online banking, which is related to convenience (Robinson, et al. 2011).

According to Bebli (2012) customer satisfaction on internet banking services depended on a number of factors, including delivery speed, dependability, usability, enjoyment, control, and privacy. In addition, financial institutions spent in areas like education and awareness initiatives where clients may find information accessible and understandable. The objective should not only be to gratify customers but also to interact with them and improve their experience (Banu, et al. 2014). Convenience construct had a statistical impact on the adoption of online banking, meaning that bank customers' decisions about whether or not to use the system were influenced by its utility to them and by its user-friendly features (Quilantang, 2016).

Giri and Fauziah (2016)'s key attributes influencing customers' use of internet banking services, namely e-fulfillment, efficiency, system availability, privacy and security, and problem handling. E-fulfillment emphasized the ability to conduct fund transfers seamlessly, while efficiency was enhanced through the availability of a reliable mobile version. In terms of privacy and security, customers preferred receiving transaction notifications via email or mobile. System availability required that banking platforms operate without crashes or errors, and effective problem handling was supported by accessible user guides for customer assistance.

Modern technology in communication channels, in support of e-banking included online banking, mobile banking, and e-payment systems. In the workplace, communication patterns evolved from phone, email, and fax to instant messaging/chat, virtual words, social networking sites, wikis, twitter, and blogs. Over time, these new forms of communication proved to be very efficient and advantageous for transferring information from one location to another and preserving data and information. Because it manages risks, keeps an eye on managers, assesses projects, mobilizes savings, and eases transaction, banking communication management was encouraged among financial organizations like banks (Shrestha, et. al. 2019).

The results of study of Tan (2021) enumerated the seven (7) criteria: Efficiency, Fulfillment, Privacy, Responsiveness, Compensation, Contact, and System Availability. These were contributing factors in determining whether or not customers were satisfied with internet banking services. Hanaysha & Mehmood (2022), suggested that managers in the banking industry used information technology to manage client connections and set themselves apart using smart technologies in order to accomplish company goals and successfully address competition. Electronic banking was essential for building customer trust and achieving success in the digital age. By offering user-friendly platforms, strong security, and personalized services, banks could enhance loyalty and gain competitive advantage. Maintaining proactive and transparent communication about new features and security measures strengthened customer confidence and supported long-term growth in digital banking (Ataei, 2023).

In addition, Felix and Sugiat (2024) studied that mobile banking service quality factors included cost, security, relative advantage, responsiveness, and convenience. These were rated good, along with customer satisfaction and loyalty for users. Security required greater attention to ensure data protection, while cost negatively affected satisfaction but positively influence loyalty when perceived as fair. The

findings showed that cost impacts loyalty indirectly through satisfaction, highlighting the need to provide customer benefits, such as discounts, to maintain satisfaction and loyalty. Future research should examine the direct and indirect effects of all factors on loyalty to establish a more comprehensive model.

Lastly, Constantino (2025) stated that customer loyalty in e-banking depended on easy-to-use platforms, strong security, and responsive support, which helped retain clients, attract new users, and sustain growth in a competitive market. Staff shortcomings included inefficiency, poor attitudes, a lack of product knowledge, rigidity, providing improper advice, and ineffective queue management. Banks needed to invest more time and resources in staff training to address these issues (Gerrard and Cunningham 2004). The employee-customer relation included the ability to explain banking procedures to customers. It also included good facial expression, good customer treatment, and friendly staff (Hinson, et al 2013). Customers treated professionally and competently by staff, a strong dedication to meeting customers' demands, and engagement with the user's family were the first three variables that had the greatest impact as indicated by the factor coefficient. Banks made sure that every component of customer service delivery was carefully planned and focused (Adefulu, et al 2016), at appropriate time and appropriate way (Saleem, 2019).

A wonderful customer experience with the E-banking services undoubtedly reflected in the positive E-word of mouth that customers share with friends and family on digital platforms or networks. The banking industry was currently being forced by the global digital revolution to change its scenarios and methods in order to comply with the requirements of the new era (Mosa, 2022), where services are used more, fostering loyalty (Aguinaldo, et al, 2024). According to Avantika, et al. (2024) customer satisfaction in banking depended on multiple factors such as service quality, convenience, technology, customer support, and trust. To maintain loyalty, banks had to understand and enhance these elements while continuously adapting their services to match changing technologies and customer expectations.

According to Constantino (2025), a study in Davao City suggested that universal banks could strengthen customer experience and loyalty by enhancing mobile features, security, personalized services, AI tools, real-time notifications, and user-friendly interfaces, along with efficient support and feedback systems, ensure convenience, speed, and reliability. Regular evaluation of loyalty factors and data-driven personalization-built trust, inclusivity, and competitiveness in the evolving financial landscape.

In the study of Jafroudi & Sadeghi (2025) customer loyalty in banking was shaped by positive experiences, service quality, and the value customers perceive relative to costs. Banks remained competitive by offering diverse, innovative, and convenient services while ensuring security and reliability. Customers were more likely to remain loyal when their needs are met through modern facilities, timely communication, and personalized solutions that add tangible value. Brand perception was influenced by awareness and decision-making, underscoring the importance of clear information, well-trained staff, and accessible channels. Although the study has limitations, its results highlighted that recognizing customer behavior patterns and aligning services with these preferences could strengthen satisfaction, enhance loyalty, and improve long-term competitiveness in the banking sector. Moreover, Hinson, et al. (2013) added that for the banking industry to thrive in a cutthroat market, convenience was crucial. Customers selected banks that were close by since it was convenient for them.

Choosing the right bank location was vital for success in a competitive market. The branch's location directly affected its performance, and banks strategically selected sites and offer convenient service options to meet customer needs and stayed ahead of competitors (Gorener et al., 2013). Wang and Ching (2016) and Honka et al. (2017) both emphasized the importance of geographical convenience in bank

selection, noting that consumers generally preferred banks located near their homes or workplaces. Despite the rise of online banking, proximity, especially to one's home, remained a key factor influencing customer preference. Network location was essential to influence consumer choice in banking. According to Gerrard and Cunningham (2004), there were geographical and time conveniences in the banking industry. The proximity of bank branches or ATM facilities affects geographical convenience for consumers. Olorunniwo and Hsu (2006) demonstrated how the prevalence of ATMs can be used as a gauge for bank accessibility.

The best service medium to increase customer satisfaction was the ATM. Finding appropriate locations for new ATMs was therefore the most crucial duty that each bank must complete. In this situation, the bank focused on making judgments that were more lucrative, less time-consuming, and asset-conserving (Awaghade, et al. 2014).

Consequently, it was discovered that customers were truly concerned about ATM security issues, such as the ATM's location (Asante-Gyabaah, et al. (2015). Previous research indicated the importance of ATM accessibility and location as a crucial consideration for consumers when choosing a bank (Tucker and Jubb, 2018). ATM sites were thought to be geographically convenient for consumers. The majority of consumer financial transactions could be easily completed at ATMs as well as other non-financial transactions all the time (Maulana, 2019). According to Mohite et al. (2021), automated teller machines (ATMs) remained essential for customer access to cash, even with the growing use of online and contactless payments. During the COVID-19 pandemic, ATMs continued to serve as a key self-service channel for withdrawals. Although digital transactions increased, many customers still preferred using cash and chose to keep more on hand during the crisis. Suriadi, et al. (2022) concluded that the Availability of ATM, offering wide range of products, had the strongest impact to customer satisfaction. Oppewal and Vriens (2000) shown in an early study that waiting in line at money counters and tellers was not the most valued attribute in the perceived service quality.

Management of financial service companies refrained from giving bank customers extended wait times and unnecessary service delays. To achieve good customer service, it provided appropriate compensation for consumers who patiently wait when they endured service delays and inconveniences; a comfortable banking experience that cut down on waiting times. These included a tidy waiting area that was not crowded, friendly, revitalizing, enjoyable, and appealing. To keep consumers' attention while they wait for the service to be completed, clever fillers were offered. These include, among other things like appropriate music, periodicals, and TV shows (Lee, et al. 2012). Customers evaluated efficiency based on transaction speed, reduced waiting times, personalized service, and friendliness (Okyere, et al. 2015). Waiting time was shown to be a key factor for customers in the quality of banking services in Nigeria by Dauda and Lee (2016). Naturally, consumers should favor quicker banking services over those that are provided more slowly. It was hypothesized that waiting times influence consumer preferences for bank services (Maulana, 2019).

According to Zeithaml, et al. (2006), the capacity to deliver the promised service consistently and accurately was known as reliability or fulfilling its commitments. Actually, it relied on how well the bank could serve its clients. People went to the banks if they have issues, thus bankers needed to be trustworthy and the best people to solve all of their clients' concerns. Akhtar (2011) added that strong client satisfaction was impacted by flawless financial services. The degree to which measurements were error-free and produce consistent results was one way to define reliability. Several research showed how to adjust transaction error to gauge bank reliability (Chavan and Ahmad, 2013). They added that the time needed

to get the services increases when more customized services are sought. Although technology advancements were meant to make providing financial services more efficient, it was noted that having to repeat operations manually slowed down service delivery. Dauda and Lee (2016) showed how online transaction error may be used to assess the trustworthiness of banking. Customers were therefore predicted to favor financial services that have fewer transaction error.

Oppewal and Vriens (2000) discovered that opening hours influenced consumer preference in a favorable way. Customers specifically like financial services that were available on Saturdays or during the weekends. Almosawi (2001) investigated this attribute and demonstrated how this basic idea prompts us to form a hypothesis about how to include operating time of banking service in the investigation. Longer opening hours for banking services were therefore anticipated to be more popular. When choosing bank services, customers were concerned about the functioning days and hours (Maulana, 2019).

In a pioneering study, Ülengin (1998) discovered that the most important factor in choosing a bank was the loyalty program. Incentives from previous transactions are crucial to persuade them to choose a banking service. In addition, Keh and Lee (2006) added that reward systems improved loyalty and could improve the value proposition rather than focusing only on repeat purchases. Customers were predicted to favor financial services with a better compensation system. Points given to customers increased their purchase rates and used to separate them based on their profitability, loyalty, and brand fidelity (Zakaria, et al 2013). Maulana (2019) stated that financial reward programs influenced a customer's preference for a particular banking service. Mai et al. (2021) stated that loyalty programs had a moderate positive effect on customer satisfaction, influenced by age, education, and years with the bank. Also, Rathod et al. (2022) stated that offers and rewards significantly influence online banking usage, showing that promotions effectively boost engagement. Banks tailored reward programs to specific age groups strengthened customer loyalty.

It was common for customers to have payment orders for a wide range of banking transactions in the contemporary banking environment. Consequently, this characteristic enabled users to observe their financial activity (Cohen, et al. 2006). In the banking industry, the role of interest, profit rates on deposits, and savings had a significant impact on customers' decisions about which banks to use (Pirzada, et al. 2014). In addition, De Jesus and Torres (2017) value-added services and marketing positioning played a vital role in helping banks maintain competitiveness. Teleron and Dalagan (2020), in a local study, stated that preferred lending banks offer longer payment terms, low interest rates, and minimal service charges. Banks could better serve this market by providing secure facilities, efficient staff, easy loan processing, and accessible ATMs. Gigante et al. (2022) found that students and working individuals commonly use digital banks for bill payments, savings, time deposits, loan payments, and fund transfers.

Banks that provided comprehensive and innovative products and services maintained long-term relationships with their customers. By aligning product features and service delivery with customer needs and perceived quality, banks could enhance both service value and customer satisfaction. Customer needs, product innovation, service quality, and satisfaction collectively shaped how clients perceived and responded to banking products and services (Iqbal, et al. 2022). Kim (2005) indexed online customer satisfaction by fast notification. Consequently, proactive automatic transaction notifications ought to be given preference. Maulana (2019) further stated that bank alerts could now be sent to customers in a more proactive manner, thanks to the evolution of the banking industry.

Convenience meant quick service, dependable ATMs, and availability of drinking water and restroom (Hinson, et al. 2013). It was a crucial service attribute that affected how customers assess their interactions

(Khazaei, et al 2014). Banks must worked together to enhance the card payment system and grow the number of ATMs and other locations where cards were accepted in order to boost convenience for consumers. It was also vital to check ATMs on a regular basis, kept in mind the strong demand for cash withdrawals from consumers; paid special attention to how much cash were still in each ATM, even on weekends and holidays. Additionally, banks needed to keep a careful eye on how ATMs were performing and respond quickly to any unusual situations involving them (Trang, et al. 2019).

The technology employed both practical and safe to use. The trust of customers and the reputation of internet banking both benefited from such security and privacy (Casalo, et al 2007). Being connected to a reputable bank made respondents feel good. A good service delivery probably came from having a solid reputation (Hinson, et al. 2013). Lorena (2018) also added that Corporate Social Responsibility (CSR) was particularly important in the banking industry because it fostered a number of competitive advantages, the most crucial of which was the improvement of the bank's reputation, which was crucial for attracting and keeping customers, boosting employee retention, and producing better financial results. For the banking industry, CSR practices became a relevant reputation driver that could add value over time.

Bank management enhanced bank reputation to increase customer loyalty, offered modernized structures and furnishings, spacious and comfortable parking lots, information technology-based banking services, financial technology (fintech) capabilities, staff with a pleasing appearance, and more. These were directly tied to the development of soft skills, in-person services, quick and precise digital-based services, secure e-transactions, and bank staff attitudes that needed them to be kind, emphatic, and considerate (Ati, et al., 2020). Mobile banking allowed customers to access services anytime and anywhere, integrating information technology into banking operations. They emphasized that high-quality mobile banking, characterized by safety, simplicity, and variety. These enhanced customer trust and strengthens the bank's reputation (Bach, et al. 2020).

Hoang, et al (2022), through their qualitative research indicated that the characteristics identified as being the most significant influences on the customers' perception of the bank reputation are: (1) Customer experience - the customers' evaluation of the products and services, social responsibility, technology innovation, communication, and risk management based on their own experience; (2) media influence - the customers' commentary on other aspects that they have not experienced but can be "heard about" or known through the media or word-of-mouth effects, included the bank's vision and mission; (3) the customers' satisfaction. Wu (2025) emphasized that banks aligned their strategic direction with the United Nations Sustainable Development Goals by reinforced Corporate Social Responsibility efforts that advanced environmental sustainability. By the adopted green operations, invested sustainable initiatives, and encouraged environmentally responsible consumer practices, financial institutions could help foster sustainable consumption while establishing themselves as active contributors to global transformation. With all the factors presented by various literatures collected, Table 1 summarized these factors considered in the study.

Table 1. Factors Customer Preferences on Banking Services

| No | Factors | Author/s | Year | No | Factors | Author/s | Year |
|----|--|-------------------------|------|----|--|-----------------------|------|
| 1 | Marketing and promotion materials | Rosima & Apal | 2022 | 43 | Courteous staff | Rosima & Apal | 2022 |
| 2 | Influential marketing campaigns | Rosima & Apal | 2022 | 44 | Open Tuesdays to Saturdays | Taolao, et al. | 2024 |
| 3 | Available references | Rosima & Apal | 2022 | 45 | Good Customer Relationship | Abraham, et al. | 2022 |
| 4 | Financial Counseling | Selamat & Abdul Kadir | 2012 | 46 | Personnel are professionally dressed | Talavera | 2020 |
| 5 | Security Features | Taolao, et al. | 2024 | 47 | Good interest rates | Burgo & Pilar | 2024 |
| 6 | Favorable Credit rates | Aritha G. | 2022 | 48 | Comprehensive | Rosima & Apal | 2022 |
| 7 | Corporate Social Responsibility | Aritha G. | 2022 | 49 | Adequate staff | Talavera | 2020 |
| 8 | Awareness and Publicity Campaigns | Chauhan et al. | 2023 | 50 | Grievance handling mechanism | Abraham, et al. | 2022 |
| 9 | Favorable Credit terms | Selamat & Abdul Kadir | 2012 | 51 | Overdraft privileges | Selamat & Abdul Kadir | 2012 |
| 10 | Bank Interiors | Burgo & Pilar | 2024 | 52 | Easy to use | Gigante, et al. | 2022 |
| 11 | Clean reception area | Rosima & Apal | 2022 | 53 | Modern layout | Rosima & Apal | 2022 |
| 12 | Modern banking environment | Burgo & Pilar | 2024 | 54 | Prompt communication | Rosima & Apal | 2022 |
| 13 | Pleasant environment | Rosima & Apal | 2022 | 55 | Secured handling of accounts | Rosima & Apal | 2022 |
| 14 | With Counter Partition | Selamat & Abdul Kadir | 2012 | 56 | Transparent | Rosima & Apal | 2022 |
| 15 | Bank's Profile | Burgo & Pilar | 2024 | 57 | Sustainable working hours | Talavera | 2020 |
| 16 | Brand Name | Chauhan et al. | 2023 | 58 | Board Members of the bank | Burgo & Pilar | 2024 |
| 17 | Accessible ATM location | Chauhan et al. | 2023 | 59 | Audited Financial Statements | Burgo & Pilar | 2024 |
| 18 | Accessible Branch Networks | Chauhan et al. | 2023 | 60 | Waiting time of 20-45 mins | Taolao, et al. | 2024 |
| 19 | Interaction with user's family/friends | Burgo & Pilar | 2024 | 61 | Without Online Facility / Internet Banking | Maulana | 2019 |
| 20 | Financial Stability | Chauhan et al. | 2023 | 62 | Confidentiality Agreements and Privacy | Chauhan et al. | 2023 |
| 21 | Willing to Assist | Rosima and Apal | 2022 | 63 | Optimized resources | Acuñas, et al. | 2023 |
| 22 | Warm bank reception | Burgo & Pilar | 2024 | 64 | Maintenance of sound relationship | Burgo & Pilar | 2024 |
| 23 | Php16.00 to Php17.00 withdrawal fee | Taolao, et al. | 2024 | 65 | Availability of Teller | Burgo & Pilar | 2024 |
| 24 | Strong customer commitment | Burgo & Pilar | 2024 | 66 | Points and Rewards System | Chauhan et al. | 2023 |
| 25 | Clear instructions from bank personnel | Rosima & Apal | 2022 | 67 | Transaction Error - 3% | Maulana | 2019 |
| 26 | Within 500 to 1000 meters of the central business district | Taolao, et al. | 2024 | 68 | Facilities and equipment in good working order | Burgo & Pilar | 2024 |
| 27 | Reward programs to some products and services | Maulana | 2019 | 69 | Reward programs to all products and services | Maulana | 2019 |
| 28 | Online Facility / Internet Banking | Maulana | 2019 | 70 | Customer Awareness / Understanding | Aritha G. | 2022 |
| | | Taolao, et al. | 2024 | | | Abraham, et al. | 2022 |
| | | La | 2014 | | | Acuñas, et al. | 2023 |
| 29 | High rates on deposits | Selamat & Abdul Kadir | 2012 | 71 | Friendly staff | Selamat & Abdul Kadir | 2012 |
| | | Aritha G. | 2022 | | | Gigante, et al. | 2022 |
| 30 | Low rates on Loans | Chauhan et al. | 2023 | 72 | Sincere, with tolerance to customer complaints | Talavera | 2020 |
| | | Burgo & Pilar | 2024 | | | Rosima & Apal | 2022 |
| 31 | Timely updates | Rosima & Apal | 2022 | 73 | Open Mondays to Saturdays | Maulana | 2019 |
| | | Gigante, et al. | 2022 | | | Taolao, et al. | 2024 |
| 32 | Customer focused, personalized assistance | Aritha G. | 2022 | 74 | Knowledgeable / Trained staff | Talavera | 2020 |
| | | Acuñas, et al. | 2023 | | | Gigante, et al. | 2022 |
| | | Burgo & Pilar | 2024 | | | Burgo & Pilar | 2024 |
| 33 | Updated IT Systems | Talavera | 2020 | 75 | On time delivery / Immediate attention to requests | Rosima & Apal | 2022 |
| | | Rosima & Apal | 2022 | | | Burgo & Pilar | 2024 |
| 34 | Has debit card facility | Burgo & Pilar | 2024 | 76 | Error Free | Maulana | 2019 |
| | | Robinson, et al. | 2011 | | | Talavera | 2020 |
| 35 | Diverse /Wide range | Selamat & Abdul Kadir | 2012 | 77 | Appealing External Layout | Selamat & Abdul Kadir | 2012 |
| | | Acuñas, et al. | 2023 | | | Talavera | 2020 |
| | | Chauhan et al. | 2023 | | | Chauhan et al. | 2023 |
| 36 | Staff Attitude, Conduct, and Performance | Abraham, et al. | 2022 | 78 | Efficient delivery | Aritha G. | 2022 |
| | | Acuñas, et al. | 2023 | | | Acuñas, et al. | 2023 |
| | | Chauhan et al. | 2023 | | | Burgo & Pilar | 2024 |
| 37 | Modern Technology | Gigante, et al. | 2022 | 79 | Prompt resolution to complaints | Talavera | 2020 |
| | | Chauhan et al. | 2023 | | | Aritha G. | 2022 |
| 38 | Bank has parking space | La | 2014 | 80 | Reliable | Rosima & Apal | 2022 |
| | | Selamat & Abdul Kadir | 2012 | | | Acuñas, et al. | 2023 |
| 39 | Bank with good reputation and image | Selamat and Abdul Kadir | 2012 | 81 | Recommendation from friends and relatives or Word of Mouth | Selamat & Abdul Kadir | 2012 |
| | | Chauhan et al. | 2023 | | | Chauhan et al. | 2023 |
| 40 | Open Mondays to Fridays | Maulana | 2019 | 82 | Confidentiality of bank information | Selamat & Abdul Kadir | 2012 |
| | | Taolao, et al. | 2024 | | | Talavera | 2020 |
| | | | | | | Rosima & Apal | 2022 |
| 41 | With functioning ATM | La | 2014 | 83 | Low bank charges/fees, cost, and pricing | La | 2014 |
| | | Talavera | 2020 | | | Selamat & Abdul Kadir | 2012 |
| | | Taolao, et al. | 2024 | | | Chauhan et al. | 2023 |
| | | | | | | Burgo & Pilar | 2024 |
| 42 | Accessibility / Proximity (regardless near home or work) | Aritha G. | 2022 | 84 | Fast, Efficient, Timely | Talavera | 2020 |
| | | Gigante, et al. | 2022 | | | Selamat & Abdul Kadir | 2012 |
| | | Chauhan et al. | 2023 | | | Gigante, et al. | 2022 |
| | | Maulana | 2019 | | | Abraham, et al. | 2022 |
| | | Selamat & Abdul Kadir | 2012 | | | Acuñas, et al. | 2023 |
| | | | | | | Burgo and Pilar | 2024 |

3. Methodology

3.1 Research Design

An inferential research design aimed to make generalizations about a population using data gathered from a sample. It employed statistical techniques to test hypotheses, analyze relationships between variables, and determined the significance of findings (Creswell & Creswell, 2018).

Creswell and Creswell (2018) described the quantitative research method as a structured process that investigates phenomena through the collection and statistical analysis of numerical data. This method aimed to identify relationships between variables, test hypotheses, and draw generalizations about a population from a representative sample. It employed objective measurement tools such as surveys and questionnaires to quantify attitudes, opinions, or behaviors, and was often used to analyze trends, compare groups, or evaluate the effects of specific factors.

3.2 Sampling

The target population of this study consisted of customers of universal banks in the City of Mati, Davao Oriental. Since the exact number of eligible respondents was unknown, the required sample size was determined using Cochran's formula (Equation 1) for an unknown population:

Equation 1

$$n_0 = \frac{z^2 pq}{e^2}$$
$$n_0 = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2} = \frac{0.9604}{0.0025} = 385$$

Where,

n_0 is Cochran's sample size

e is the desired level of precision (the margin of error)

p is the proportion of the population that has the attribute in question,

q is $1-p$.

z value is found in a z table. 95% confidence level gives us a z -value of 1.96.

Thus, a minimum of 385 respondents was required to ensure statistical reliability and representativeness. Purposive sampling was employed in this study to select participants who could provide relevant and meaningful insights aligned with the research objectives. This non-probability sampling technique involved intentionally selecting individuals based on specific characteristics related to the study (Creswell & Creswell, 2018; Nikolopoulou, 2022). By focusing on participants with direct experience in banking services, this approach ensured the collection of data that was both appropriate and informative.

The respondents were selected based on the following criteria: (1) at least 18 years old; (2) a resident or employee within the City of Mati; (3) an active client of a universal bank operating in the area (e.g., BDO, BPI, DBP, Landbank, Metrobank, or Security Bank); and (4) with at least one (1) year of experience using banking services, including over-the-counter, ATM, or digital banking. These criteria ensured that participants possess sufficient knowledge and experience to provide reliable and meaningful responses regarding banking service preferences.

3.3 Research Instrument

This study utilized two survey questionnaires as the primary research instruments. The first questionnaire consisted of banking service attributes identified from the literature review and was designed for respondents to rate each attribute using a specified rating scale. The results of this initial survey served as

the basis for the second questionnaire, which contained selected combinations of attributes for further evaluation by the respondents.

In conducting the review of related literature, the researcher employed both traditional academic databases and artificial intelligence–assisted tools to ensure a comprehensive and systematic search. SciSpace was used to support the identification and synthesis of relevant scholarly studies. Additional sources included Google Scholar, ResearchGate, and Academia. The literature search was guided by keywords such as *customer preference* and *banking services*, with particular emphasis on recent studies conducted in the Philippines, specifically within Region XI, Davao Oriental, and the City of Mati. Data were collected using online survey questionnaires administered through KoboCollect Toolbox. This approach ensured that the theoretical and empirical foundations of the study were both relevant and context-specific.

Community Context and Consultation. Although formal community consultation was not conducted, the study incorporated local context through the inclusion of respondents from the City of Mati and the use of localized literature. Informal consultations were also undertaken during the pilot testing phase, wherein selected respondents reviewed the questionnaire for clarity, relevance, and comprehensibility. Feedback from these participants was used to refine the research instrument, ensuring that the items were appropriate and reflective of the local banking experience.

3.4 Data Collection Procedure

The study made use of quantitative data. It was defined as the value of data in the form of counts or numbers where each data-set had a unique numerical value associated with it. These data were any quantifiable information that could be used for mathematical calculations and statistical analysis, such that real-life decisions could be made based on these mathematical derivations.

On the data sources, a survey was conducted to the customers from different banks in Mati City to explore the bank services preferences of the clients or customers. Questionnaires were the main mechanism used to collect respondent feedback.

3.5 Analyses

This study employed quantitative statistical analysis, specifically factor analysis and conjoint analysis, to achieve the research objectives. All statistical procedures were conducted using the Statistical Package for the Social Sciences (SPSS).

Exploratory Factor Analysis (EFA) was used to identify and group key banking service attributes based on respondents' ratings. This method reduced multiple observed variables into a smaller set of underlying factors that represent customer preferences (Hair et al., 2019). The suitability of the data for factor analysis was assessed using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity. Factors were extracted using principal component analysis (PCA) with varimax rotation. Items with factor loadings and communalities of at least 0.70 were retained to ensure reliability and interpretability (Tabachnick & Fidell, 2019). The renaming of the clustered factors was based on their common representation, as identified in the literature review. The EFA results highlight the key banking service attributes that influence bank customers' preferences.

Conjoint Analysis was applied to determine customer preferences for banking services by evaluating combinations of selected attributes and levels derived from the factor analysis results. Hypothetical service profiles were generated using an orthogonal design to ensure statistical independence and reduce the number of combinations. Please note that only nine factors with high factor loading from the EFA rotated matrix for each component were considered for the next analysis. Orthogonal design of SPSS was up to nine levels per default, hence, nine factors maximum per component/attribute. Respondents rated these

profiles, and the data were analyzed using the Ordinary Least Squares (OLS) method to estimate part-worth utility values (Green & Srinivasan, 1978; Rao, 2014).

Customer preferences were interpreted using Total Utility Scores (TUS) and Relative Importance Scores (RIS). The most preferred service combinations were identified based on higher utility values, while attributes with higher importance scores were considered more influential in decision-making.

To assess model validity and goodness-of-fit, Pearson’s r and Kendall’s tau correlation coefficients were computed to examine the relationship between observed and estimated preferences. A statistically significant result ($p < 0.05$) indicated that the estimated utilities reliably reflected respondents’ preference rankings.

The outputs of the analysis included: (1) relative importance scores, (2) estimated utility values, and (3) the most and least preferred service profile combinations.

4. Results and Discussion

Key Banking Service Attributes Influencing Customer Preferences

The suitability of the data for factor analysis was first assessed using Kaiser-Meyer-Olkin (KMO) Measure of sampling adequacy and Bartlett's Test of Sphericity. These are presented in Table 2.

| | | |
|---|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | | .860 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1931.454 |
| | Df | 171 |
| | Sig. | .000 |

The Kaiser-Meyer-Olkin (KMO) value of 0.860 indicated very good sampling adequacy. According to Hair et al. (2019), KMO values above 0.80 are considered highly acceptable for factor analysis. This signifies that the gathered data were appropriate and sufficient for identifying meaningful underlying dimensions of customer preferences on banking services.

Meanwhile, Bartlett's test of Sphericity yielded a p-value below the 0.05 level. This indicates that the variables were significantly correlated and suitable for factor extraction. Therefore, the null hypothesis that stated that the correlation matrix is an identity matrix was rejected, and the findings implied that the banking service attributes included in the study possessed adequate interrelationships necessary for factor analysis.

The extracted communalities ranged from 0.857 to 0.959, which were all above the required threshold of 0.70, as established in the study (Table 3). This indicates that the retained variables were adequately explained by the extracted components and that these components strongly contributed to the factor structure.

| Factors | Extraction |
|--|------------|
| Online Facility/Internet Banking | .901 |
| Pleasant environment | .869 |
| Confidentiality Agreements and Privacy | .936 |
| Bank with good reputation and image | .913 |

| | |
|--|------|
| Fast, efficient, timely | .956 |
| With functioning ATM | .934 |
| Easy to use | .958 |
| Immediate attention to request/on time delivery | .925 |
| Reliable | .928 |
| Accessible ATM location | .938 |
| Secured handling of accounts | .959 |
| Security features | .929 |
| Updated IT System | .857 |
| Willing to assist | .924 |
| Knowledgeable/Trained staff | .935 |
| Availability of tellers | .956 |
| Modern banking environment | .902 |
| Comprehensive | .896 |
| Prompt resolution to complaints | .906 |
| Extraction Method: Principal Component Analysis. | |

The high communalities further implied that the identified banking services attributes were reliable indicators of customer preferences for banking services. Moreover, these findings suggest that the extracted components sufficiently explained the variances of the observed variables.

Among the variables, "secured handling of accounts" obtained the highest communality value of 0.959, followed by "easy to use" (0.958), "fast, efficient, and timely" (0.956), and "availability of tellers" (0.956). These findings indicated that these attributes strongly contributed to the extracted factors influencing customer preferences. The findings support the studies of Talavera (2020), Abraham et al. (2022), and Alcuetas et al. (2023), which emphasized that service efficiency, reliability, responsiveness, customer support, and accessibility strongly influence customer satisfaction and banking preference. Furthermore, the result supports the studies of Selamat and Abdul-Kadir (2012), Talavera (2020), Rosima and Apat (2022), and Burgos and Pilar (2024), which emphasized that customer preferences in banking are influenced by interconnected dimensions such as service quality, responsiveness, security, operational reliability, and customer relationship management.

The rotated component matrix revealed two major components influencing customer preferences on banking services in the City of Mati (Table 4). Variables with factor loadings of at least 0.70 were retained and interpreted, indicating strong relationships between each variable and its corresponding component. These components were renamed: Functionality (Component 1), and Operational (Component 2).

Table 4. Rotated Component Matrix^a

| Factors | Component | |
|--|-----------|------|
| | 1 | 2 |
| Online Facility/Internet Banking | .852 | .418 |
| Pleasant environment | .841 | .403 |
| Confidentiality Agreements and Privacy | .873 | .417 |
| Bank with good reputation and image | .840 | .456 |

| | | |
|---|------|------|
| Fast, efficient, timely | .897 | .390 |
| With functioning ATM | .844 | .471 |
| Easy to use | .893 | .402 |
| Immediate attention to request/on time delivery | .852 | .446 |
| Reliable | .869 | .415 |
| Accessible ATM location | .838 | .487 |
| Secured handling of accounts | .885 | .420 |
| Security features | .889 | .374 |
| Updated IT System | .501 | .778 |
| Willing to assist | .851 | .447 |
| Knowledgeable/Trained staff | .859 | .443 |
| Availability of tellers | .470 | .857 |
| Modern banking environment | .493 | .811 |
| Comprehensive | .295 | .900 |
| Prompt resolution to complaints | .827 | .472 |
| Extraction Method: Principal Component Analysis. | | |
| Rotation Method: Varimax with Kaiser Normalization. | | |
| a. Rotation converged in 3 iterations. | | |

Component 1: Functionality

Component 1, labeled as Functionality, consisted of variables associated with online banking accessibility, pleasant banking environment, confidentiality and privacy, bank reputation, fast and efficient service, ATM functionality, ease of use, prompt service delivery, reliability, accessibility, secured handling of accounts, security features, willingness to assist, knowledgeable personnel, and prompt resolution to complaints. These attributes collectively reflected the operational effectiveness, security, responsiveness and customer-centered performance of banking institutions. The factor loadings under this component ranged from 0.827-0.897, indicating very strong relationships between the identified variables and the extracted component.

Among the variables, *fast, efficient, timely* obtained the highest factor loading (0.897), followed by *easy to use* (0.893), *security features* (0.889), and *secured handling of accounts* (0.885). These findings suggested that customers in the City of Mati highly value banking services that are efficient, secure, reliable and convenient. The clustering of these variables implied that customers evaluate banking institutions not only based on transactional efficiency but also on the institution's ability to establish trust, maintain confidentiality, and provide responsive customer support. The inclusion of *online facility/internet banking, easy to use, and with functioning ATM* further indicated that technological accessibility had become an essential component of banking functionality. However, these technological features appeared to be strongly interconnected with security-related variables such as *confidentiality agreements and privacy, security features, and secured handling of accounts*, suggesting that customers prioritize secure and reliable digital banking environments rather than technological availability alone. Similarly, the inclusion of personnel-related variables such as *willingness to assist, knowledgeable/trained staff, and prompt resolution to complaints* indicated that customers continue to value human interaction and service responsiveness despite increasing digitalization in banking operations. This suggested that

customers perceive functional banking services as combination of technological efficiency, trustworthiness, and quality of interpersonal service.

These findings support the studies of Talavera (2020), Rosima and Apat (2022), Abraham et al. (2022), and Jafroudi and Sadeghi (2025), which emphasized that reliability, responsiveness, customer support, and service efficiency significantly influence customer satisfaction and banking preferences. Likewise, the inclusion of online banking accessibility, ATM functionality, and ease of use aligned with the findings of Maulana (2019), Gigante et al. (2022), Felix and Sugiat (2024), and Constantino (2025), which highlighted that digital accessibility and technological convenience became increasingly important in shaping modern banking experiences. However, the present study extended these findings by demonstrating that customers in the City of Mati did not merely value technological features independently but rather perceived them as part of a broader functional banking experience anchored on trust, security, responsiveness, and service reliability.

Component 2: Operational

Component 2, labeled as Operational, consisted of variables related to updated IT systems, availability of tellers, modern banking environment, and comprehensive banking services. These variables reflected the bank's capability to maintain efficient internal operations, provided complete banking services, and sustained modern operational support systems that contribute to customers' overall banking experience. The factor loadings under this component ranged from 0.778 to 0.900, indicating strong relationships between identified variables and the extracted component.

Among the variables, *comprehensive* obtained the highest factor loading (0.900), followed by *availability of tellers* (0.857), *modern banking environment* (0.811), and *updated IT systems* (0.778). These findings suggested that customers in the City of Mati value banking institutions that were operationally prepared, technologically updated and capable of delivering complete and accessible banking services. The high loading of *comprehensive* implied that customers preferred banks capable of offering multiple financial services within a single institution possibly due to convenience, efficiency, and the growing complexity of customers' financial needs. Similarly, inclusion of *updated IT systems* and *modern banking environment* indicated that customers associate operational efficiency with technological advancement and organized banking facilities, suggesting that operational readiness contributed to customers' perception of service quality and institutional competence. The presence of *availability of tellers* further implied that despite the increasing adoption of digital banking, customers still value accessible human assistance and efficient over-the-counter transactions, particularly for concerns requiring direct interaction and immediate clarification. This finding suggested that customers perceived operational efficiency not only in terms of technological capability but also in the bank's ability to maintain adequate personnel support and service accessibility.

The findings supported the studies of Gigante et al. (2022), Talavera (2020), Rosima and Apat (2022), Burgos and Pilar (2024), and Jafroudi and Sadeghi (2025), which emphasized that modern banking systems, operational readiness, technological capability, and comprehensive service delivery significantly influence customer satisfaction and banking competitiveness. However, the present study extended these findings by demonstrating that customers in the City of Mati perceived operational efficiency as a balanced integration of technological modernization, service completeness, and accessible human support rather than purely system-based efficiency alone.

As discussed in the Methodology, only nine (9) factors for each component were considered for the conjoint analysis. Since Functionality has 15 factors, six (6) factors were further dropped, and nine (9) factors were forwarded for further analysis. These factors were: fast, efficient, timely (.897), easy to use (.893), security features (.889), secured handling of accounts (.885), confidentiality agreements and privacy (.873), reliable (.869), knowledgeable/trained staff (.859), online facility/internet banking (.852), and immediate attention to request/on time delivery (.852). All factors under Operational Efficiency were included in the conjoint analysis: updated IT system (.778), availability of tellers (.857), modern banking environment (.811), and comprehensive (.900).

Importance Values of Each Attribute Shaping Overall Customer Preferences

Table 5 shows that the functionality attributes (65.598) had a higher importance value than the operational efficiency attributes (32.021). This result indicated that customers place greater importance on bank functionality than on operational efficiency.

| Attribute | Importance Values |
|---------------------------|--------------------------|
| Functionality | 65.598 |
| Operational | 32.021 |
| Averaged Importance Score | |

The higher importance value of Functionality suggested that customers prioritized banking attributes associated with security, reliability, responsiveness, convenience, and service efficiency over operational factors. This implied that customers were more concerned with how effective banking services addressed their financial needs, protected their transactions and provided convenient and dependable service experiences. The result also indicated that customers perceived functional banking as directly affecting their trust and satisfaction with banking institutions.

The findings supported the studies of studies of Talavera (2020), Rosima and Apat (2022), Abraham et al. (2022), and Jafroudi and Sadeghi (2025), which found that customers tend to place greater importance on reliability, responsiveness, security and customer support in evaluating banking services. Similarly, Gigante et al. (2022), Maulana (2019), and Felix and Sugiati (2024) emphasized that ease of use, digital accessibility, and efficient service delivery significantly influenced customer banking preferences and satisfaction. These studies collectively suggested that customers generally preferred banks capable of providing secure, responsive, and user-friendly banking experiences rather than merely maintaining operational or physical banking facilities.

The present study further suggested that customers in the City of Mati assigned greater importance to functionality because banking transactions had become increasingly integrated into customers' daily financial activities, requiring services that were reliable, accessible, secure and efficient. The customers appeared to perceive functionality-related attributes as essential in minimizing transaction difficulties, ensuring financial security, and improving overall banking convenience. Moreover, the increasing use of digital banking platforms and ATM services may have heightened customer expectations regarding speed, ease of use, responsiveness, and security, making functional performance more influential in shaping customer preferences compared to operational support alone.

Utility Values Associated with Each Banking Service Attribute

Utility estimates represented the degree of customer preference for each banking service attribute. Positive utility values indicated greater customer preference, while negative utility values indicated relatively lower contribution to customer preference within the conjoint model. Table 6 showed the utility estimates and standard errors of each level under the identified attributes.

| Attribute | Level | Utility Estimate | Std. Error |
|----------------------------|--|-------------------------|-------------------|
| Functionality | Online Facility | -.054 | .018 |
| | Confidentiality Agreements and Privacy | .028 | .018 |
| | Fast, efficient, timely | -.011 | .018 |
| | Easy to use | -.017 | .018 |
| | Immediate attention to a request | -.059 | .018 |
| | Reliable | .002 | .018 |
| | Secured handling of accounts | .115 | .018 |
| | Security features | .004 | .018 |
| | Knowledgeable and trained staff | -.008 | .018 |
| | Operational | Updated IT system | .017 |
| Availability of tellers | | -.032 | .011 |
| Modern banking environment | | .019 | .011 |
| Comprehensive | | -.004 | .011 |
| (Constant) | | 3.446 | .006 |

In a positive outlook, bank customers showed high regard for banks that maintained the security of their accounts (0.115), upholds confidentiality and privacy (0.028), offers security features (0.004), and demonstrated reliability (0.002). Among these attributes, secured handling of accounts obtained the highest utility estimate, suggesting that customers strongly valued the protection of their financial resources and personal information. This finding implied that customers in the City of Mati perceived banking security as a critical factor in establishing trust and confidence toward banking institutions. The positive utility estimates associated with confidentiality, privacy and reliability further suggested that customers preferred banks capable of providing safe, dependable, and trustworthy banking transactions. These findings aligned with the studies of Talavera (2020), Rosima and Apat (2022), Abraham et al. (2022), and Jafroudi and Sadeghi (2025), which emphasized that security, confidentiality, and reliability significantly influenced customer satisfaction and banking preferences. However, the present study further suggested that customers in the City of Mati appeared to prioritize banking security not only as a service feature but also as a necessary condition for maintaining trust and minimizing financial risks in modern banking transactions.

On the contrary, customers showed relatively lower preference toward characterized by delayed attention to a request (-0.059), an unavailable online facility (-0.054), a difficult-to-use interface (-0.017), delayed and inefficient service (-0.011), and unknowledgeable and untrained staff (-0.008). These negative utility estimates did not necessarily indicate dislike toward these attributes; rather, they suggested that these attributes contributed less positively to customer preference compared to stronger security-related

attributes. The findings implied that customers expected banks to already provide efficient service delivery, functional online banking systems, and competent personnel as stand operational requirements. As a result, customers appeared to place greater emphasis on security and reliability as distinguishing factors when selecting banking institutions. The findings supported the studies of Gigante et al. (2022), Maulana (2019), Felix and Sugiat (2024), and Constantino (2025), which highlighted the importance of digital accessibility, efficient service delivery, and customer-oriented banking systems. Nevertheless, the present study suggested that while convenience-oriented services remained relevant, customers in the City of Mati assigned greater preference toward attributes directly associated with financial protection and trustworthiness.

Meanwhile, in operational settings, customers were more inclined towards banks with a modern banking environment (0.019) and an updated IT system (0.017). These findings suggested that customers valued banks capable of maintaining technologically advanced systems and organized banking facilities that enhanced service efficiency and customer experience. The positive utility estimates of these attributes implied that customers associated modern banking operations with professionalism, convenience, and operational reliability. This finding aligned with the studies of Gigante et al. (2022), Hanaysha and Mehmood (2022), Burgos and Pilar (2024), and Jafroudi and Sadeghi (2025), which emphasized that updated information systems, technological readiness and modern banking facilities significantly contributed to customer satisfaction and banking competitiveness. The findings further suggested that customers in the City of Mati recognized the importance of technological modernization in improving banking accessibility and operational efficiency.

However, customers showed relatively lower interest toward banks with unavailable tellers (-0.032) and in an incomprehensive bank (-0.004). These findings implied that despite the increasing use of digital banking platforms, customers still valued accessible human assistance and complete banking services. The relatively negative utility estimate of unavailable tellers suggested that customers continued to appreciate efficient over-the-counter transactions, particularly for concerns requiring immediate clarification and direct interaction. Similarly, the lower utility estimate associated with incomprehensive banking services implied that customers preferred banks capable of addressing multiple financial needs within a single institution. These findings indicated that customers in the City of Mati perceived operation efficiency as a balance between technological advancement, service accessibility, and comprehensive banking support.

Most and Least Preferred Combinations of Banking Service Attributes

Table 7 presented the correlation of the factors included in the conjoint analysis. The Pearson's R value of 0.856 indicated a very strong relationship between the observed preferences and estimated preferences generated by the conjoint model. Similarly, Kendall's Tau value of 0.638 indicated a substantial association between actual and predicted customer preferences. Moreover, since the significance values of all these correlation measurements were less than 0.05, this indicated that the conjoint analysis model was statistically reliable and valid in predicting customer preferences on banking services.

Furthermore, Kendall's Tau for Holdouts was 1.000, indicating excellent predictive accuracy for the conjoint model. These findings further confirmed that the generated utility estimates and importance values accurately reflected customer preferences among banking clients in the City of Mati.

| | Value | Sig. |
|--|-------|------|
| Pearson's R | .856 | .000 |
| Kendall's tau | .638 | .000 |
| Kendall's tau for Holdouts | 1.000 | .021 |
| a. Correlations between observed and estimated preferences | | |

Nonetheless, the **most preferred combination** among bank customers in the City of Mati was a bank that offered utmost *security in handling their accounts in a modern banking environment*. This finding suggested that customers strongly valued banking institutions capable of combining financial security with technologically updated and professionally maintained banking facilities. The result implied that customers did not solely evaluate banks based on operational appearance or convenience, but rather on institution's ability to establish trust, protect financial transactions, and maintain reliable banking operations. The preference for secure account handling further indicated that customers perceived financial security as an essential component of banking satisfaction and decision-making. At the same time, the preference for a modern banking environment suggested that customers associated updated banking facilities and organized operational systems with professionalism, efficiency, and service reliability.

These findings supported the studies of Talavera (2020), Abraham et al. (2022), Gigante et al. (2022), Jafroudi and Sadeghi (2025), which emphasized that security, trustworthiness, and technological modernization significantly influenced customer banking preferences and satisfaction. However, the present study extended these findings by demonstrating that customers in the City of Mati preferred banking institutions that simultaneously provide secure financial protection and modern operational environments rather than focusing on a single service dimension alone.

On the other hand, the **least preferred combination** was a bank that *does not promptly attend to customers' requests* and has *unavailable tellers*. This finding suggested that customers still valued responsive and lack of personnel accessibility negatively affected customers' perception of service quality and operational efficiency. Customers appeared to expect banks to maintain not only technological capability but also sufficient human support capable of addressing concerns, clarifying transactions, and providing immediate assistance when necessary.

The findings aligned with the studies of Rosima and Apat (2022), Felix and Sugiat (2024), Burgos and Pilar (2024), which emphasized that responsiveness, accessibility, and efficient customer support remained important factors influencing customer satisfaction in banking services. Nevertheless, the present study further suggested that customers in the City of Mati continued to perceive human interaction and service responsiveness as essential elements of banking experience even within increasingly technology-driven banking operations.

The findings of the study also contributed to the existing body of knowledge on customer banking preferences by supporting and extending established theories related to service quality, customer satisfaction, and customer preference behavior. The results reinforced the principles of service quality theory, particularly the dimensions of reliability, responsiveness, assurance, and tangibility, by demonstrating that customers highly valued secure, reliable, and responsive banking services. Furthermore, the findings supported consumer preference theories suggesting that customers evaluate service providers based on the combination of attributes that maximize perceived value and satisfaction.

The study additionally contributed localized empirical evidence within the context of the City of Mati, where limited studies on banking preferences had been previously conducted. Unlike previous studies that separately emphasized either digital banking convenience or operational efficiency, the present study demonstrated that customers tended to prioritize security-oriented and trust-oriented attributes while still valuing modern banking operations and responsive human assistance. Thus, the study contributed deeper understanding of how banking customers in a localized setting balanced technological modernization, financial security, operational efficiency, and customer support in shaping banking service preferences.

5. Conclusion

Based on the findings of the study, the following conclusions were drawn:

1. Customer preferences on banking services in the City of Mati were primarily influenced by two major dimensions: Functionality and Operational Attributes.
2. Customers gave greater importance to functional banking services than its operational attributes. This indicated that customers prioritize secure, reliable, responsive, and convenient banking experiences over purely operational features.
3. Security-related attributes such as secure handling of accounts, confidentiality agreements and privacy, and security features emerged as the strongest determinants of customer preference, suggesting that trust and protection of financial information played a critical role in bank selection.
4. Customers also valued technological accessibility and convenience through updated IT systems, modern banking environments, and online banking facilities. However, these technological features were preferred when combined with reliability, security, and quality customer service.
5. Despite the increasing adoption of digital banking services, customers still preferred accessible human assistance through knowledgeable personnel, and available tellers, indicating that interpersonal service remained relevant in banking operations.
6. The conjoint analysis model was statistically reliable and valid, as evidenced by the significant Pearson's R and Kendall's Tau values, indicating that the generated utility estimates accurately reflected customer preference.
7. The study contributed to the existing body of knowledge on banking preference by demonstrating that customers in the City of Mati perceived banking preference as an integration of technological efficiency, operational readiness, security, trustworthiness and customer-centered services.

6. Recommendations

Based on the findings and conclusions of the study, the following recommendations are proposed:

1. Banks should strengthen account security systems, confidentiality measures, and fraud protection mechanisms since customers highly prioritize secured handling of accounts and privacy protection.
2. Banking institutions should continuously improve efficiency, reliability, and responsiveness of their services by minimizing delays, improving transaction processing, and ensuring timely responses to customer concerns.
3. Banks should maintain updated IT systems and user-friendly digital banking platforms to improve convenience and accessibility while ensuring strong cybersecurity measures.
4. Bank management should continue investing in staff training and development programs to enhance employee competence, responsiveness, and customer relationship management.

5. Banks should maintain adequate teller availability and improve over-the-counter services, particularly for customers who still prefer direct human interaction in banking transactions.
6. Banking institutions may utilize the findings of this study in designating customer-centered banking strategies and improving service delivery aligned with the financial inclusion goals of the Bangko Sentral ng Pilipinas (BSP).
7. Customers may use the findings of this study as a guide in selecting banking institutions that align with their preferences regarding security, reliability, convenience, and service quality.
8. Customers are encouraged to maximize the user of secure digital banking services while remaining vigilant regarding privacy and cybersecurity practices.
9. Future studies may include additional banking attributes such as pricing strategies, loan accessibility, sustainability practices, customer loyalty programs, and financial literacy services to provide broader insights into customer preferences.
10. Researchers may conduct comparative studies involving rural and urban banking customers or different banking sectors such as digital banks, rural banks, and cooperative banks.
11. Future studies may explore the evolving impact of digital transformation, artificial intelligence, and financial technology innovations on customer banking preferences and satisfaction.

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