

# **Factors Influencing Intention to Purchase a Bank Loan: The Case of North Cyprus**

**Sanaz Shirazi**

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Prof. Dr. Elvan Yılmaz  
Director

I certify that this thesis satisfies the requirements as a thesis for the degree of Master of Arts in Marketing.

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Prof. Dr. Mustafa Tümer  
Chair, Department of Business Management

We certify that we have read this thesis and that in our opinion it is fully adequate in scope and quality as a thesis for the degree of Master of Science in Marketing.

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Dr. Emrah Oney  
Co-Supervisor

---

Prof. Dr. Mustafa Tümer  
Supervisor

---

Examining Committee

1. Prof. Dr. Cem Tanova
2. Assoc. Prof. Dr. İlhan Dalcı
3. Assoc. Prof. Dr. Mustafa Tümer

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## **ABSTRACT**

In the field of buying behavior, the effect of attitudes, self-confidence, perceived trust and past experience has long been recognized. However, none of these factors have been examined in the field of purchasing a bank loan. Thus, until now it has not been established whether: (i) attitudes towards bank loan have an effect on intention to get a bank loan from banks; (ii) self-confidence has effect of intention to get a bank loan; (iii) perceived trust toward the banking system has an effect on intentions to get a bank loan and finally; (iv) past-experience in getting a bank loan has an effect on intention to purchase a credit from banks. This study represents the first attempt to address these gaps in the literature by the effect of aforementioned variables on intentions to get a bank loan.

To initially conceptualize the relationship between all these factors (attitude, self-confidence, perceived trust and past experience) and their possible impact on intention(s) to purchase a loan, a comprehensive literature review was engaged. Following the literature review, a number of hypotheses were developed to examine the possible effects of these factors on intention(s) to take out a bank loan. These proposed hypotheses were investigated using regression analysis with a total sample of 280 respondents. The finding indicated that all the factors (attitude, self-confidence, perceived trust and past experience) influence intention(s) to apply for a bank loan among Turkish Cypriot consumers. Moreover, it has been found that the relationship between these factors and intention to purchase a loan is positive: i) When a Turkish Cypriot's attitude toward loaning is positive their intention to taking a bank loan also increases; (ii) Turkish Cypriot with higher level of self-confidence

are more likely to apply for a bank loan; (iii) Turkish Cypriots with positive perceived trust toward banking system in TRNC are more likely to apply for a bank loan; (iv) Turkish Cypriot with positive past-experience about bank loans are more likely to purchase a credit from TRNC banks.

**Keywords:** Buying Behavior, Intention(s) to take out a Bank Loan, Attitudes, Self-Confidence, Perceived Trust, and Past-Experience.

## ÖZ

Alım davranışı alanında, tavırların sonuçları, özgüven, algılanan güven ve geçmiş tecrübeler yer almaktadır. Ancak, bu etkenlerin hiçbiri banka kredisi alınırken göz önünde bulunmadı ve bu alanda herhangi bir çalışma yapılmadı. Bu zamana kadar bu konu üzerine araştırılmayan etkenler: (i) banka kredisi almak için arz üzerine olan tutumun bankalardan alınacak kredilere olan etkisi; (ii) banka kredisi almak için özgüvenin etkisi; (iii) bankacılık sistemi üzerine algılanan güven; (iv) geçmiş tecrübelerin alınacak banka kredisi üstünde olan etkisi. Bu çalışma ile söz konusu boşluklar iredelenecektir.

Tüm bu faktörler (tavır, özgüven, algılanmış güven, geçmiş tecrübe) arasındaki ilişkiyi çözmek ve banka kredisi alınacağında bu faktörlerin etkisini incelemek için bu çalışma yapılmıştır. Edebi eleştiri bölümü sonrasında, banka kredisi alırken olası etkenleri inceleyen bir çok hipotez yürütülmüştür. Öngörülen hipotez, 280 katılımcının cevapları ile regrasyon analizi kullanılarak araştırılmıştır. Bulgular ise tüm faktörlerin (tavır, özgüven, algılanmış güven, geçmiş tecrübe) Kıbrıslı Türkler'in banka kredisi almakta etken olduğunu göstermektedir. Bulgular, bu faktörlerin ve kredi alma isteğinin arasındaki ilişkinin olumlu olduğunu belirtmektedir: i) Kıbrıslı Türklerin kredi almaya karşı olan olumlu tavırları kredi alımlarını artırır; (ii) Yüksek özgüveni olan Kıbrıslı Türkler'in kredi başvuruları daha olasıdır; (iii) Banka sistemlerine karşı güvenleri yüksek olan Kıbrıslı Türkler'in banka kredilerine başvuruları daha fazladır; (iv) Banka kredisi hakkında olumlu geçmişi olan bir Kıbrıslı Türk'ün, KKTC bankalarından kredi alması daha mümkündür.

**Anahtar Kelimeler:** satın alma yaklaşımı, banka kredisi almak için niyet (ler), tavırlar, özgüven, algılanmış güven, geçmiş tecrübe.

# DEDICATION

*To my Family*

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# Chapter 1

## INTRODUCTION AND AIMS OF THE RESEARCH

### 1.1 Introduction

Current global economic crises have established the strong competition between banks in order to draw customers. Furthermore, when customers would like to choose a bank, they favor the ones with different practices, discoveries and suggestions for banks and consumers to select a bank for doing business. Banks and customers are inspired with new methodologies, findings and recommendations. We can emphasize this more when we consider both banks and financial systems do not have the prestige and the reliability. The consequence of this is the economic crises, which is forwarded by financial transactions.

This means that the banking sector emerges as one of the fastest explicit area that necessitates identifying one of the major factor is keeping the existing customers and drawing in more customers. Karatepea Et. Al. (2005) and Sharma and Rao (2010) emphasized that in order to meet the needs of the customers, banking sector should look into and come up with what their customers require from them. Moreover, “How customers select banks” is explored further in the literature review of the study (Anderson Et. Al., 1976; Evans, 1979; Kaynack and Yavas 1985). Yue and Tom, 1995 states that, when choosing and analysing the Selection Criteria in order to research how customers select their banks, much emphasis was given to this during its process. While the Selection Criteria is determined, demography and age were the

two major issues that were taken into consideration. The study will analyse the factors that affect the demand of the bank loans in the Turkish Cypriot market. The reason behind all these determinations and selections are to come up with a model which will contribute to the further marketing strategies of the banking principles.

There are a number of findings, mostly from the some European countries and USA, that have attempted to classify the most critical causes of consumers' behavior while choosing banking offers such as purchasing a credit (Parasuraman Et. Al., 1991A, 1991B; Parasuraman Et. Al., 1998; Goode and Moutinho, 1995; Newman and Cowling, 1996; Kennington et. Al., 1996; Drake Et. Al., 1998; Lee and Marlowe, 2003; Oldfield and Baron, 2000; Zineldin, 1996; Sekaran, 1992; Nunnally, 1978).

The recent global financial crisis increases demand of getting loans in households and businesses to fund their shortage and also the fact that we are living in a world dominated by technology and luxury which makes everyone find a way to cover their needs and keep up with modern and high-tech life.

This study is aimed at identifying the factors that affect Turkish Cypriot's decisions to get a loan, which can be a good asset for either local or international banks to market new customers or enlarge and preserve relationship with existing customers. There are number of variables which can shape Turkish Cypriot decisions on getting loans such as demography, pricing policies (interest rate), service quality and more. A random sample of Turkish citizens (N=280) is going to be chosen in order to test our hypotheses.

**Industrial Background:**

Banking in North Cyprus has developed out of Turkish system. Besides Turkish-based and local Turkish-Cypriot banks there are also affiliated branches of international banks such as HSBC that operate in North Cyprus. Most of the banks in North Cyprus are private and they have many international ties. The Central Bank of TRNC takes responsibility for monetary, credit and exchange policy which acts as a banker to the government.

The USA and Europe countries' research results were aimed to explicit the most important factors of customers' behaviour while choosing banking sector and its services such as loans. Arasli Et. Al. (2005) looked into the difference and similarities between Greek and Turkish people's point of view in Cyprus for the service quality of the banking sector. A mutual perception regarding "Assurance" in the satisfaction of the bank service was the result of the study. The system 'Service Quality Scale' which was established by Parasuraman Et. Al. (1998) is practiced by Senyucel (2009) in North Cyprus to analyse the attitudes for Turkish Cypriots and Greek Cypriots in choosing their banks. The consequence of Senyucel's study was citizen in north division of island more emphasis on "assurance" and citizen in south division more emphasis on "Responsiveness".

The literature fails to show a clear picture regarding the impacts of different factors in taking bank loans and it is therefore important that factors such as attitude, self-confidence, perceived trust and past experience must be carefully examined in the context of purchasing behavior. It is hoped that the relationship between mentioned factors and purchasing behavior of taking out loans from banks may be better

understood when attitudes, self-confidence, perceived trust and past experience are carefully examined.

In this study, the conceptualization of each factor into specific and general classification calls for an investigation regarding the nature of each construct prior to assessing their effect on buying behavior in purchasing a loan. In addition, by investigating all the factors, this study seeks to shed light as factors mentioned above has strong impact on purchasing a loan behavior and for drawing conclusion on their managerial relevance. For example, it is possible to identify which factors (attitude, self-confidence, perceived trust and past experience) will be more influential in encouraging customers to take out a loan. This will allow banks the opportunity to address problems by seeking appropriate course of action and also increase and stimulate potential customers to purchase a credit.

## **1.2 Theoretical Background**

Banking industry is one of those markets that need proper study on purchase behavior of customers constantly to satisfy current customer and attract the new ones. Many studies have been accomplished to clarify why and how people choose their bank and select financial services such as credits and loans. Majority of studies have been carried out in the USA and Europe (Parasuraman et al., 1988; Parasuraman et al.,1991; Goodeand Moutinho ,1995; Zineldin, 1996; Newman and Cowling,1996; Kennington et al.,1996; Drake et al. 1998; Oldfield and Baron 2000; Lee and Marlowe 2003).

Customer satisfaction and loyalty measures are very important for businesses to understand their position in the market and mind of users to learn how successful

their strategies and plans are; for instance many surveys have shown that Commercial Banks are obviously positioned as providers of loans credit and saving account (Drake et al,1998).

For banks and financial services companies are important to know why and how users choose their providers. The most important factor for consumers to choose their banks and financial institution is the level of convenience comprising ATMs, automatic payment services, credit cards and location and second most important factor is ranging of product that offering by organization. Other important factors are reputation and price. Price is here referring to low interest rate in loan and high interest rate on saving account. Huu & Kar (2000) ; Holsius et al.,( 1995); Kennington et al.,( 1996).

The recent global financial crisis increases demand of taking loans in households and businesses to finance their deficiency and also the fact that we are living in a world dominated by technology and luxury that make everyone find a way to cover their needs and keeping up with modern and high-tech life.

“The demographic and economic characteristics of households affect their decision of using credit”. Greece household credit use is affected by demographic factors, young married couples, house owners and family with more working members and in general people with higher income are more intended to borrow money and less willingness to save money. Other study on Greece shows that demand for taking bank loan in Greece highly depends on pricing which means that interest rates need to be low on loans. Also, financial position of the country (GDP) is another influential factor in countries with economic crisis like today. Greece’s economic

situation and demands for loans are minimal and also banks are more restricted to accepting application for requesting loans, service quality. Social factors are also affecting demand of loans in Greek households (Frangos et al., 2012; Pastrapa (2009).

According to Life Cycle hypothesis intention to taking bank loans has relationship with age which is to say that people in younger age are more intended to get a loan than older people because people with at young age are more risk-takers than elder people with low income (Del-Rio & Young 2005).

In the USA, the amount of income in household is not affecting the demand of loans. On the contrary, amount of household's income is in correlation with the amount of loan that they apply for. Households with high income usually hold mortgages. Households, which don't have savings, tend to take more loans than households with savings. Chen and Jensen (1985) (Kamleitneir et al., 2007) (Ambrose et al., 2004).

In Philippines, households which have unemployment are more likely to apply for a loan than employed households. Most probably unemployed or low-income households borrow to finance their deficiency and cover their needs (Fafchamps and Lund, 2003, Kamleitneir and Kirchler, 2007). Moreover, Households which have a good experience with their past loans are more likely to apply for it again in future but in contrast people who have difficulty to pay their loans back are less likely to apply again for another loan in future (Duca and Rosenthal 1994; Campbell, 2006).

Spanish consumers apply less for loans from banks compared to Japanese, British, US and Swedish equivalents. Thus, Spain has less consumer credit use and

mortgages holding ratio compare to USA, UK, Italy, Greece, Sweden and Japan. They found out the reason for low level consumer debt in Spain which is monetary policy of this country due to presence of liquidity restriction ( Jappelli et al.,1989).

A study by (Arasli et al., 2005) has been carried out to compare quality perception of customers in both Turkish part of Cyprus and Greek part of the island. Political and socioeconomic factors in a country effect the expectation, service quality perception of customers and bank selection. In this study which is closest to our field of research claimed that Turkish Cypriots find their banks more instable and risky because of dependency nature of economy and monetary policies to Turkey when even minimal change in Turkish economy and fluctuation in TL (Turkish Lira is the official Currency in North Cyprus) is able to put banking sector in trouble consistently. For instance between 1995 to 2005, seven banks went bankrupt and many depositors lost their value of money due to waiting time for government to design payback system which took a considerable quantity of time, because of the past experiences of Turkish Cypriots are more sensitive to choosing their banks to work with. In their study, they used (Parasuraman et. al; 1988). SERVQUAL model to measure customer perception of service quality result shows that Turkish Cypriot concern is more about assurance in compared to the Greek Cypriot whose banks are more stable with respect of EU formation and policies.

This study in contrast with Parasuraman's study (Parasuraman et al., 1998 who state TANGIBLE is less important dimension of service quality) stated that Turkish and Greek Cypriots mentioned TANGIBLE as a significant factor for customers in measuring service quality. They expect more modern materials, bank, professional looking employee and equipment. In addition one study from (Yavas et al. 1997)

bank customer in a developing country like Turkey expects and looks for tangibles empathy and responsiveness according to their perception of quality in banking services.

Banks in both division of Cyprus are not customer oriented and their products do not fit with their customers demand and need, also because of the limited number of banks in North Cyprus especially due to embargoes, customers don't have many choices and they have to stick with what market offers while priority of choosing bank is security of deposit (Arsali et al, 2005).

Yet, somehow, the effects of attitude, self-confidence, perceived trust and past experience on intention to purchase a credit from banks have not been addressed in the literature. By examining the separate effects of each factor in this study, a deeper understanding of their impact on buying behavior specifically when taking bank loan from TRNC banks is seen explicitly.

### **1.3 The Aims and Objectives of this Research**

Research findings pertaining to the effects of each factors (attitude, self-confidence, perceived trust and past-experience) individually has effect on buying behavior or using credit from banks using these finding as the starting point. This study attempts to decompose each factors conceptualization and assess the impact of each upon purchasing a loan. More specially, the main aims and objectives of this study are as follows:

- 1) to examine attitude of customers about banking system and its impact toward purchasing a loan,

- 2) to examine the relationship between the level of self-confidence and taking out a bank loan,
- 3) to assess the perceived trust toward banking system in TRNC and its relationship to taking out credit,
- 4) to examine the effect of past experience toward intention to purchase a loan,
- 5) to explore relationship between each factors.
- 6) To examine the effect of demographic characteristics on inention to purchase a loan ( gender, age , marital status , Income level)

#### **1.4 Sampling Procedure and Data Collection Method**

A non-probability sampling technique was employed and two hundred and seventy respondents participated in the study. A self-administered questionnaire was used for gathering data. The questionnaire was developed using Churchill's (1999) nine-step process and divided into four main sections. These sections are: a) questions addressing customer's attitudes toward loaning; b) intention to purchase a loan; c) questions addressing self-confidence of participants; d) questions addressing perceived trust toward KKTC banking system; e) questions addressing past experience in taking out bank loans and f) demographic questions.

In Section A, respondents were asked to provide information concerning their attitudes toward loans. In Section B, respondents were asked to indicate their intention to purchase a loan. In Section C, respondents had to provide information concerning their general self-confidence. In section D, respondents were asked to indicate their perceived trust toward TRNC banking system. In Section E, respondents had to provide information about their past experience in loaning. Finally, Section D dealt with respondent's demographic information.

During data collection, the objectives of the research were explained to all respondents and respondents' participation was voluntary. The data are treated as strictly confidential and all respondents remained anonymous.

## **1.5 Structure of the Thesis**

The thesis is to be organized across seven further chapters as outlined in

Table 1: structure of the thesis

<b>Chapter 2</b>	<b>Literature Review</b>
<b>Chapter 3</b>	<b>Methodology</b>
<b>Chapter 4</b>	<b>Statement of Hypothesis</b>
<b>Chapter 5</b>	<b>Data analysis</b>
<b>Chapter 6</b>	<b>Discussion of Findings</b>
<b>Chapter 7</b>	<b>Conclusion</b>

Chapter two provides a review of the literature on each factor (attitude, self-confidence, perceived trust and past experience). The definition, characteristics, antecedents, determinants and consequences of each factor along with the difference from related concepts are presented. The relevance of each factor on consumer behavior in general and taking bank loan specifically is discussed.

In chapter three, the research methodology employed in the study is discussed. The chapter starts with a description of the research design. Next, it discusses the steps used in the design of the questionnaire and continues with the presentation of the

data collection method used; the choice of sample, the sample size, ethical consideration.

Chapter four presents the research hypotheses. Prior to that, the concept of each factor (attitude, self-confidence, perceived trust and past experience) is further explored, followed by a description of the relationship between each factor and buying behavior next. The hypothesized relationship is explicitly stated.

Chapter five offers a descriptive analysis of the data. More specifically, respondents are profiled on their gender, age, marital status, education and income. In addition, analytical procedures are used for testing the stated hypotheses by presentation of the results of correlational, t-test and ANOVA and regression analyses.

Chapter six concludes the thesis by interpreting the result and provides a discussion to the major findings of the study and the contribution that these findings make up the existing body of knowledge. Additionally, the managerial implications of the findings are discussed along with the limitations of the study and areas for the further research addressed.

Chapter seven, the managerial implications of the findings are discussed along with the limitations of the study and areas for the further research addressed.

## **Chapter 2**

### **LITERATURE REVIEW**

#### **2.1 North Cyprus**

Cyprus is an island located in the Mediterranean Sea. It is surrounded by Turkey to the North, Lebanon to the East and Egypt to the South. It is also the 3rd largest island in the Mediterranean Sea. After the civil war in 1974, Cyprus was divided into two states. The Turkish speaking population established a de facto state in the North known as the Turkish Republic of North Cyprus (TRNC). This state accounts for 1/3 of the islands total land area, which equals to 1,295 sq mi. Its population as of 2012 is approximately 294,396. The Greek speaking population continued as the recognized Cyprus state in the South. The United Nations (UN) controls the border separating the two states, which is called “The Green Line”. On the 23rd of April 2004, free movement was given among the island for Turkish Cypriot and Greek Cypriots in the Northern and Southern states. This has become one of the first steps towards peace between the TRNC and the Republic of Cyprus.

The economy in the North is developing while in the South it is developed with respect of EU policies (Arsali et al. 2005). The South side is recognized internationally as the legal government of Cyprus, while the TRNC is not recognized by rest of the world except Turkey. Monetary, political policies and regulations have been established under Turkish supervision. North Cyprus’s main currency is Turkish Lira (TL). When buying or renting a home it is with British Pounds.

Universities, colleges and school fees are paid in American Dollars or in Euros. The registered number of unemployment in the second quarter of 2013 was published as 937 people while 40% of them are male and 60% are female, according to the latest report from the Ministry of Internal Affairs, Department of Labor. Inflation rate in June 2013 was reported as 3.3%. TRNC's total exports in the first half of 2013 were \$71.3 million. 53% of total export in TRNC belongs to Turkey. According to Tourism Office publications the number of passengers to TRNC in second quarter of 2013 was 565,578 people which means that it has increased by 4.4% compare to the same quarter in 2012.

Early 1980s liberalization of the economy played an important role in the growth of economic system in developing countries; North Cyprus also progressed with the growth of the economy. With the new liberalization policies in the 1990s we see big increases in the number of banks. During the 1980s North Cyprus had 13 banks. In 1997 this increased to 29 which made the banking market more competitive and intense (Bektas 2006).

According to (Apostolides 2008), the first bank in Cyprus was built in 1864 under the name Imperial Ottoman Bank. The reason is not certain but many people believe it was established to collect taxes from Cypriot people. The Imperial Ottoman bank later changed its name to Ottoman Bank and stayed strong before World War 2. As time passed the Ottoman Bank became more close to Turkish interest.

The first savings bank was the Nicosia Saving Bank. This was established in 1899 and after two years the Muslim Saving Bank came to the market in 1912. The colonial government worried about The Nicosia Saving Bank becoming the

dominant bank in the banking market and fell outside of its remit. This is why the government decided to convert the bank to the Bank of Cyprus on the basis of Ottoman Commercial Law. But The Muslim Saving Bank did not accept this converting to The Nicosia Saving Bank. This may be because the bank wanted to stay faithful to the loaning requirements of the Savings Bank Law, which requires that all loans should be given to its shareholders. Another explanation to why the Muslim Saving Bank didn't undergo the change is because it was small. (All the revenue and income between World War 2 was only £4000). The government was not concerned with the Muslim Saving Bank legal footing.

The only other Turkish saving bank was built in 1929 with the name Sinta Teavun Sandigi. This bank was also registered with the government and had been a money lender. Thus, all the revenue and expenses during the whole interwar period was 38 pounds. Eminent Bank was founded in 1930, which remained small during the interwar period, having only received £2500 in deposits.

## **2.2 Banks and Banking sector in North Cyprus**

Banks, banking services and products are the most important component of the service industry across the globe (Mishkin, 2001). As it was mentioned before, North Cyprus is only recognized by Turkey and is struggling under the UN executed embargo. This embargo leads the North Cyprus industry, both service sectors and production sectors into isolation. This embargo also affects the banking industry in North Cyprus (Arsali et al. 2005).

Banking structures and policies in North Cyprus are controlled and managed by Turkey. The currency is in Turkish Lira which makes the economic and monetary

policies heavily affected by the economic situation in Turkey. According to (Gunsel 2007); in 1994 and 2001 speculative attack on Turkish Lira (TL) heavily affected the banking sector in North Cyprus. This led it to high interest rates, high credit and weaknesses such as low trade fixed exchange rate that increased considerably banking breakability in North division of the island. Furthermore, Turkish Cypriot economy is highly depended on mainland Turkey's fluctuation and changes.

According to TRNC Central Bank (Central Bank of North Cyprus) in 2013, the second quarter of the year, there were 22 commercial banks that were licensed to operate under the banking law in North Cyprus. Unfortunately because of the banking crises during previous years customers became more sensitive to choosing their bank. They mostly chose banks with a good reputation and long history from Turkey (Arsali et al. 2005).

Table 2: Lawful Licensed Banks in North Cyprus (Source: Central Bank of TRNC year of 2013, q2)

1	• Cyprus Vakiflar Bank Ltd.
2	• Nova Bank Ltd.
3	• Kibris Iktisat Bank Ltd.
4	• Cyprus Turkish Cooperative Central Bank
5	• Limasol Turkish Cooperative Bank Ltd.
6	• Seker Bank Ltd.
7	• Credit West Bank Ltd.
8	• Asbank Bank Ltd.
9	• Turkish Bank Ltd.
10	• Universal Bank Ltd.
11	• Akfinans Bank Ltd.
12	• Viya Bank Ltd.
13	• Near East Bank Ltd.
14	• Kibris Capital Bank Ltd.
15	• Faysal Islamic Bank of Cyprus Ltd.
16	• HSBC Bank A.S
17	• Turkiye Garanti Bankasi A.S
18	• Turkiye Halk Bankasi A.S
19	• Turkiye IS bankasi A.S
20	• TC Ziraat Bankasi A.S
21	• ING Bank A.S
22	• Turkiye Ekonimi Bankasi A.S

That can be considered as a threat for Cypriot local banks. Therefore, in today's banking industry banks are more focused on attracting new customers by offering a different variety of products and services.

According to the Garanti Bank website, they offer a wide range of loans. For example a 5-minute Loan is available and it is promoted with slogans such as “you name your need, and we will provide you the loan”. This shows that they are attracting new customer strategy in the market.

[http://www.garanti.com.tr/en/personal\\_banking/loans/general\\_purpose\\_loan.page](http://www.garanti.com.tr/en/personal_banking/loans/general_purpose_loan.page).

Table 3 shows segmentation of the bank sector's loans in Turkish Lira (TL) and Foreign Exchange (FX) and in total, separation and change compared to the previous quarter of this distinction in Table 3 are also shown. State-owned banks in the second quarter of 2013 have increased (gross loans 1.08 percent in terms of TL 6.88 percent in terms of FX rates.) and private banks also increased by 5.53 percent in terms of gross loans in TL. However FX, on the other hand, increased by 6.88 percent. There was an increase of 13.78 percent in Branch Bank in terms of gross loans to Turkish Lira and 15.65 percent to Foreign Exchange.

Table 3: Gross loans by banking groups (Million TL)

	March 2013			June 2013			Change in %		
	TL	FX	Total	TL	FX	Total	03.2013-06.2013		
							TL	FX	Total
<b>Public banks</b>	1.814,6	517,1	2.331,7	1.834,2	552,7	2.386,9	1,08	6,88	2,37
<b>Private banks</b>	1.640,9	1.012,3	2.653,2	1.731,6	1.081,9	2.813,5	5,53	6,88	6,04
<b>Branch banks</b>	1.165,1	567,0	1.732,1	1.325,7	677,4	2.003,2	13,78	19,47	15,65
<b>Total loans</b>	4.620,6	2.096,4	6.717,0	4.891,5	2.312,1	7.203,6	5,86	10,29	7,24

(Source: Central Bank of TRNC year of 2013, q2)

Sector share in total loans, loan sizes relationship Figure 1 show at the end of the second quarter of 2013 the share of loans are greater than one hundred thousand TL. During this period, in the second place the size of credit with a share of loans are 11 to 50 thousand. The use of credit is the lowest in the sector, with a share of 0.31 percent. Between June 2012- June 2013 there was a rise from 51 to 100 thousand TL and this showed that there is a large increase in loans in this period and loans between 0-10, 1-10 and 11-50 have decreased.

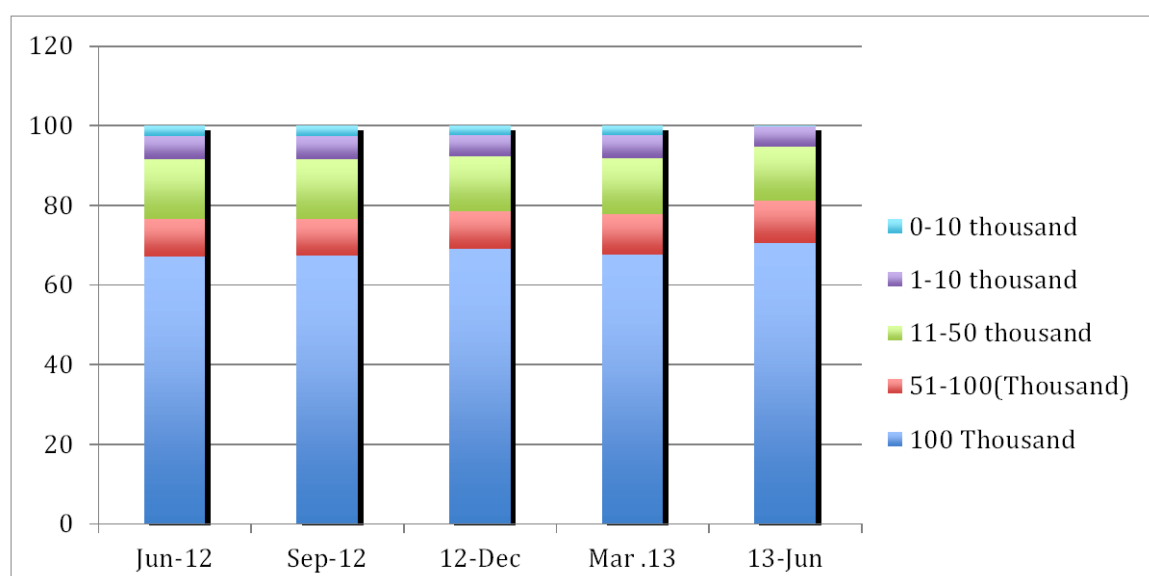


Figure 1: Share in total loans loan sizes (Source: TRNC Central Bank)

Short-term loans in the second quarter of 2013 increased over the previous quarter by 123.5 million (3,027.2 million to 3,150.7 million). During this period, the medium and long-term loans increased by 11.2 percent and reached from 3,201.7 million to 3,560.4 million. Moreover, in short-term borrowings between June 2012 - June 2013, 11.22 percent in the medium and long-term loans expanded by 32.34 percent.

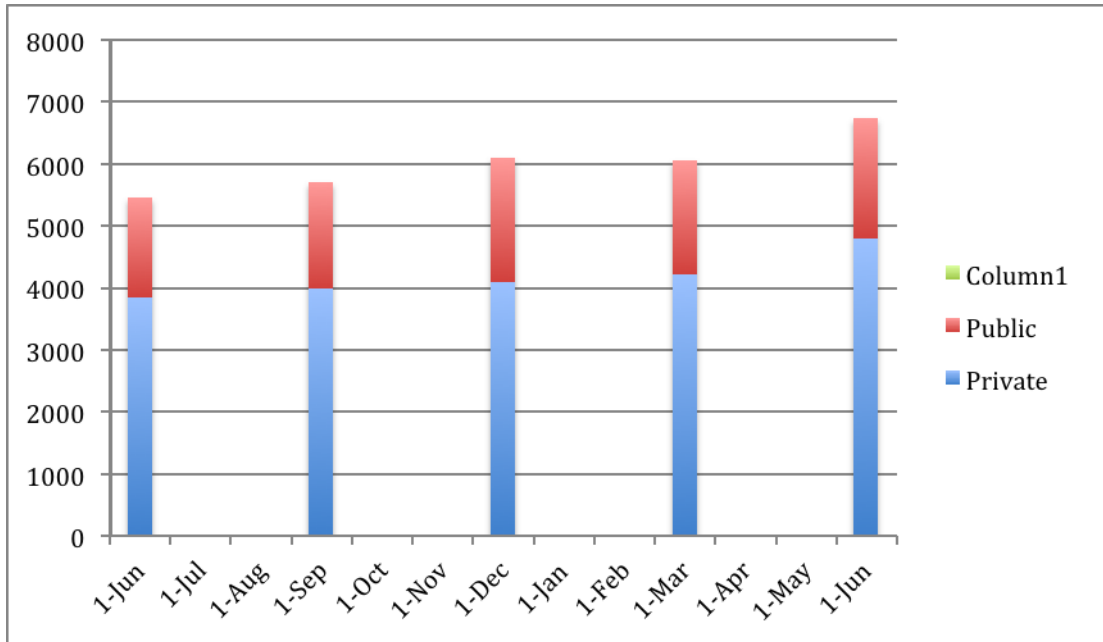


Figure 2: Distribution of public and private sector loans (Million TL) Source: TRNC Central Bank

Figure 2 shows distribution of sector's gross loans and bank groups. According to the second quarter of 2013 compared to the previous quarter, privately-owned 39.5 per cent of total loans extended by banks from the level of 39.06 per cent. Additionally, 34.71 per cent of the level of public sector banks decreased to 33.13 percent from 25.79 percent and loans from banks group of branches rose to 27.81 percent. Between the dates of June 2012 - June 2013 there was a decrease in the share of loans in total loans extended by public sector banks, but private banks have increased the share of banks with branch offices.

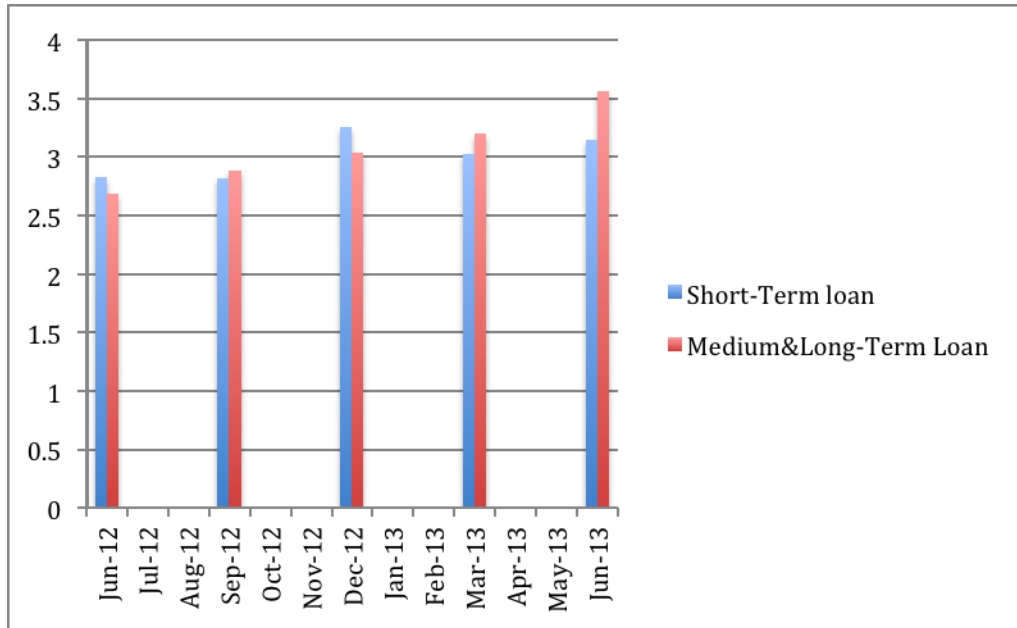


Figure 3: Maturity Structure of Loans (TRY million) Source: TRNC Central Bank

As it can be seen in Figure 3, short-term loans in the second quarter of 2013 increased over the previous quarter. The increase was from 123.5 million to 3,027.2 million and 3,150.7 million. During this period, the medium and long-term loans also increased by 11.2 percent and reached from 3,201.7 million to 3,560.4 million. From June 2012 - June 2013, short-term borrowings increased from 11.22 percent and medium and long-term loans 32.34 percent.

Figure 4 shows a distribution of loans between public and private sector. 72.36 percent of total loans in the banking sector during period of June 2013 belong to the private sector and 27.64 percent is owned by the public banks. During the mentioned period, the public sector loans increased by TL 44.1 million from the previous quarter.

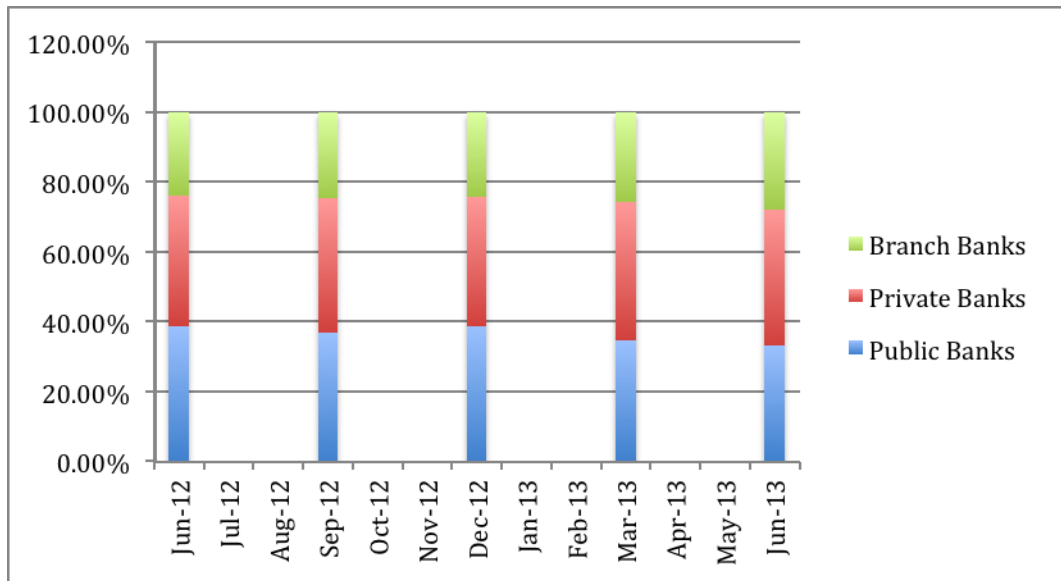


Figure 4: Bank groups Loans (gross) Shares (%) TRNC Central Bank

In high competitive market, every single business in that market tries to apply the useful strategies and practical marketing programs to beat the market share from main rivals. Because of this reason, many studies that have been done so far are to better understand the market nature and influential factors in buying behavior of the customers. So, they can be able to determine the demand from perspective of current or potential customers to meet their needs in a better way than competitors and design suitable marketing plan according to those needs and wants.

Table 4: Concentration of banking sector in north Cyprus source: TRNC central bank performance report 2013 q (ii)

The top Five Banks	2012			2013	
	June	September	December	March	June
<b>Total Asset</b>	56,46	56,34	57,25	55,80	55,14
<b>Total Loans</b>	57,33	62,16	63,36	60,81	59,23
<b>Total Deposits</b>	63,07	57,34	58,47	57,09	55,99
<b>The top ten banks</b>					
<b>Total Asset</b>	82,53	81,80	81,86	80,57	79,89
<b>Total Loans</b>	83,14	83,46	83,66	82,02	81,38
<b>Total Deposits</b>	83,94	82,49	82,22	80,99	80,09

Intensification of the banking sector, both in terms of assets in the second quarter of 2013 and the largest five banks in the sector as well as the share of the largest ten banks had decreased compared to the previous quarter.

Table 5: Number of bank development source: TRNC central bank 2013 Q 2

	Public	Private	Branch	Total
<b>2008</b>	2	15	7	24
<b>2009</b>	2	15	7	24
<b>2010</b>	4	12	7	23
<b>2011</b>	3	12	7	22
<b>2012</b>	3	12	7	22
<b>June 2012</b>	2	13	7	22
<b>September</b>	2	13	7	22
<b>December 2012</b>	2	13	7	22
<b>March 2013</b>	2	13	7	22
<b>June 2013</b>	2	13	7	22

Number of banks in the banking sector at the end of June 2013 was 22. Furthermore, 2 of 22 banks in the sector are public banks, 13 private banks and 7 branch banks.

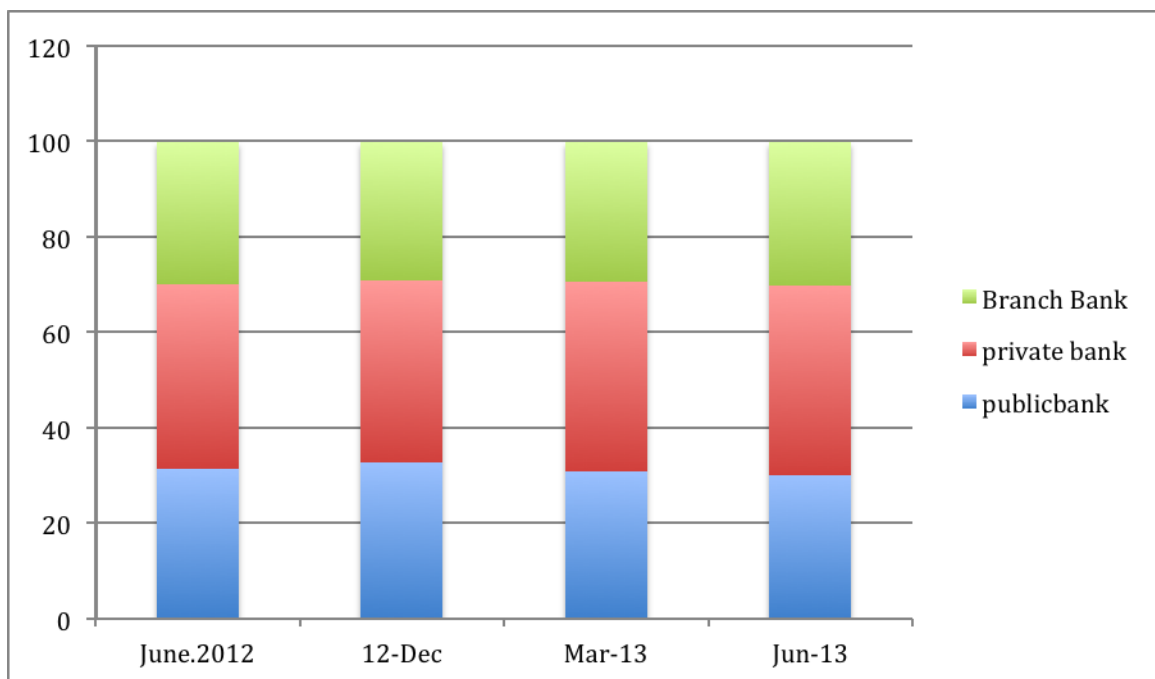


Figure 5: Shares of bank groups in the assets in the sector source: TRNC central bank 2013 Q2

Table 5 shows bank groups for the distribution of total assets in the sector and according to the previous quarter of 2013 the private banks increased to 39.86 per cent from 39.61 percent. Public banks group dropped to 29.39 percent from 30.75 percent of the branch banks group rose to 30.32 percent. In June 2012 - June 2013 period, there is a decrease in the group of public banks. On the other hand, branch banks and private banks in the group had increased.

### 2.3 Service Industry

“Services are going to move in this decade to being the front edge of the industry”  
IBM’s former CEO Louis V.Gerstner.

Across to the 21st century, services represent the dominant and fast growing percentage of the global economy. Many modern economies have developed out of the service industry such as the United States, which took decades to develop a strong service economy. In early 1929, 55% of the employee population was in the

service sector, while in 2009 it reached 83%, which represents 75% GDP of the USA (Zeithaml et al. 2013). Thus, significant expansion of service industry, under globalization and liberalization on the global market, challenges countries to further develop service industry within their own country and on a worldwide scale.

Table 6 shows the percentage of GDP credited to the service industry in different countries in 2010:

Table 6: Percentage of GDP credited to service in different country in 2010 (Source: The CIA world Fact Book, 2010).

<b>Country</b>	<b>Percent of GDP Generated by Services</b>
<b>Hong Kong</b>	92
<b>United States</b>	77
<b>Singapore</b>	76
<b>Japan</b>	76
<b>United Kingdom</b>	75
<b>Netherlands</b>	75
<b>Australia</b>	75
<b>France</b>	72
<b>Sweden</b>	72
<b>Germany</b>	72
<b>New Zealand</b>	72
<b>Canada</b>	71
<b>Brazil</b>	67
<b>Mexico</b>	63
<b>India</b>	55
<b>China</b>	43

Services have unique characteristics which make them more sensitive to pay enough effort and attention. According to Parasuraman (Fall, 1985), services are intangible in the sense that they cannot be inventoried or patented. Because of the diversity of services it can also be difficult to price. Also, services are heterogeneous which means service quality, dependence on customer and employee interaction. This can challenge the outcome of a transaction because of many uncontrollable factors during

the process. It is a fact that no two services will be exactly the same. Another characteristic is simultaneous production and consumption which are services created and used at the same time. It is hard to have mass production in service businesses; customer involvement is high and can affect the transaction and other customers as well. Services are perishable which means it cannot be resold, stored or returned.

Banking provides one of the most important services in the modern world. Almost all business related transactions work directly or indirectly through the banking sector. The most popular types of banking are Commercial Banking and Investment Banking. Commercial banks deal with deposits and loans while Investment banks are limited to capital ma.

## **2.4 Loan**

A loan is a kind of debt when a borrower needs to pay back the lender total amount of money loaned part by part over certain amount of time to clear the liability. Loans can be categorized as secured and unsecured loans. Secured loans necessitate repayment guarantee from borrower because loans are in large amount and low interest rate. Borrower requires proving repayment guarantee by pledging with collateral. There is a risk for borrower to loose their collateral in the case of inability to pay off an installment. Thus, an example of secured loan is mortgage. Unsecured loans are those given without collateral or any other type of repayment guarantee and borrower doesn't need to provide security to get the loan. Because of the risk of unsecured loan they are available in smaller quantity with higher interest rate compare to secured loan. Lenders determine interest rate in an exertion to recuperate their money as fast as possible. Moreover, majority of personal loans are unsecured loans.

### **2.4.1 History of Loan**

Is anyone sure where the history of loans originated from? Well, it is possible that people have been involved in loaning and borrowing for as long as ownership has existed. The history of loans can date back as far as a couple of thousand years. These forms of lending were evident in the ancient Greek and Roman periods. Monetary loans were even mentioned in the Christian bible.

#### **Indenture Loans**

The meaning of an Indenture Loan is that of a legal contract between two parties, particularly for indentured labor or a term of apprenticeship but also for certain land transactions. The earliest surviving examples are from the thirteenth century in England. These are agreements for military service, proving that a paid, contract army was in existence, although other evidence indicates that the method had already been in use for at least 200 years. An indenture was commonly used as a form of sealed contract or agreement for land or buildings. An example of this can be found in the national archives where an indenture from about 1401.

#### **Banking Loans**

The history of banking begins with the first prototype banks of merchants of the ancient world, which made grain loans to farmers and traders who carried goods between cities. Later in ancient Greece and during the Roman Empire, lenders based in temples made loans and added two important innovations: they accepted deposits and changed money. It is from the Italian moneylender's of the middle ages that we get both the English words 'Bank' and 'Bankrupt' that we use today. One of the most famous Banks was the Medici Bank which was set up by Giovanni di Bicci de Medici in 1397. The earliest state of deposit bank that we know of was the Banco di San Giorgio (Bank of St. George) which was founded in 1407 in Genova, Italy.

## **Modern Banking Loans**

Looking back, the history of loans has progressed quite a lot since the days of Middle Ages. The modern system is more controlled with interest rates and terms, they now offer a higher degree of fairness to customers and are not simply out to get as much money as they can from borrowers.

Both government and local policies make sure that nothing interferes with the modern banks, finance companies and online lenders that provide loans to public and private sectors which provide a great service to the world of economy.

### **2.4.2 Type of Loans**

**Personal Loan:** is a type of unsecured loans, which are mostly used by people to finance their day-to-day crises. It is a small amount of loan, which is easily approved.

**Home Loan:** is an applied loan with intention of buying a house. The house is acting as repayment guarantee (collateral) to the given loan. Thus, home loans are categorized under secured loan.

**Payday Loan:** is an unsecured loan and it is the easiest loan to get for an employee who expects a salary. They are signature loans or cash advances that require no security. Payday loans are issued on the basis of employment and income. Payday Loans have high interest rate and high interest rate is a cost of convenience. Interest rate might increase very high on this particular loan which is why it is not recommended to people without any stable salary.

**Auto Loan:** is a loan that is taken for the purpose of buying automobile. Since cars lose their value by time, Auto Loans are given with high interest and therefore the shorter the time to pay off the loan leads to lower total cost.

**Mortgages:** are the kinds of loans which are given just to buy a house. They are highly secured which means applicant need to prove the security of repayment by collateral and also lender evaluates the case of applicant if they have ability to pay back the loan. Furthermore, mortgages are classified into short-run mortgages (15 years term) and long-run mortgages (30 years term).

**Credit Card Loans:** credit card loans are just like other type of loans which come with interest rate and fees and whoever applies for credit card means they are applying for a loan. Credit card loans carry interest rate higher than personal loans and most banks today offer credit card loans.

#### **2.4.3 Factors Affecting a Bank Loan**

Banking industry is one of those markets that need proper study on purchase behavior of customers constantly to satisfy current customer and attract the new ones. Many studies have been accomplished to clarify why and how people choose their bank and select financial services such as credits and loans. Majority of studies have been carried out in USA and Europe (Parasuraman et al., 1988; Parasuraman et al., 1991; Goode and Moutinho, 1995; Zineldin, 1996; Newman and Cowling, 1996; Kennington et al., 1996; Drake et al. 1998; Oldfield and Baron 2000; Lee and Marlowe 2003).

Customer satisfaction and loyalty measures are very important for businesses to understand their position in the market and mind of users to learn how successful is their strategies and plans for instance many survey have shown that Commercial Banks are obviously positioned as providers of loans credit and saving account (Drake et. al,1998).

For banks and financial service companies, it is important to know why and how users choose their providers. The most important factor for consumers to choose their banks and financial institution is the level of convenience comprising ATMs, automatic payment services, credit cards and location. Second most important factor is ranging of products that are offered by the organization. Other important factors are reputation and price. Price is here referring to low interest rate in loan and high interest rate on saving account. (Huu & Kar (2000); Holsius et al., (1995); Kennington et al., (1996).

According to (Boyd et al., 1994) young generation (under 21) friendliness of the employees and modern looking of location is not important to select their bank and they more care about the higher interest rate of saving account high reputation, hours of operation and location, in other words convenience.

The recent global financial crisis increases demand of taking loans in households and businesses to finance their deficiency and also the fact that we are living in a world dominated by technology and luxury that make everyone find a way to cover their needs and keeping up with modern and high-tech life.

“The demographic and economic characteristics of households affect their decision of using credit” (Frangos et al., 2012).. Greece household credit use is affected by demographic factors, young married couple, house owners and family with more working members; and in general people with higher income are more intended to borrow money and less willingness to save money. Other study on Greece shows that demand for taking bank loan in Greece highly depends on pricing means how much interest rate are low on loans and also financial position of country. (GDP) is another

influential factor in countries with economy crisis like today Greece economical situation demands for loans which are minimal and also banks are more restricted in accepting applications for requesting loans. Service quality and social factors are also affecting demand of loans in Greek households (Frangos et al., 2012). Pastrapa (2009).

According to Life Cycle hypothesis intention to taking bank loans has relationship with age. People in younger age are more intended to get loans than older people because people with young age are more risk-takers than elders with low income. (Del-Rio & Young 2005).

In USA, the amount of income in household does not affect the demand of loans. On the contrary, amount of household income is in correlation with amount of loan that they apply. Households with high income usually hold mortgages. Households who don't have savings tend to take loan more than households with saving. (Chen and Jensen (1985) (Kamleitneir et al., 2007; Ambrose et al., 2004).

In Philippines, unemployment households are more likely to apply for loan than employed households. Most probably unemployment or low-income households borrow to finance their deficiency and cover their needs (Fafchamps and Lund, 2003, Kamleitneir and Kirchler, 2007).

On the other hand, Indian Banking Industry is going through an adoption of automation and technology and many government banks are loosing their market share to new private generation of banks in the market. So it is important for bankers to constantly measure their service quality and measure customer satisfaction and

loyalty to understand the customer's preferences preferably sooner than competitors and plan good strategies to meet those preferences better than rivals and in this survey Indians indicate most important factors in selecting their bank as safety and availability of ATM, confidentiality, timely service, friendliness of workers and location (Kamakodi et al., 2008).

Households who had a good experience with their past loans are more likely to apply for it again in future but in contrast people who have difficulty to pay their loans back are less likely to apply again for another loan in the future (Duca and Rosenthal 1994; Campbell, 2006).

Spanish consumers apply less for loans from banks compared to Japanese, British, US and Swedish equivalents and Spain has less consumer credit use and mortgages holding ratio compared to USA, UK, Italy, Greece, Sweden and Japan. Moreover, the reason for low level of consumer debt in Spain is monetary policy of this country due to presence of liquidity restriction. (Jappelli et al., 1989).

Spanish households living in a city with more than 10,000 populations are more likely to be loan holders than households living in cities with less than 10,000 populations (J.Manrique et al., 2004). Also the study showed Spanish households with higher fixed amount of income and bigger size of family are more intended to be carrying loans and capital debt. High-educated Spanish people tend to apply for a loan because of their motivation to find a job with high income in the future but in colleges and high schools the probability of students getting a loan is minimal.

Former research on banks in Islamic countries showed customers in Islamic and conventional countries have different taste to choose their encounters. First concern to select their banks is confidentiality then reckless and well-organized services, quickness of communications and finally responsiveness of bank employees. (Erol et al.,1990) ; Haron et al.(1994) ; Holstius and Kaynak(1995).

A study by (Arasli et al., 2005) has been carried out to compare quality perception of customers in both Turkish part of Cyprus and Greek part of the island. Political and socioeconomic factors in a country effect the expectation, service quality perception of customers and bank selection.

In this study which is the closest to our field of research claimed that Turkish Cypriots find their banks more instable and risky because of dependency, nature of economy and monetary policies to Turkey when even minimal change in Turkish economy and fluctuation in TL (Turkish Lira is the official Currency in North Cyprus) is able to put banking sector in trouble consistently. For instance, between 1995 and 2005, 7 banks went bankrupt and many depositors lost their value of money due to waiting time for government to design payback system which took a considerable quantity of time. Because of the past experiences, Turkish Cypriots are more sensitive to choosing their banks to work with (parasuraman et. al 1988). SERVQUAL model is used to measure customer perception of service quality. The result shows Turkish Cypriot concern is more about assurance in compared to the Greek Cypriot who their banks are more stable with respect of EU formation and policies.

This study in contrast with (Parasuraman et al., 1998) stated that TANGIBLE is a less important dimension of service quality. This resulted in Turkish and Greek Cypriot who mentioned that TANGIBLE is a significant factor for customers in measuring service quality. They expect more modern materials, bank, professional looking employee and equipment. In addition, one study from (Yavas et al. 1997) bank customer in developing country like Turkey expect and look for tangibles empathy and responsiveness according to their perception of quality in banking services.

Banks in both division of Cyprus are not customer oriented and their products are not fit with their customers demand and need. Additionally, because of the limited number of banks especially in North Cyprus, due to embargoes, customer doesn't have many choices and they have to stick with what market offers while priority of choosing bank is security of deposit (Arsali et al, 2005).

If in the future "Peace Contract" is signed by two parties of the island, banks with their current customer policy might go under trouble because there is an assumption of removing embargo via UN so banking industry might expand and many new banks and branches would come to the country. Therefore, customer focus policies will be more stable. It is important for banks in North Cyprus to be more customers focus and offer their services tailored with customer demand.

## **2.5 Consumer Buying Behavior**

Study in Consumer Behavior states that when they purchase a product or a service, it mentions which factors affect their selection and use as well as satisfying their needs. A consumer's buying behavior is influenced by social, cultural and personal factors

and cultural factors are the deepest and more influencing factor among others (Kotler et al., 2012). Consumer behavior is a complicated design and high-level understanding for marketing researches. Consumer behavior is defined as study of psychological and physical activities when people purchase, use or position products or services (Peter and Olson, 2008; Solomon, 2006). Basic idea behind consumer buying behavior research is to question consumers about the reason of purchasing. Furthermore, research will go deeper and also question the circumstances of purchasing or how the product or service is used. In addition, consumer behavior consists of feeling, idea, experience and action of purchasers combined with environmental factors such as advertising or praises. Moreover, consumer behavior is a dynamic procedure because there is constant changing in perception, action and the way people think in their lives (Blackwell et al.,2001; Olson and Peter,2008).

### **2.5.1 Determinants of Buying Behavior**

Attitudes about features that are nearest related to preference or to actual buying decisions are called determinant. Thus, marketer needs to know which attitudes or features determine buying behavior. According to (James et al. 1997), interest rate and financial strength are the most important factors when determining of getting a loan. In contrast, there are some factors that are less important or they are less determined in the choice of taking out loans for example: year in business or parking area.

Other determinant factor of buying behavior is demographic characteristic of consumers such as age. There is an inverse relationship between ages buying overall. Between the age of 18 and 39, purchasing increases and later declines (Wood, 1998). According to Dittmar (1995), gender can also be a determinant factor of buying

behavior. Women value their purchase by emotional-oriented reason while men value their purchase by practical and contributory reason. Men reported more personal (independent) reasons for their purchase whereas woman reported more social (relational) reasons for their purchase. Perhaps men's reasons for getting loans refer to personal (independent) factors such as auto loan but women tendency to getting loans are relational such as holiday loans.

Research, which has been carried out, shows that women are less likely to get bank loan because of the social and cultural barriers (Karuhanje-Baraho, 2000; Synder, 2000). Additionally, women are less successful during bank negotiation to get a loan than men. During negotiations women are more worried about social features of communication and other feelings while men are more concentrated to task achievement and other comparatively tangible outcomes (Eagly and Wood, 1999). Former studies resulted that women have less self confidence in getting a loan compare to men because of the cultural and social issues in societies. One of the goals of this study is to learn the relationship between level of self-confidence and tendency to get a loan. Nowadays firms increased their online technologies, which force customers to coproduce self-service. Thus, customer requires more level of engagement in collecting information and therefore complication will increase and customer will face higher risk of losing.

Level of self-confidence and self-efficacy of customers especially in high risk services such as bank loans and investments are important to those businesses (Beuningen et. Al 2009). Cultural factor is one of the determinants of purchasing behavior. Individualism and collectivism societies have different buying behavior for instance individualism value to be independent, rational and choose their own goals

individually. However, in collectivism societies promote common goals individually. They overpower their own needs in favor of group interests and goals (Kim et al., 1994). Past experiences also affect the purchasing behavior of people to repurchase a product or service. For instance, emotional burden of getting a loan in the past or evaluating cost and benefits. Previous loans will affect the probability to apply for new loan in the future (Erik et.al, 2008).

### **2.5.2 Purchasing Behavior**

Purchasing behavior is the decision procedure and performance of individuals that elaborate in purchasing and consuming a product or service. It needs to understand why consumers purchase and what elements affect or change these purchases. A company should analyze their consumer behavior for sketching a better marketing plan or measuring the effectiveness of current plan.

There are three factors that affect consumer purchasing behavior:

1. Personal Factor
2. Psychological factor
3. Social Factor

Purchasing a bank loan is a form of buying behavior and personal, psychological and social factors are influencing this behavior. This study is mostly interested in personal and psychological factors. Personal factors refer to the demographic characteristics of buyers such as gender, age or income.

Demographic factors have huge influence in getting a bank loan or credit use, which are explained in next chapters in details. We make decisions with regarding all facets of our lives. These choices are usually made without stopping to consider how and

why we make them or what it elaborates in the specific decision-making process itself. (Lawan & Zanna, 2013). Consumer economic situation has great influence on his or her decision purchasing behavior (Mayers, Santon and Haug 1971).

Consequently, the smaller the customers' household sizes, the upper revenue or savings for those customers and this turn the customers esteem to more expensive and durable products or services. In opposite, a person with low income intends to purchase inexpensive product and services (Shah, 2010). According to Etzioni (1988), all individual lifetime is practiced at two stages: The Interior and the Collective. The interior stage of experience includes psychological, social and genetic elements that are unique to each individual. This experience contains the creation of personal values means ideas which guide human decision and preference. In collective terms, social values frame the person and signify the principle of what in society is reflected as "good" or "desirable". Personal values can conflict with social values and personal values determine our beliefs, attitudes and eventually our buying behaviors; which generally tolerate fundamental similarity to those around us and expose the collective cultural and other social influences to which we are exposed.

This research aimed to analyze the five factors that affect Turkish Cypriots within the purchasing a bank loan from TRNC Banks which have been neglected in past studies:

- Demographic characteristics (Sex, Age, Income)
- Self-confidence of buyers
- Attitude

- Perceived trust toward banking system in TRNC
- Past experience

### **2.5.2.1 Demographic**

Basic terminology in marketing is the idea to study differences of consumer in attempting to purchase a decision (Newman and Staelin, 1972; Katona and Mueller 1995). Considering the demographic characteristics of the target market is serious for the success of businesses to understand customers and market better. Also, it is crucial for introducing a good fit product or services into the market. Marketing research should be conducted to measure the roles of customers' demographic factors in their purchase behavior.

Buying decision is simply connected to the gender, education, age, income and stage of the family life cycle (Mark E. Salma & Armen Taschian, 1985). Demographic factors are the crucial determinant of getting a bank loan.

### **Gender**

Traditional marketing overlook at role of woman in the family which is also a purchasing agent when they are more involved with purchasing than man (Davis 1971). But in today's world, women's role seems to be changing due to increasing number of working women (Hacker 1983). Working women are more concerned about convenience education and vacation (McCall 1977). In today's world and in modern families when women are working they are less involved in purchasing process compared to the traditional no working women.

In the case of getting a bank loan according to Grace & Munene (2006), women are less successful in getting a loan than men specifically in the negotiation part in the

former study. They found that many factors affect this behavior such as culture when there are some countries which see women less important than men and this issue mostly affect and decrease women's self confidence in the society. This issue can be count as first reason of why women are less successful to convince banks to taking out banks loan. This study has been carried to search about gender difference in the case of credit use and purchasing loan in Northern part of Cyprus.

## **Income**

Income also has direct influence in purchasing behavior while people with higher income are more involved in this process.

Kassarjian (1981) found a positive relationship between socioeconomic status, purchasing behavior and involvement of individuals and families. For instance low income individuals have less level of involvement in purchasing behavior. On the contrary, Marke & Armen (1985) indicate the opposite point of view where argument is that higher income level is less involved in buying behavior because they value their free time more than money. So they follow wise purchasing behavior to save those free times.

In loan business there are different points of views; for instance in Greek families there are more working members and in general people with higher income are more intended to borrow money and less willing to save money (Pastrapa, 2009).

In the USA, amount of income in household is not affecting the demand of loans. On the contrary, amount of household income is in correlation with amount of loan that they apply for. Households with high income usually hold mortgages. Households

who don't have savings tend to get loans more than households with savings (Chen and Jensen 1985; Kamleitneir et al., 2007; Ambrose et al., 2004).

In Philippians, unemployment households are more likely to apply for loan than employed households. Most probably unemployment or low-income households borrow to finance their deficiency and cover their needs (Fafchamps and Lund, 2003, Kamleitneir and Kirchler, 2007).

### **Age**

Age is also an important indicator in purchasing behavior of individuals. According to Life Cycle hypothesis, intention in getting a bank loans has relationship with age and people. In younger age, they are more intended to get loan than older people because people in young age are more risk-takers than elders with low income (Del-Rio & Young 2005). According to (Boyd et al.,1994), young generation who are under 21, value different issues due to choosing their bank compare to older generations. For example, they look and automation level of banking system rather than friendliness of employee while for the elderlies friendliness of employee is a considerable factor to choosing their bank. Age is another crucial determinant of getting bank loans between Turkish Cypriot.

#### **2.5.2.2 Self-Confidence**

Confidence is an important factor influencing buyer behavior (Mahajan, 1992; Wells and Prensky, 1994; Bearden et al., 2001; Luce, Jia and Fischer, 2003). Numerous description of confidence has been proposed. For example, according to (Vealey, 1986) confidence is the “degree of certainty individuals possess about their abilities” or (Stankov, Lee and Paek, 2009) described confidence as a “a function of evaluative processes based on the evidence collected from the past and the present ... that a

chosen course of action will lead to a desired outcomes”. Guennif (2002), conceptualized confidence as a “favorable opinion an individual holds about the estimation he makes under uncertainty”.

Furthermore, Siegrist et al., (2005) stated confidence as “the belief, based on experience or evidence, that certain future events will occur as expected... confidence expresses the conviction that everything is under control, uncertainty is low and that the world should unfold as expected. Confidence can be viewed as a positive expectation regarding future events”.

Moreover according to Katona (1972), confidence is about being optimism or pessimism, having excess confidence is optimism and deficient of confidence may result pessimism. At the end confidence expressed as : certainty, a belief , an attitude, an assessment , a conviction, a judgment and feeling., this diversity of meaning is because of use of confidence term in different fields for example economy ,psychology sociology , and each filed used different terminology relevant to its own principle (Oney, 2012). Self-confidence has huge influence over intention to purchase among individuals (Nijkamp et al., 2002; Howard & Sheth, 1969).

The relationship between self-confidence and searching information in buying decision have been tasted in numerous studies in the past (Wells & Prensky,1996; Murali et al. 2005; Loibl et.al., 2009). Studies above indicated that self-confidence has positive relationship in information searching stage. However Loibl et al., (2009) have resulted that the customers with higher level of confidence are more conducting intensive information search. As a result, effect of self-confidence on consumer

behavior has been tested in various studies and findings somehow disclose one statement that self-confidence is an important determinant of consumer behavior.

### **2.5.2.3 Attitude**

An attitude is a disposition to respond favorably or unfavorably to an object, person, institution or an event. Although formal definitions of attitudes vary, most contemporary social psychologist agree that the characteristic attribute of attitude is its evaluative nature (Eagly and Chalken 1993; Oskamp 1991; Hill 1981; Fishbein and Ajzen, 1975; Bem 1970). Consumers hold attitudes and beliefs towards objects or person or issues and these attitudes serve as a leader to their movements but sometimes fail to perform according to their attitudes. Consumers may deviate from their actual preference when buying products. Thus often a gap exists between product evaluation and actual product choice. Researcher and marketer want to treat attitudes and preferences as perfect predictors of buying behavior. Companies spend a huge amount of money to shape positive product and brand attitudes and they believe good attitudes will automatically lead to purchasing behavior (Marten et al., 2013). According to Kraus (1995) there are three types of variables that make the relationship between attitudes and behavior reasonable. They are called personal, situational and attitudinal moderators. Number of studies has been taken to test situational factors like mood on the consumer behavior. Also literature shows that whether people are happy or sad have a different action and behavior in marketplace (Barone, Mininiard and Romeo, 2000; Isen, Shalker, Clark and Karp 1987).

According to Marten et al (2013), attitudes are better predictors of behavior under the negative mood than under positive mood. This describes the effects of mood on attitude-behavior consistency. Tavassoli and Fitzsimons (2006) who find that a fit

response mode between the expression of attitudes and the expression of behavior results in more attitude-behavior consistency, a fit in decision style to construct an attitude and to make behavioral decision may also enhance attitude-behavior consistency. Many studies have been carried out to determine the relationship between attitudes and buying behavior. However, attitude towards a service or a product have a significant role on purchasing them. Many studies have been carried out to discuss the influence of attitude on buying behavior. For instance, attitude toward shopping online is an important indicator toward this behavior between consumers. Shoppers with positive feeling about online shopping do shopping more frequently compared to consumers who have negative feeling toward online purchasing. (Patricia, Victor and Sanely 1973; Yang and Lester, 2004). Number of studies found how “environmental concern” and health have changed the attitude of consumers to buying organic products (Brombacher and Hamm, 1990; Grunet, 1993; Van Dam, 1991). In short, attitude can play an important role to determining a buying behavior.

Another study from Patricia et al. (1973) found the relationship between age and attitude in online shopping. Younger consumers search for more product online compare to older customers. Younger people agree more that online shopping is more convenient. Therefore, those with more positive convenience and information attitudes towards online shopping had higher online searching behavior and purchasing behavior. The willingness to buying a home depends on the mortgage interest rate and cost. A higher cost negatively affects the attitude to applying for mortgages to own a house (Aoki et al, 2001; Muellbauer and Murphy, 1997).

#### **2.5.2.4 Perceived Trust**

Trust is the sociological term and presence of trust is a fundamental element of all type of relationships (Seligman, 1997). In the last few decades, the concept of trust received more attention between marketers and researchers who multiplied the number of researches with the concept of trust and positive influence of trust in buying behavior (Hewett&Bearden , 2001; C. Haudhuri & Holbrook,2001 ; Kenning,2002; Sirdeshmukh et al. ,2002; Noteboom & Six, 2003 Geykens et al.,1998; Currall&Inkpen, 2002). The Merrim-Webster Dictionary (2010) describes trust as; “Assured reliance on the character, ability, strength, or truth of someone or something”. According to Morgan & Hunt (1994) there is numerous different definition of trust when researchers practice diverse concepts and indicators for determining trust. For example, trust in the concept of international relation and politics refer to a condition where one party does not deceive another party in pursuit of own interest. Overall, trust is expressed as the willingness of the party to be liable to the actions of another party. Based on the expectation that the other will perform a specific action, important to the trust regardless of the capability to monitor or control other parties (Chai & Kim 2010; Mayer, Davis, Schoorman 1995). Marketing defines trust as a customers’ perceived trustworthiness on the brand, products or service of a business (Flavian, Guinaliu, Gurrea, 2006). Trust is a control tool in trade relationships branded by uncertainty, susceptibility and reliance (Bradch& Eccles, 1989; Jarvenppa,Tractinsky ,Vitale ,2000). According to Kenning (2006), the differentiated trust in two categories: “General and Specific Trust”. General Trust is defined as general attitude to build up trust in someone (Morrow et al. 2004). It has the characteristics of a personal trait, so it cannot change or get influenced easily. General trust evolves in primary childhood and even hormones named oxytocin

might be important to build up the initial trust (Fehr et al., 2005). In opposite, Specific Trust can be easily influenced by someone or something else (marketing plan or firm). Accordingly, specific trust is important to build up a long-term relationship between a company and its customers and that's why most of the marketing studies focused on this kind of trust.

The key motive for the positive affect of trust is because trust reduces uncertainty when in modern societies complexities are a concern (Luhmann, 2000). Effect of trust on buying behavior depends on the degree of perceived uncertainty and risk that customer feels during the interaction. Trust is related to the risk (Selens, 1998) purchasing a loan might cause financial risk. As it is mentioned before, North Cyprus is only recognized by Turkey and struggling under the UN executed embargo. This embargo leads the North Cyprus industry, both service sectors and production sectors into isolation. This embargo also affects the banking industry in North Cyprus (Arsali et al. 2005).

Thus, banking structures and policies in North Cyprus are controlled and managed by Turkey. The currency is in Turkish Lira, which makes the economic and monetary policies heavily affect the economic situation in Turkey. In 1994 and 2001 speculative attack on Turkish Lira (TL) heavily affected the banking sector in North Cyprus. This led it to high interest rates, high credit and weaknesses such as low trade fixed exchange rate that increased considerably banking breakability in North division of the island. Turkish Cypriot economy is highly depended on mainland Turkey fluctuation and changes. (Gunsel, 2007). Aim of this study is to measure the perceived trust of Turkish Cypriot toward banking system and its relationship to getting bank loans in North Cyprus.

### **2.5.2.5 Past Experiences**

The existing economy is setting customer enterprises such as airlines, banks and vendors in the problematic situation of cutting back the service levels that customers have come to expect in recent years. These enterprises are shutting down retail locations, decreasing hours of job and making do with fewer employees in stores. Meanwhile, confronted with growing prices as a result customers experience lower level of satisfaction in past few years (Braff, 2009). Former study of Erik et.al, (2008) state that past experiences affect the purchasing behavior of people to repurchase a product or services, for instance emotional burden of getting a loan in the past or evaluating cost and benefits from previous loans affects the probability to apply for new one in the future.

Numbers of researches indicated that holding debt doesn't have only financial cost also individual pays psychological and emotional costs as well by having more stress to pay-off their debts (O'Neill, 1995; Devaney & Lytton 1995). For example students who hold students loans reported as less emotional well beings (Stradling 2001). According to Brown et. al 2005, households with higher debt have less mental health compare to the households with less debt or no debt. Also, outstanding credit increases the spousal conflict (Dew 2007). Likelihood of applying for new credit in future depends on those experiences of loan burden in the past by credit user, negative emotions of being constrained in other activities because of loan responsibility to pay-off, stress or financial pressure.

## **Chapter 3**

### **METHODOLOGY**

“Research design is the blueprint that is followed to complete a study” (Churchill & Lacobucci 2002). According to research design, outlines could be categorized in three areas which are exploratory research, descriptive research and casual research. Exploratory research is very useful to get an idea and become familiar with concepts and subjects. First tools to do exploratory research are secondary data such as literature review. However exploratory research is not suitable to test variables and their relationships (Field, 2005; Harris & Brown, 2010).

Descriptive research will be used when researcher aims to describe the characteristics of a certain group, approximation and make prediction of people who behave in certain way within the group. However it can also be counted as a tool to define the relationship between two variables (Churchill & lacobucci 2002). Thus, there are two different descriptive research design; Longitudinal and Cross Sectional. In Longitudinal studies is a repeated measure over several time by employing a group of respondents to provide information at the end of each measurement group of respondent which are kept intact for future use. On the other hand cross sectional studies collects data at a single time and respondents should be representative of the population of interest (Parasuraman e al., 2005).

Causal research's goal is to simplify cause and affect relationships and tools to implement casual research experimentation (Churchill & Lacobucci, 2002). Experiments are described as a scientific examination when researcher controls one or more independent variables to observe the dependent variable (Brayman & Bell, 2003). The fact is experiments have numbers of advantages over exploratory and descriptive researches when controlling over independents which provide more reliable conclusion but also implementation of causal research is time consuming and costly (Bryman & Bell, 2003).

Choosing the research framework should be reliable with goals and objectives of the study in questions (Churchill and Lacobucci, 2002). With regard to this study the key objectives are to investigate the relationships between the intention of purchasing a loan to self confidence, attitude, demographic characteristics, past experience and trust toward banking system. Later, these objectives can be met using a descriptive or causal research design. However, based on the existing financial sources and time frame the descriptive research seems to be the most suitable design type to meet the objectives of the current study. Furthermore, the mainstream of the literature has implemented the descriptive research design which maximizes the present study's assessment ability.

The decision of choosing between cross-sectional or longitudinal design should be constant by the objectives and goals of the study as well as according to resource availability. According to Churchill 1999 longitudinal data is far more resource concentrated in terms of cost and time. Gathering data in longitudinal design requires more time and money compared to cross sectional such as the difficulty of respondent employment. The data collected in this study is cross-sectional design.

Research can be both quantitative and/or qualitative. Quantitative research can be working as research strategy that highlights quantification in the collection and analysis of data (Bryman and Bell, 2003). Quantitative research includes the counting and measuring of occasions and performing the statistical analysis of a series of numerical data (Smith, 1998). It can be related with explaining and predicting the relationship between variables and testing of theories (Churchill& Lacobucci, 2002; Bryman & Bell 2003).

According to Borg & Gall (1998) the most quantitative research falls into two main areas. First research is aimed at describing events and second research is aimed at discovering relationship between variables. In this study the aim is to determine relationship between variables and therefore quantitative research approach was used. According to Churchill (1999) quantitative data collection comes in many forms but the most popular ones are surveys, tracking and experiments. One of the most common tools to gather quantitative data in business and marketing research is questionnaire (Bryman & Bell, 2003). In the present research, the decision for questionnaire –based survey design for data collection was selected.

Engaging a questionnaire design therefore a random sampling technique has been chosen for the current study. As it is known, population is the whole interest group of study. Thus, anyone who uses TRNC banks for taking loan for some reason generates the population for this study. The aim of this study is to test the factors that affect Turkish Cypriots' use of credit. To do so, simple random sampling method was used for the study where each person of the population had equal chance of being selected.

### 3.1 Steps used for Questionnaire Design

Having decided on the research design (descriptive design using cross-sectional data), collection method (questionnaire survey) and type of sample (representative random), the next step is to build the questionnaire.

In this section features of the questionnaire design are provided and according to (Churchill 1999) questionnaire design is one of the most important parts of the research. Thus, researcher should be careful in designing the questionnaire without any mistakes otherwise researcher can face enormous problems in following stages of the research process. The steps in the questionnaire development process are shown in table 7. This process has been suggested by Churchill & Lacobucci (2002) and is used in this study.

Table 7: Nine steps for questionnaire design. Source: Churchill & Lacobucci (2002)

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Step1:	Specify what information will be sought
Step2:	Determine the types of questionnaire and methods for administration
Step 3:	Content of individual items
Step 4:	Determine forms of response
Step 5:	Determine wording of each question
Step 6:	Determine sequences of questions
Step 7:	Determine layout and physical characteristics of the questionnaire
Step 8:	Re-examine steps 1-7 and revision
Step 9:	Pre- test and Pilot the Questionnaire

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## **3.2 Questionnaire Design**

### **3.2.1 Specify what information will be sought (Step 1)**

The first step in the process is to classify what sort of information is needed. According to Churchill and Iacobucci (2002), the hypotheses of the research determine what information will be needed and from whom, as they specify what relationships will be explored.

The present study investigates the role of self-confidence, past experience, attitude toward loaning and trust perceived in TRNC banking in influencing intention to purchase a loan, in addition, consumer demographics are also considered necessary.

### **3.2.2 Determine the types of questionnaires and methods for administration (Step2)**

Questionnaires can be categorized on two foundations. The first one is the degree to which questionnaire is formalized or structured and the second one is the disguise or lack of disguise regarding the objectives of the questionnaire. According to these foundations the questionnaires are classified into four main types ( Beri, 2010): structured non disguised questionnaire; structured disguised questionnaire; non-structured non-disguised questionnaire; non-structured disguised questionnaire. In the present study, the structured non-disguised questionnaire type has been used. A structured non-disguised questionnaire according to Beri (2010) “is one where the listing questions are in a pre-arranged order where the object of enquiry is revealed to the respondent”.

There are different approaches for collecting primary data; for instance via email, post, personally-administered and self- administered. According to Bryman & Bell

(2003) the technique of data collection plays an important role in the response rate. After assessing possible data collection methods, the self-administrated (self-completion) questionnaire method for gathering data has been used.

### **3.2.3 Content of Individual questions (Step 3)**

Next step is to check the content of the questions. Churchill (1999) has stated that the question should be assured and an answer with the required detail but no more than the detail needed. His presence of unnecessary details in the questions should be avoided as this may confuse respondents and affect the given answer (Boyd & Westfall, 1972). The above recommendations have been taken into consideration while preparing the questions.

### **3.2.4 Determine form of response (Step 4)**

Likert scales have been implemented for all of the measurement questions apart from the demographic ones. Likert scales are easy to conduct and run (Bryman & Bell 2003). Likert scales are used to inspect how strongly subjects agree or disagree as well as to find how certain the subjects are motivated towards issues under investigations. In this study seven-point likert scale has been conducted which provides more detailed responses. The employment of Likert scales provide a few benefits. Likert scales are easy for a researcher to conduct. Also it is easy for respondents to understand which is ideal for self-explanatory questionnaires as well. Furthermore, the employment of a Likert scale is in line with previous studies, which increases the comparability of the results (Oney, 2010).

### **3.2.5 Determine wording of each question (Step 5)**

It is important for respondents to fully understand what is being asked of them for each and every question. According to Boyds & Westfall (1972) simple words should be used to improve the transparency and prevent misunderstandings. Bryman

& Bell (2003) have suggested that questions should be short; short questions are less complex. According to Horst (1968) questions (statements) should not be more than 20 words. In this study above suggestions have been taken into consideration and tried to be kept as simple, short and unambiguous.

### **3.2.6 Determine the sequence of questions (Step 6)**

Research questions should follow a sensible direction and sudden changes in the subject matter may cause confusion, misunderstanding and indecisiveness. Moreover, funnel approach is a good way to create greater arrangement (Bryman & Bell, 2003; Boyd & Westfall, 1972). According to Boyd & Westfall (1972); “funnel approach engages beginning with very general questions on topic and gradually leading up to a narrowly focused question on same topic “. In the present study, this particular approach has been followed.

### **3.2.7 Determine layout and physical characteristic of the questionnaire (Step 7)**

Physical features such as spacing, type of paper, layout of the questions and font size are important features that should also be well-thought-out when designing the questionnaire. These items improve the visual quality of questionnaire and need to be given care and attention if to be believed as important enough to permit respondent's time (Salant & Dillman ,1994).

Additionally questionnaire should have introduction part to explain the purpose of the study to the respondents and gain their trust by assuring confidentiality and secure their support. In this study recommendations relating to the physical characteristics of a questionnaire have been considered and brief introduction has been used to explain the purpose of the research to increase the response rate.

### **3.2.8 Re-examine steps 1-7 and revise if necessary (Step 8)**

According to Churchill & Lacobucci (2002) the researchers should expect several mistakes in the first draft of the questionnaire. To avoid any misunderstanding, all of the steps discussed above from 1 to 7 have been reviewed carefully after the formation of the questionnaire.

### **3.2.9 Pre- test and Pilot test questionnaire (Step 9)**

Questionnaire should be pretested before they are used to collect data (Boyd & Westfall, 1972). Pretesting questionnaire includes running the questions to a small sample, which is similar to the target population. It finds whether:

- 1) The necessary information is provided
- 2) The wording and sequence of the question are appropriate
- 3) Respondents understand the questions

In this study, pre-test have been conducted with the targeted population until the respondents have proposed no more improvement.

## **3.3 The questionnaire format**

The questionnaire is developed using Churchill's (1999) nine steps as described above. The three page questionnaire was divided into 6 sections. First section measures individual attitudes toward loans and credit use in five statements. Second section measures self-confidence of respondent in six statements. Third section measures perceived trust towards banking system in TRNC in five statements. Fourth section measures past experience of loaning of respondent and at the end demographic characteristics of respondent have been measured. In the first five sections of the questionnaire respondents rated their perception on 7-point Likert scale where 1 is strongly disagree, 2 is disagree, 3 is slightly disagree, 4 is neither agree nor disagree, 5 is slightly agree, 6 is agree and 7 is strongly agree. The last

section of the questionnaire collects data about demographic information of the respondents in the light of profiling respondents under several titles.

Totally 6 short questions were directed to respondents including gender, age, marital status, occupation, education and income.

The questionnaire was prepared in English then translated to Turkish using Back-to-Back method. Since almost all the respondent's mother tongue was Turkish 150 copy pages of Turkish questionnaire and 150 of English instrument was used.

### **3.4 Choices of respondents and sample size**

Sampling is “the selection of a fraction of the total number of units of interest to decision makers for the ultimate purpose of being able to draw general conclusions about the entire body of units“(Parasuraman et al., 2005). Using a strategy helps to minimize the sampling error. The present study follows 5 steps producing a sample suggested by Churchill & Lacobucci's (2002). Furthermore, table 8 illustrates the producer adopted for this research.

Table 8: Illustration of the producer adopted for this research

<b>Step 1 : Define the target population</b>
<b>Step 2 : Identify the sampling frame</b>
<b>Step3: Select sampling method</b>
<b>Step 4 : Determine the sample size</b>
<b>Step 5 : Collect the data from the sample</b>

Source: based on Churchill & Lacobucci 2002

### **3.4.1 Define the target population (Step 1)**

Bryman & Bell (2003) indicated a target population as “a particular group of people that is identified as the intended recipient of a research study “. In the present study as it is known population is the whole interest group of study. Thus, anyone who uses TRNC banks for taking out loan for some reason generates the population for this study.

### **3.4.2 Identify the sampling frame (Step 2)**

According to Churchill & Lacocucci (2002) sampling frame is “as the listing of the elements from which the actual sample is drawn “. In this study mall intercept (random sampling) technique is used.

### **3.4.3 Sampling method (Step 3)**

Mall intercept is a kind of sampling and commonly conducted in high traffic areas such as shopping centers, the lobby of buildings, supermarkets, busy shopping streets or a school cafeteria (Rice & Hancock, 2005). For the present study ‘individuals’ who agreed to contribute were taken to a sitting area or to a close cafe/ restaurant to fill up the survey.

### **3.4.4 Determining the sample size (Step 4)**

One of the most frequently asked question is ‘how big should my sample be?’ However, the answer is not conclusive (Bell, 2003; Sekaran, 2003). Several researchers have provided different rules from determining the sample size. These rules are:

- a) Size larger than 30 and smaller than 500 is suitable for most research (Roscoe, 1975)

- b) If the sample is divided into subcategories such as educated people and uneducated people, a minimum sample size of 30 for each group is necessary (Roscoe, 1975)
- c) The sample size can also be defined by the extent of accuracy and confidence level desired. The greater the exactness required, the larger the sample size should be (Sekaran, 2003).

According to the submission from Roscoe (1975) a sample of around 300 respondents would be considered as enough. For the present study 300 questionnaires in total were distributed. After eliminating 20 questionnaires because of improper, missing and wrong filling; the final sample size was comprised of 280 respondents which equals to a response rate of approximately 30%.

#### **3.4.5 Collect the data from the sample (Step 5)**

As already stated data was collected from number of different locations within the main cities of north part of Cyprus (Lefkosa, Girne and Famagusta ). The duration of the data collection was approximately 4 months (from beginning of January 2014 to the end of April 2014). The data was collected from Monday to Saturday between 9:00 am to 6:00 pm.

#### **3.5 Ethics in data collection**

“Ethical issues cannot be disregarded, in that they rely directly to the honesty of a piece of research and of the regulations that are involved“(Bell, 2003). A number of ethical issues have been addressed in this research, which have been discussed by Sekaran (2003) and Bell (2003):

- 1) The data collected are anonymous and preserved as severely confidential
- 2) The objective of the research was obviously clarified to all respondents
- 3) Respondent participation was voluntary

### 3.5.1 The researcher and ethical issues

The researcher has obeyed with the above issues. In addition more ethical issues have been taken to consideration:

- 1) The collected data will not be detained more than it is needed.
- 2) The information was entered into the database without changes
- 3) The data was used for academic purpose only

<b>References</b>	
<b>Attitude</b>	
1. I am pleased how TRNC Bank's Loan facilitate my conditionwith	Thompson (1997)
2. I am satisfied with using bank loans to finance my needs	
3. Types and characteristics of Loans in TRNC fit well with my needs & willingness	
<b>Intentions</b>	
4. The likelihood of purchasing a bank loan is high in future	Thompson (1997)
5. My willingness to purchase a bank loan is high in future	
<b>Self Confidence</b>	
1. I think I have more self-confidence than most people	Wells and Tigert(1971)
2. I am more independent than most people.	
3. I think I have a lot of personal ability.	
4. I like to be considered a leader.	
5. I have never really been outstanding at anything.	
6 I often can talk others into doing something.	
Self Confidence Average	
<b>Perceived Trust</b>	
1. I believe that my transaction with banks in North Cyprus is likely to be safe	Ramnath K. Chellappa
2. My transaction with banks in TRNC is likely to be reliable	
3. Many things may go wrong with my transaction with banks in TRNC	
4. Banks will promptly inform me if any problem occur with my transaction	
5. I am confident that my transaction with my bank will be transparent.	
<b>Past Experience</b>	
1. I am satisfied in general with purchase loans from TRNC banks in the past.	Ramnath K. Chellappa
2. I have successfully accomplish my loans from TRNC banks in the past	

## Chapter 4

### STATEMENTS OF HYPOTHESES

#### 4.1 Introduction

This chapter explains the influential factors that impact consumers' intention to purchase a bank loan. These factors are self-confidence, attitude toward purchasing a loan, trust upon banking system and past experiences. Findings in the literature relating to how these factors interrelate and influence consumer behavior are relatively scarce. Consequently, the conceptualization and hypothesized relationships put forward in this study will allow for an investigation of the impact of each influential factor upon buying behavior in purchasing a loan.

In this chapter each factor will be further explored and followed by a description of the relationship between each factor and purchasing a loan behavior. Next, the hypothesized relationships will be clearly stated prior to attempting their experiential testing and validation.

##### 4.1.1 Self-Confidence and intention to purchase

“More closely tied to consumer phenomena may prove useful in efforts to investigate the role of confidence in the understanding of consumer behavior” (Bearden, Hardesty and Rose 2001, p.122). Confidence is seen as a reflective conditioning that could be based on opinions, attitudes, beliefs, predisposition, convictions and trust (Gueennif, 2002; Roenstreich, 1972; Krishnan and Smith, 1998; Squiers, 1994; Castelfranchi and Falcone, 2000; Earle, 2009; Pety, Brinol and Tormala, 2002;

Siegrist, Gutscher and Earle, 2005; Barbalet, 1998). Moreover, former studies indicated that confidence derives from past experience or knowledge as well as social influence and psychological information, perception of skills, situational factors, self-efficacy beliefs and trustworthy information (Bandura, 1977; Chateaufneuf, 2002; Stajkovic, 2006; Petty et al., 2002; Tafarodi, 2002; Berger, 1992).

Consumer behavior is often driven by the extent in which consumers feel confident regarding their decisions, which frequently hinge, especially in high-stake situation on their information search (Cazilia Loibl et al., 2009). According to (Cazilia,2009) trading off the ownership of a home versus debt payment in mortgage decisions or high quality private schooling versus student loan burdens in education decisions are complex and often stressful. In addition, regarding to maintain the future well-being feeling confidence is necessary to making high-stake choices.

Comparing consumer knowledge with consumer self-confidence, the first indicates to product-related perceived ability or knowledge. Second reflects the general perceived ability to operate successfully in the marketplace. Consequently, consumer self-confidence is a wider concept that does not depend on products or knowledge about products. Park et al. (1994) recommend that self-confidence is a precursor to perceive product knowledge. However, they find no noteworthy relationship between generalized self-confidence and perceived product-related knowledge. As a foundation, they suggest that if self-confidence relates to purchasing, different results might have been likely. Many other studies have been carried out to indicate relationship between self-confidence and different aspect of buying behavior such as complaining. For instance, individuals who complain more are tend to be more self-

confident; in other words self-confidence influences the complaining behavior between consumers (Oney, 2010; Lau and Ng, 2001; Davidow and Dacin, 1997; East 1990; keng et al., 1995).

Additionally, Cheng and Lam (2008) stated behavioral intentions as a persons' motivation in the sense of his/her awareness plan or decision to apply an effort to perform the behavior.

In relation to intention of purchasing a loan and searching information is another important factor. Wells and Prensky (1996) define a positive relationship between consumer self-confidence and information search as such.

A study from Cazilia et al. (2009) indicate high self-confident consumers who are more likely to practice a higher information strategy or according to Newman and Stealin (1971) consumers with higher level of self-confidence significantly spend more time and effort to search for information to make own judgment compare to whom with less level of self-confidence which prefer to trust the judgment of others rather than themselves.

In contrast, another study from Keil and Leyton (1981) stated a negative relationship between the level of self-confidence and search information for car buyers. They believe individuals with least self-confidence take greater search efforts.

The focus in this study is on intention to purchase a loan rather than purchasing behavior of a loan itself and believe there is positive relationship between level of confidence and intention to purchasing a bank loan from TRNC banks.

This study hypothesizes that:

H1. Consumer self-confidence positively affects consumers' intention to purchase a loan.

#### **4.1.2 Attitude and intention to purchase**

An attitude is a disposition to respond favorably or unfavorably to an object, person, institution or event. Although formal definitions of attitudes varies, most contemporary social psychologist agree that the characteristic attribute of attitude is its evaluative nature (Eagly and Chalken 1993; Oskamp 1991; Hill 1981; Fishbein and Ajzen,1975; Bem 1970). Consumers hold attitudes and beliefs towards objects or person or issues and these attitudes serve as a leader to their movements but sometimes fail to perform according to their attitudes.

Consumers may deviate from their actual preference when buying products. Thus often a gap exists between product evaluation and actual product choice. Researcher and marketer want to treat attitudes and preferences as, perfect predictors of buying behavior. Companies spend a huge amount of money to shaping positive product and brand attitudes and they believe that a good attitude will automatically lead to purchase behavior (Marten et al., 2013).

According to Kraus (1995) there are three types of variables that make a reason between the relationships of attitudes and behavior; they are called personal, situational and attitudinal moderators. Number of studies have been taken to test situational factors like mood on the consumer behavior which is also shown in the literature that if people are happy or sad, they have a different action and behavior in the marketplace (Barone, Mininiard and Romeo ,2000; Isen, Shalker, Clark and Karp 1987).

According to Marten et al. (2013), attitudes are better predictors of behavior under the negative mood than under positive mood. This describes the effects of mood on attitude-behavior consistency. Tavassoli and Fitzsimons (2006) who find that a fit response mode between the expression of attitudes and the expression of behavior results in more attitude-behavior consistency, a fit in decision style to construct an attitude and to make behavioral decision may also enhance attitude-behavior consistency.

Many studies have been carried out to determine the relationship between attitudes and buying behavior, however attitude toward a service or a product have a significant role on purchasing those.

Many studies have been carried out to discuss the influence of attitude on buying behavior. Attitude towards shopping online is an important indicator towards this behavior between consumers. Shoppers with positive feeling about online shopping do shopping more frequently compare to consumers who have negative feeling towards online purchasing (Patricia, Victor and Sanelly 1973; Yang and Lester; 2004).

Number of studies found how “environmental concern” and health have changed the attitude of consumers to buying organic products (Brombacher and Hamm, 1990; Grunet, 1993; Van Dam; 1991). Attitude can play an important role to determine a buying behavior. Another study from Patricia et al. (1973) found the relationship between age and attitude in online shopping, younger consumers search for more product online compare to older customers or younger people agree more that online shopping are more convenient. Therefore, those with more positive convenience and

information attitudes towards online shopping had higher online searching and purchasing behavior.

The willingness to buying a home depends on the mortgage interest rate and cost. A higher cost negatively affects the attitude to applying for a mortgage to own a house (Aoki et al, 2001; Muellbauer and Murphy; 1997). In short, the current study aimed to prove that there is a positive relationship between the attitude toward loaning and intention to purchase one. This study hypothesizes that:

H2: Consumer attitude toward loaning has an influence on purchasing intention of a loan.

#### **4.1.3 Perceive of Trust and Intention to purchase**

Trust has been expressed in many ways in the research literature. Trust can happen from objective trustworthiness. This means that if it is believed that a person's or merchant's words are trustworthy and parallel to his performances they are considered as trustworthy (Lindskold, 1978). According to Mayer et al. (1995) "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustee".

Lewis and Weigert (1985) define it as cognitive processes that discriminate among persons and institution that are trustworthy, distrusted and unknown. These descriptions suggest that trust is intuitive and is a personal clarification or a belief by one party about another.

Trust is long-term coordination. Trust plays an important function in shaping the long-term orientation of both retail buyers and their merchants. According to Doney

and Cannon (1997) trust effect the buyers' expected future relationship and interaction with the seller.

Customers should trust in vendors that they can deliver their wanted services or goods and are also able to allocate them if is necessary. Trust constructs a psychological relationship which is recognized between both parties to transactions in order to preserve their business relationships or get some pre-planned goal (Corbit, Thanasankit and Yi; 2003).

According to Carobitt, Thanasankit and Yi (2003), trust is fundamentally understood as a mechanism for decreasing the perceived risk of transactions over increasing the probability of optimistic output and perceived confidence about the predictable behavior of trustee. For instance in E-commerce businesses, buyers only see the pictures of the goods that they want to purchase not the items themselves and the first fear of the online buyer is to loose their money during online payment method. So trust is an essential requirement to entering and practicing the transaction and future relationships. Important task of the vendors in high-sake markets such as online merchants and financial institution is to create and maintain the trust.

According to Edward (2012), trust positively influence online groups' buying intention as virtual community becomes more important as a criterion for attracting and retaining customers. Many firms are hugely focusing on online buying-environment to increase their performance. Building and maintaining trust is the key to attract and maintain new customers.

Since global financial crisis began, lots of dishonesty occurred in banking industry which reduced trust among public which lead to less lending and investing money in the bank and in conclusion less economic activities (Angus 2012). Somehow in the banking industry, trust is an important element that affects the buying behavior significantly. Trust has a significant effect on buying behavior of consumers especially in high-risk markets; in the banking industry trust is a key role to building a relationship between bank and their customers. One of the purposes of this study is to determine the role of trust in intention to purchasing a loan from TRNC banks where the banks are highly fluctuated because of dependency to motherland Turkey's banking system.

This study aimed to show the relationship between trust in banking system of North Cyprus and intention for applying a loan from it. This study hypothesizes that:

H3: Trust toward TRNC banking system has a positive effect on intention to purchase a loan.

#### **4.1.4 Past experience and Intention to purchase**

Today the experience factor shows a more important role in controlling the accomplishment of companies' offerings. Thus, the customer experience initiates from strength of interactions between customers and a product, a company or a part of its business, which provoke a response ( Lasalle and Britton, 2003; Shaw and Ivens; 2005 ).

Experience is strictly personal and implies the customers' involvement at the different level such as emotional or psychological (Schmitt, 1999; Lasalle and Britoon; 2003). Evaluation depends on the comparison between customers'

expectation and the reality coming from transaction with the company and heir offering (Shawand Iven, 2005; Lassale and Britton; 2003).

Former study of Erik et.al, (2008) state that; past experiences affect the purchasing behavior of people to repurchase a product or services. For instance, emotional burden of taking out loan in the past or evaluating cost and benefits from previous loans will affect the probability to apply for a new one in the future.

According to Brown et. al 2005, households with higher debt have less mental health compare to the households with less debt or no debt. In addition, better understanding of loan responsibility and its relationship with customer's mental health can be attained by seeing the credit use as dynamic and evolving process (Kamleitner & Kirchler 2007).

Numbers of researches indicated that holding debt doesn't have only financial cost but also individual pays psychological and emotional costs as well by having more stress to pay off their debt ( ONeill, 1995; Devaney & Lytton; 1995). For example, students who hold students loans reported as less emotional well being (Stradling 2001).

Likelihood of applying for new credit in future is depending on those experiences of loan burden in the past by credit user, negative emotions of being constrained in other activities because of loan responsibility to payoff, stress or financial pressure.

Regarding to former studies about past experience and its effect on future buying behavior, current study suggests that past experience has a significant effect on applying for a loan. This study hypothesizes that:

H4: Past experience influences the intention to purchase a loan from TRNC banks.

Current study also suggests that the demographic characteristic of individuals has a significant effect on intention to purchase a credit.

H5: Demographic characteristics of Turkish Cypriots have influence on their intention to purchase a loan.

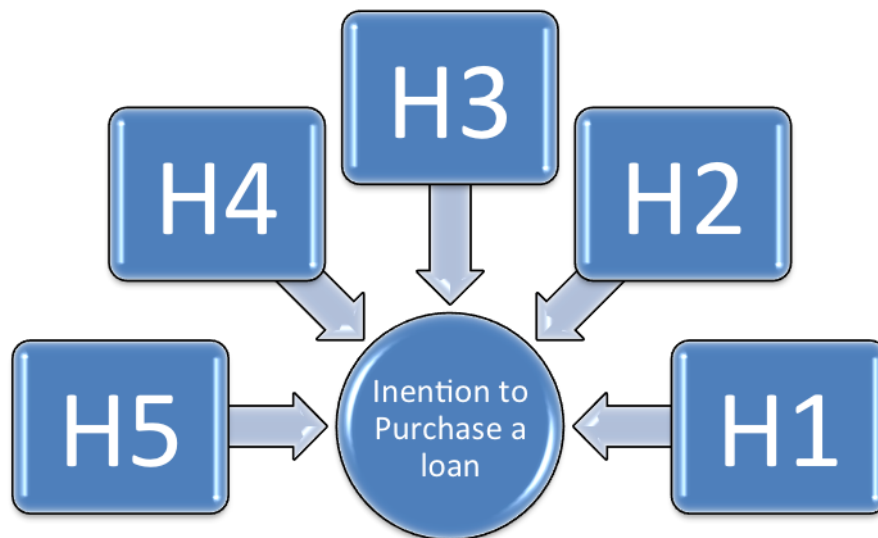


Figure 6: Conceptual Frameworks

## **Chapter 5**

### **DATA ANALYSIS**

After transferring the data obtained from the inquiry form to electronic database, an editing process was implemented to the gathered data. In statistical resolving of the data, the SPSS 21.0 for Windows Evaluation version was used. In order to determine the demographic feature of the participants' included in the survey, frequency tables were used. Descriptive statistics such as mean and standard deviation were achieved regarding the participants' response to the scale. T-test was used in order to examine the gender differences on independent and dependent variables. Furthermore, ANOVA test was employed when the researcher wanted to compare a variable between three or more groups such as age and education. If, after the variance analysis, any statistically suggestive variation between the variables was observed, the Post-Hoc Tukey test, one of the advanced techniques, was used to see which group led to that variation. In determining the correlation between lower scales, the Pearson correlation test was applied.

Additionally, in attempt to determine the effect of independent variables (self-confidence, past-experience, trust in the banking system and attitudes towards bank loan) on the dependent variable (intention to purchase a bank loan) a simple linear regression analysis was employed.

## 5.1 Descriptive analysis

In this section, respondents are profiled according to their demographic details. The results of the descriptive analysis are presented below in Table 9. According to the results, 52.50% of participants are male and 47.50% of participants are female. When the age range of participants is investigated, it is observed that 143 (51.3%) participants are between 19 and 36; 112 (40%) of them are between 37 and 54, and 24 (8.7%) of them are 55 and above. The individuals, who participate in the study, have high school degree (23.57%), bachelor's degree (33.21%), and graduate degree (33.93%). The proportion of married participants is 159 (56.8%), the proportion of single respondents is 88 (31.4%) and the proportion of divorced respondents is 33 (11.8%). 55.71% of participants are white-collar (manager, engineer, accountant, and banker). 22.86% of them are blue-collar (worker, driver, plumber, etc.) and 11.07% of them have their own business or they are employers. On the other hand, 10.36% of the individuals participated in the study does not have any paid work (housewives, student, retired). Once and for all, when the income level of participants are examined, it is seen that 26.79% of them have 20,000 TL and below as annual income, 31.43% of them have between 20,001 TL - 40,000 TL as annual income, 23.93% of them have between 40,001 TL - 60,000 TL as annual income and 17.86% of them have 60,001 TL as their annual income.

Table 9: The distribution of participants' demographic characteristics

	Frequency (n)	Percent (%)
<b>Gender</b>		
Male	147	52,50
Female	133	47,50
<b>Age Group</b>		
19 – 36	143	51,3
37 – 54	112	40
55 – 72	24	8,7
<b>Education Level</b>		
Primary-Secondary School	26	9,29
High National Diploma	66	23,57
First Degree	93	33,21
Masters Degree-Phd	95	33,93
<b>Marital Status</b>		
Single	121	43,21
Married	159	56,79
<b>Occupation</b>		
White Collar	156	55,71
Blue Collar	64	22,86
Housewife-Student-Retired	29	10,36
Business Owner	31	11,07
<b>Income Group</b>		
Up to □20,000	75	26,79
□20,001-□40,000	88	31,43
□40,001-□60,000	67	23,93
More than □60,001	50	17,86
<b>Total</b>	280	100,00

## 5.2 Descriptive Analysis for the scales

In Table 10, the descriptive statistics of points of statements related to the scales are given. The descriptive analysis of the attitudes towards bank loan scale showed that the respondents have neither positive nor negative attitudes towards bank loans ( $\bar{x}=3.78$ ). In other words, the employed sample has neutral attitudes towards bank loans. This result shows us that most of the respondents do not have a biased opinion regarding bank loans.

When the intention(s) to purchase a bank loan scale is investigated, the results have shown majority of the sample is not against using bank loans to facilitate their condition ( $\bar{x}= 3.78$ ). This finding is consistent with the above results which have shown that respondents have neither positive nor negative attitudes towards bank loans and are not against using bank loans to overcome their financial difficulties.

The descriptive analysis of the self-confidence scale showed that the majority of the respondents have assessed themselves as self-confident individuals ( $\bar{x}= 4.70$ ). However, it is imperative to remember that although such scales may provide accurate information about individuals, the possibility that the responses can be over-rated should not be neglected.

Table 10: The descriptive statistics of the scales

	$\bar{X}$	S
<b>Attitude</b>	3,78	1,51
1. I am pleased how TRNC Bank's Loan facilitate my condition	3,83	1,67
2. I am satisfied with using bank loans to finance my needs	3,79	1,65
3. Types and characteristics of Loans in TRNC fit well with my needs & willingness	3,74	1,58
<b>Intentions</b>	4,36	1,43
4. The likelihood of purchasing a bank loan is high in future	4,33	1,46
5. My willingness to purchase a bank loan is high in future	4,40	1,51
<b>Self Confidence</b>	4,70	0,93
1. I think I have more self-confidence than most people	4,97	1,32
2. I am more independent than most people.	5,01	1,28
3. I think I have a lot of personal ability.	5,04	1,31
4. I like to be considered a leader.	4,98	1,44
5. I have never really been outstanding at anything.	3,39	1,63
6 I often can talk others into doing something.	4,79	1,41
Self Confidence Average	4,70	0,93
<b>Perceived Trust</b>	4,20	0,97
1. I believe that my transaction with banks in North Cyprus is likely to be safe	4,37	1,34
2. My transaction with banks in TRNC is likely to be reliable	4,42	1,26
3. Many things may go wrong with my transaction with banks in TRNC	3,71	1,57
4. Banks will promptly inform me if any problem occur with my transaction	4,25	1,45
5. I am confident that my transaction with my bank will be transparent.	4,28	1,39
<b>Past Experience</b>	4,35	1,19
1. I am satisfied in general with purchase loans from TRNC banks in the past.	4,08	1,45
2. I have successfully accomplish my loans from TRNC banks in the past	4,62	1,37

When the perceived trust in the banking system is investigated, the results have shown majority of the sample perceive the banking system in TRNC trustworthy ( $\bar{x} = 4.20$ ). This finding shows that respondent feel secure when caring out

transactions with banks and do not hesitate to do business with them (i.e. purchasing a bank loan).

Finally, the descriptive analysis of the past-experience scale has shown that majority of the respondents has positive past-experience with bank ( $\bar{x}= 4.35$ ). In other words, respondents were satisfied with the loan services that the banks have provided. In Table 10, the mean score for each item in all of the scales have been presented. As it can be seen from the table, the lowest mean scores are for the reversed items which are “I have never really been outstanding at anything” (self-confidence scale) and “many things may go wrong with my transaction with banks in TRNC” (trust in the banking system scale). The rest of items have an average of 4.41 points.

### 5.2.1 Reliability Analysis of the Employed Scales

The most popular method to measure the stability and consistency of a scale is Cronbach’s coefficient alpha (Pallant, 2001). “Cronbach’s  $\alpha$  indicates how well the items in a set are correlated with one another” (Sekaran, 2003: 214). Cronbach’s  $\alpha$  is a frequently used of measure of internal consistency/reliability. The results have shown that all of the scales have a Cronbach’s alpha value higher than the threshold of 0.7 (Field, 2005). The results of the Cronbach’s alpha test are presented below;

Table 11: Cronbach’s alpha

Scale	Cronbach’s Alpha
Attitudes towards bank loans (3 items)	.914
Self-confidence (6 items)	.797
Perceive trust in the banking system (5 items)	.713
Past-experience (2 items)	.694
Intentions to get a bank loan (2 items)	.916

### **5.3 T-test: Comparing males and females**

An independent sample *t*-test is employed compared to the mean score on variables; for two different groups of subjects (male and female). The result of independent samples *t*-test shows whether there is a statistically significant difference in the mean scores for the two groups, defined by gender (Field, 2005; Pallant, 2007).

Based on the results (Table 12), it is determined that there is no significant difference in scores of attitude scale for male and female ( $p > 0,05$ ). The opinions of male and female participants related to attitude scale are similar to each other. Secondly, the responses related to intentions to purchase a loan scale are compared by the gender. It is found that there is no significant difference in scores of intention to purchase a loan scale for males and females ( $p > 0,05$ ). Thirdly, it is established that there is no significant difference in the scores of self-confidence scale for males and females ( $p > 0,05$ ). Both male and female participants give similar answers to the statements in this scale.

Fourthly, the score of perceived trust scale has been compared. The results have shown that there is no significant difference in the scores of perceived trust scale for males and females ( $p > 0,05$ ). Finally, the scores of past experience scale have been compared. According to the results, there is a significant difference between females and males ( $p < 0,05$ ).

The results have shown that while male participants have an average of 4,15 points in the past experience scale, female participants have an average of 4,57 points from the same scale. Thus, it can be said that female participants had a slightly better experience with banks compared to males.

Table 12: T-test: comparing males and females

**Group Statistics**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Attitude_average	male	147	3.6893	1.49919	.12365
	female	133	3.8897	1.51686	.13153
Intentions_average	male	147	4.2109	1.53490	.12660
	female	133	4.5338	1.28097	.11107
selfconfidence_average	male	147	4.8934	.99713	.08224
	female	133	4.9023	.98433	.08535
perceivedtrust_average	male	147	4.2218	1.02386	.08445
	female	133	4.4301	.87334	.07573
experience_average	male	147	4.1531	1.27222	.10493
	female	133	4.5714	1.05375	.09137

Table 13: Independent sample test

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Attitude_average	Equal variances assumed	.107	.744	-1.111	278	.268	-.20038	.18042	-.55554	.15478
	Equal variances not assumed			-1.110	274.545	.268	-.20038	.18053	-.55577	.15501
Intentions_average	Equal variances assumed	5.257	.023	-1.900	278	.058	-.32295	.16994	-.65747	.01157
	Equal variances not assumed			-1.918	276.241	.056	-.32295	.16842	-.65449	.00859
selfconfidence_average	Equal variances assumed	.074	.785	-.074	278	.941	-.00883	.11860	-.24231	.22465
	Equal variances not assumed			-.075	275.884	.941	-.00883	.11853	-.24216	.22450
perceivedtrust_average	Equal variances assumed	5.136	.024	-1.822	278	.070	-.20831	.11433	-.43337	.01675
	Equal variances not assumed			-1.836	277.060	.067	-.20831	.11343	-.43160	.01498
experience_average	Equal variances assumed	3.316	.070	-2.979	278	.003	-.41837	.14044	-.69484	-.14190
	Equal variances not assumed			-3.007	275.900	.003	-.41837	.13914	-.69227	-.14446

\* $p < 0,05$

## 5.4 One Way ANOVA: Comparing the employed factors based on the age

- 1 = 19 – 36  
 2 = 37 – 54  
 3 = 55 and above

Table 14: Descriptive analysis of age difference

Descriptives									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Attitude_average	1	143	3.8974	1.46809	.12277	3.6547	4.1401	1.00	7.00
	2	112	3.6964	1.51572	.14322	3.4126	3.9802	1.00	7.00
	3	24	3.4444	1.67582	.34208	2.7368	4.1521	1.00	6.00
	Total	279	3.7778	1.50671	.09020	3.6002	3.9553	1.00	7.00
Intentions_average	1	143	4.4580	1.37572	.11504	4.2306	4.6855	1.00	7.00
	2	112	4.1830	1.43476	.13557	3.9144	4.4517	1.00	7.00
	3	24	4.7500	1.56733	.31993	4.0882	5.4118	2.00	7.00
	Total	279	4.3728	1.42212	.08514	4.2052	4.5404	1.00	7.00
selfconfidence_average	1	143	4.9266	.96285	.08052	4.7674	5.0857	2.00	7.00
	2	112	4.8095	1.00744	.09519	4.6209	4.9982	2.67	7.00
	3	24	5.1875	1.02659	.20955	4.7540	5.6210	2.83	7.00
	Total	279	4.9020	.98832	.05917	4.7856	5.0185	2.00	7.00
perceivedtrust_average	1	143	4.3147	.95637	.07998	4.1566	4.4728	2.20	7.00
	2	112	4.3804	.98272	.09286	4.1964	4.5644	2.00	6.60
	3	24	4.1083	.87671	.17896	3.7381	4.4785	3.00	5.80
	Total	279	4.3233	.96006	.05748	4.2102	4.4364	2.00	7.00
experience_average	1	143	4.4231	1.23092	.10293	4.2196	4.6266	1.00	7.00
	2	112	4.2813	1.17746	.11126	4.0608	4.5017	1.50	7.00
	3	24	4.2083	.99909	.20394	3.7865	4.6302	3.00	7.00
	Total	279	4.3477	1.19015	.07125	4.2074	4.4879	1.00	7.00

One way ANOVA test was employed in order to examine the effect of age on the employed variables. The assumption of homogeneity of variance has been checked using the Levene Statistics and the results have shown that for all the factors the assumption of homogeneity of variance was tenable since the significance values of the tests are bigger than 0.05 (Table 15). Thus, the ANOVA table has been used to examine the differences between age groups.

Table 15: Test of homogeneity of variances

	Levene Statistic	df1	df2	Sig.
Attitude_average	.857	2	276	.426
Intentions_average	.910	2	276	.404
Self condidence_average	.234	2	276	.792
Perceivedtrust_average	.000	2	276	1.000
Experience_average	1.062	2	276	.347

Table 16: ANOVA: Comparing the employed factors based on age

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
Attitude_average	Between Groups	5.455	2	2.728	1.203	.302
	Within Groups	625.656	276	2.267		
	Total	631.111	278			
Intentions_average	Between Groups	8.487	2	4.243	2.115	.123
	Within Groups	553.746	276	2.006		
	Total	562.233	278			
selfcondidence_average	Between Groups	3.000	2	1.500	1.542	.216
	Within Groups	268.544	276	.973		
	Total	271.544	278			
perceivedtrust_average	Between Groups	1.484	2	.742	.804	.449
	Within Groups	254.754	276	.923		
	Total	256.239	278			
experience_average	Between Groups	1.773	2	.887	.624	.536
	Within Groups	392.003	276	1.420		
	Total	393.776	278			

Table 17: Tukey HSD: Comparing the employed factors based on age

**Multiple Comparisons**

Tukey HSD

Dependent Variable	(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Attitude_average	1	2	.20101	.18998	.541	-.2467	.6487
		3	.45299	.33212	.361	-.3296	1.2356
	2	1	-.20101	.18998	.541	-.6487	.2467
		3	.25198	.33866	.737	-.5461	1.0500
	3	1	-.45299	.33212	.361	-1.2356	.3296
		2	-.25198	.33866	.737	-1.0500	.5461
Intentions_average	1	2	.27501	.17873	.274	-.1462	.6962
		3	-.29196	.31245	.619	-1.0282	.4443
	2	1	-.27501	.17873	.274	-.6962	.1462
		3	-.56696	.31861	.178	-1.3177	.1838
	3	1	.29196	.31245	.619	-.4443	1.0282
		2	.56696	.31861	.178	-.1838	1.3177
selfcondidence_average	1	2	.11705	.12446	.615	-.1762	.4103
		3	-.26093	.21759	.455	-.7737	.2518
	2	1	-.11705	.12446	.615	-.4103	.1762
		3	-.37798	.22187	.206	-.9008	.1449
	3	1	.26093	.21759	.455	-.2518	.7737
		2	.37798	.22187	.206	-.1449	.9008
perceivedtrust_average	1	2	-.06567	.12123	.851	-.3513	.2200
		3	.20635	.21193	.594	-.2930	.7057
	2	1	.06567	.12123	.851	-.2200	.3513
		3	.27202	.21610	.420	-.2372	.7813
	3	1	-.20635	.21193	.594	-.7057	.2930
		2	-.27202	.21610	.420	-.7813	.2372
experience_average	1	2	.14183	.15038	.613	-.2125	.4962
		3	.21474	.26289	.693	-.4047	.8342
	2	1	-.14183	.15038	.613	-.4962	.2125
		3	.07292	.26807	.960	-.5588	.7046
	3	1	-.21474	.26289	.693	-.8342	.4047
		2	-.07292	.26807	.960	-.7046	.5588

Based on the results of the ANOVA test (Table 16), no significant difference was found in any of the examined factors ( $p > 0.05$ ). In other words, the age did not have any effect on perceived trust in the banking system, attitudes towards getting a bank loan, intentions to purchase a bank loan, self-confidence and positive past experience. Based on these results, it is logical to state that older, middle aged and younger individuals can behave similarly regarding purchasing bank loans.

## 5.5 One Way ANOVA: Comparing the employed factors based on the education level of respondents

Table 18: Descriptive Analysis

		Descriptives							
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Attitude_average	Primary School	8	3.2917	1.54753	.54713	1.9979	4.5854	1.00	5.67
	Secondary School	18	4.3333	1.74146	.41047	3.4673	5.1993	1.00	7.00
	High National Diploma	66	3.3889	1.61360	.19862	2.9922	3.7856	1.00	6.67
	First Degree	93	3.8961	1.45710	.15109	3.5960	4.1961	1.00	7.00
	Masters Degree	70	3.9095	1.43560	.17159	3.5672	4.2518	1.00	6.67
	PhD	25	3.8267	1.28423	.25685	3.2966	4.3568	2.00	6.67
	Total	280	3.7845	1.50824	.09013	3.6071	3.9620	1.00	7.00
Intentions_average	Primary School	8	3.2500	1.88982	.66815	1.6701	4.8299	1.00	6.00
	Secondary School	18	4.0556	2.02839	.47810	3.0469	5.0643	1.00	7.00
	High National Diploma	66	4.4470	1.50161	.18484	4.0778	4.8161	1.00	7.00
	First Degree	93	4.5699	1.05447	.10934	4.3527	4.7871	2.00	7.00
	Masters Degree	70	4.4857	1.42943	.17085	4.1449	4.8265	1.00	7.00
	PhD	25	3.6200	1.47394	.29479	3.0116	4.2284	1.50	6.50
	Total	280	4.3643	1.42663	.08526	4.1965	4.5321	1.00	7.00
selfconfidence_average	Primary School	8	3.7083	.89863	.31771	2.9571	4.4596	2.00	5.00
	Secondary School	18	4.8796	.91610	.21593	4.4241	5.3352	2.83	6.67
	High National Diploma	66	5.0152	1.06327	.13088	4.7538	5.2765	2.67	7.00
	First Degree	93	5.0842	.89572	.09288	4.8998	5.2687	2.83	7.00
	Masters Degree	70	4.6714	.98375	.11758	4.4369	4.9060	2.17	7.00
	PhD	25	4.9200	.91302	.18260	4.5431	5.2969	3.67	7.00
	Total	280	4.8976	.98931	.05912	4.7812	5.0140	2.00	7.00
perceivedtrust_average	Primary School	8	4.1250	1.18533	.41908	3.1340	5.1160	2.40	5.80
	Secondary School	18	4.0778	1.14201	.26917	3.5099	4.6457	2.00	5.80
	High National Diploma	66	4.2727	1.00988	.12431	4.0245	4.5210	2.20	6.20
	First Degree	93	4.3355	.84089	.08720	4.1623	4.5087	2.60	6.00
	Masters Degree	70	4.4229	1.00638	.12029	4.1829	4.6628	2.00	7.00
	PhD	25	4.3440	.94078	.18816	3.9557	4.7323	2.80	6.60
	Total	280	4.3207	.95932	.05733	4.2079	4.4336	2.00	7.00
experience_average	Primary School	8	3.2500	1.28174	.45316	2.1784	4.3216	1.50	5.50
	Secondary School	18	4.0833	1.38532	.32652	3.3944	4.7722	1.50	6.00
	High National Diploma	66	4.2197	1.28041	.15761	3.9049	4.5345	1.50	7.00
	First Degree	93	4.5430	1.02325	.10611	4.3323	4.7537	2.00	7.00
	Masters Degree	70	4.4714	1.22441	.14634	4.1795	4.7634	1.00	7.00
	PhD	25	4.2000	1.07044	.21409	3.7581	4.6419	2.50	6.50
	Total	280	4.3518	1.19001	.07112	4.2118	4.4918	1.00	7.00

One-way ANOVA test was employed in order to examine the effect of education (Primary School, Secondary School, High National Diploma, First Degree, Master Degree) on the employed variables. The assumption of homogeneity of variance has been checked using the Levene Statistics and the results have shown that for all of the factors; the assumption of homogeneity was tenable since the significance value of the tests are bigger than 0.05 (Table 19). Thus, the ANOVA table has been used to examine the differences between education levels for the examined factors.

Table 19: Test of homogeneity of variances

	Levene Statistic	df1	df2	Sig.
Attitude_average	.933	5	274	.460
Intentions_average	.877	5	274	.301
Selfconfidence_average	.751	5	274	.586
Perceivedtrust_average	.822	5	274	.535
Experience_average	1.034	5	274	.398

Based on the results of the ANOVA test (Table 18), no significant difference between education levels was found for perceived trust in the banking system and attitude towards bank loans ( $p > 0.05$ ). In other words, the education level did not have any effect on perceived trust in the banking system and attitudes towards bank loans factors. However, the education level has a significant effect on intentions to purchase a bank loan, self-confidence and positive past-experience factors (Table 15). The results have shown that there is a significant difference between first degree holders ( $\bar{x} = 4.57$ ) and Ph.D. holders ( $\bar{x} = 3.62$ ) regarding the intentions to purchase a bank loan. More specifically, Ph,D, holders have a weaker intention to purchase a loan compared to first degree holders.

Furthermore, the findings have shown that there is a significant difference between primary school, high school and first degree graduates regarding the level of self-confidence. Primary school graduates have the lowest self-confidence ( $\bar{x}= 3.70$ ) score compared to high school graduates ( $\bar{x}= 5.01$ ) and first-degree holders ( $\bar{x}= 5.08$ ). It can be understood that level of self-confidence is directly related with the education level of respondents. People with higher education level tend to have higher scores for self-confidence.

Finally, the results have indicated that there is a significant difference between the mean scores of primary school graduates and first-degree holders regarding the positive past experience factor. Primary school graduates ( $\bar{x}= 3.25$ ) have a very negative past-experience with banks compared to university graduates ( $\bar{x}= 4.54$ ).

Table 20: ANOVA: Comparing the employed factors based on education levels of the respondents

		Sum of Squares	df	Mean Square	F	Sig.
Attitude average	Between Groups	19.991	5	3.998	1.782	.117
	Within Groups	614.676	274	2.243		
	Total	634.666	279			
Intentions average	Between Groups	30.913	5	6.183	3.155	.009
	Within Groups	536.930	274	1.960		
	Total	567.843	279			
Self-confidence average	Between Groups	19.065	5	3.813	4.113	.001
	Within Groups	254.000	274	.927		
	Total	273.065	279			
Perceived trust average	Between Groups	2.285	5	.457	.492	.782
	Within Groups	254.475	274	.929		
	Total	256.760	279			
experience average	Between Groups	17.139	5	3.428	2.485	.032
	Within Groups	377.960	274	1.379		
	Total	395.099	279			

Table 21: Multiple comparison Turkey HSD

**Multiple Comparisons**

Tukey HSD

Dependent Variable	(I) Education Level	(J) Education Level	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
						Attitude_average	Primary School
High National Diploma	-.09722	.56072	1.000	-1.7065	1.5120		
First Degree	-.60439	.55185	.883	-2.1882	.9794		
Masters Degree	-.61786	.55899	.879	-2.2221	.9864		
PhD	-.53500	.60840	.951	-2.2811	1.2111		
Primary School	1.04167	.63643	.575	-.7849	2.8682		
Secondary School	.94444	.39827	.170	-.1986	2.0875		
Secondary School	High National Diploma	.43728	.38568	.867	-.6696		1.5442
	First Degree	.42381	.39583	.893	-.7122		1.5598
	Masters Degree	.50667	.46299	.883	-.8221		1.8355
	PhD	.09722	.56072	1.000	-1.5120		1.7065
	Primary School	-.94444	.39827	.170	-2.0875		.1986
	High National Diploma	-.50717	.24106	.288	-1.1990		.1847
	First Degree	-.52063	.25698	.330	-1.2582		.2169
First Degree	Masters Degree	-.43778	.35174	.814	-1.4473		.5717
	PhD	.60439	.55185	.883	-.9794		2.1882
	Primary School	-.43728	.38568	.867	-1.5442		.6696
	Secondary School	.50717	.24106	.288	-.1847		1.1990
	High National Diploma	-.01347	.23700	1.000	-.6937		.6667
	First Degree	.06939	.33743	1.000	-.8990		1.0378
	PhD						

		Primary School	.61786	.55899	.879	-.9864	2.2221
		Secondary School	-.42381	.39583	.893	-1.5598	.7122
	Masters Degree	High National Diploma	.52063	.25698	.330	-.2169	1.2582
		First Degree	.01347	.23700	1.000	-.6667	.6937
		PhD	.08286	.34897	1.000	-.9187	1.0844
	PhD	Primary School	.53500	.60840	.951	-1.2111	2.2811

		Secondary School	-.50667	.46299	.883	-	.8221
		High National Diploma	.43778	.35174	.814	-.5717	1.4473
		First Degree	-.06939	.33743	1.000	-	.8990
		Masters Degree	-.08286	.34897	1.000	-	.9187
		Secondary School	-.80556	.59482	.754	-	.9016
		High National Diploma	-	.52406	.204	-	.3071
		Primary School	1.19697				2.7010
		First Degree	-	.51577	.111	-	.1604
		Masters Degree	1.31989				2.8002
		PhD	-	.52244	.172	-	.2637
		PhD	1.23571				2.7351
		PhD	-.37000	.56862	.987	-	1.2620
		PhD					2.0020
	Intentions_average	Primary School	.80556	.59482	.754	-.9016	2.5127
		High National Diploma	-.39141	.37223	.900	-	.6769
		Secondary School	-.51434	.36047	.711	-	.5202
		First Degree					1.5489
		Masters Degree	-.43016	.36995	.854	-	.6316
		PhD					1.4919
		PhD	.43556	.43272	.916	-.8064	1.6775
		High National Diploma	1.19697	.52406	.204	-.3071	2.7010



	Primary School	1.17130	.40912	.051	-.0029	2.3455
Secondary School	High National Diploma	-.13552	.25602	.995	-.8703	.5993
	First Degree	-.20460	.24793	.963	-.9162	.5070
	Masters Degree	.20820	.25445	.964	-.5221	.9385
	PhD	-.04037	.29763	1.000	-.8946	.8138
	Primary School	1.30682 <sup>+</sup>	.36045	.005	.2723	2.3413
High National Diploma	Secondary School	.13552	.25602	.995	-.5993	.8703
	First Degree	-.06908	.15496	.998	-.5138	.3757
	Masters Degree	.34372	.16519	.300	-.1304	.8178
	PhD	.09515	.22611	.998	-.5538	.7441
	Primary School	1.37590 <sup>+</sup>	.35474	.002	.3578	2.3940
	Secondary School	.20460	.24793	.963	-.5070	.9162
First Degree	High National Diploma	.06908	.15496	.998	-.3757	.5138
	Masters Degree	.41280	.15235	.077	-.0244	.8500
	PhD	.16423	.21691	.974	-.4583	.7867
	Primary School	.96310	.35933	.083	-.0682	1.9944
Masters Degree	Secondary School	-.20820	.25445	.964	-.9385	.5221
	High National Diploma	-.34372	.16519	.300	-.8178	.1304
	First Degree	-.41280	.15235	.077	-.8500	.0244
	PhD	-.24857	.22433	.878	-.8924	.3953
	Primary School	1.21167 <sup>+</sup>	.39110	.026	.0892	2.3341
	Secondary School	.04037	.29763	1.000	-.8138	.8946
PhD	High National Diploma	-.09515	.22611	.998	-.7441	.5538
	First Degree	-.16423	.21691	.974	-.7867	.4583
	Masters Degree	.24857	.22433	.878	-.3953	.8924

		Secondary School	.04722	.40950	1.000	-	1.2225
		High National Diploma	-.14773	.36078	.999	-	.8877
	Primary School	First Degree	-.21048	.35508	.991	-	.8086
		Masters Degree	-.29786	.35967	.962	-	.7344
		PhD	-.21900	.39146	.993	-	.9045
		Primary School	-.04722	.40950	1.000	-	1.1280
		High National Diploma	-.19495	.25626	.974	-.9304	.5405
	Secondary School	First Degree	-.25771	.24816	.905	-.9699	.4545
		Masters Degree	-.34508	.25468	.754	-	.3859
		PhD	-.26622	.29790	.948	-	.5888
		Primary School	.14773	.36078	.999	-.8877	1.1832
perceivedtrust_average		Secondary School	.19495	.25626	.974	-.5405	.9304
	High National Diploma	First Degree	-.06276	.15511	.999	-.5079	.3824
		Masters Degree	-.15013	.16535	.944	-.6247	.3244
		PhD	-.07127	.22632	1.000	-.7208	.5783
		Primary School	.21048	.35508	.991	-.8086	1.2296
		Secondary School	.25771	.24816	.905	-.4545	.9699
	First Degree	High National Diploma	.06276	.15511	.999	-.3824	.5079
		Masters Degree	-.08737	.15249	.993	-.5250	.3503
		PhD	-.00852	.21711	1.000	-.6316	.6146
		Primary School	.29786	.35967	.962	-.7344	1.3301
	Masters Degree	Secondary School	.34508	.25468	.754	-.3859	1.0760
		High National Diploma	.15013	.16535	.944	-.3244	.6247
		First Degree	.08737	.15249	.993	-.3503	.5250

		PhD	.07886	.22454	.999	-.5656	.7233
		Primary School	.21900	.39146	.993	-.9045	1.3425
		Secondary School	.26622	.29790	.948	-.5888	1.1212
	PhD	High National Diploma	.07127	.22632	1.000	-.5783	.7208
		First Degree	.00852	.21711	1.000	-.6146	.6316
		Masters Degree	-.07886	.22454	.999	-.7233	.5656
		Secondary School	-.83333	.49906	.553	-	.5990
						2.2656	
		High National Diploma	-.96970	.43969	.239	-	.2922
						2.2316	
	Primary School	First Degree	-	.43273	.036	-	-.0511
			1.29301 <sup>+</sup>			2.5350	
		Masters Degree	-	.43833	.063	-	.0366
			1.22143			2.4794	
		PhD	-.95000	.47708	.350	-	.4192
						2.3192	
		Primary School	.83333	.49906	.553	-.5990	2.2656
		High National Diploma	-.13636	.31231	.998	-	.7600
						1.0327	
	Secondary School	First Degree	-.45968	.30243	.652	-	.4083
						1.3277	
		Masters Degree	-.38810	.31039	.811	-	.5027
						1.2789	
		PhD	-.11667	.36306	1.000	-	.9253
						1.1586	
		Primary School	.96970	.43969	.239	-.2922	2.2316
		Secondary School	.13636	.31231	.998	-.7600	1.0327
	High National Diploma	First Degree	-.32331	.18903	.526	-.8658	.2192
		Masters Degree	-.25173	.20151	.812	-.8301	.3266
		PhD	.01970	.27582	1.000	-.7719	.8113
	First Degree	Primary School	1.29301 <sup>+</sup>	.43273	.036	.0511	2.5350

		Secondary School	.45968	.30243	.652	-.4083	1.3277
		High National Diploma	.32331	.18903	.526	-.2192	.8658
		Masters Degree	.07158	.18585	.999	-.4618	.6050
		PhD	.34301	.26459	.787	-.4164	1.1024
		Primary School	1.22143	.43833	.063	-.0366	2.4794
	Masters Degree	Secondary School	.38810	.31039	.811	-.5027	1.2789
		High National Diploma	.25173	.20151	.812	-.3266	.8301
		First Degree	-.07158	.18585	.999	-.6050	.4618
		PhD	.27143	.27365	.920	-.5139	1.0568
		Primary School	.95000	.47708	.350	-.4192	2.3192
	PhD	Secondary School	.11667	.36306	1.000	-.9253	1.1586
		High National Diploma	-.01970	.27582	1.000	-.8113	.7719
		First Degree	-.34301	.26459	.787	-	.4164
		Masters Degree	-.27143	.27365	.920	-	.5139
						1.0568	

\*. The mean difference is significant at the 0.05 level.

## 5.6 One Way ANOVA: Comparing the employed factors based on the marital status of respondents

- 1 = Single
- 2= Married
- 3= Divorced

Table 22: Descriptive analysis of marital status

		Descriptives							
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Attitude_average	1	88	3.9621	1.47731	.15748	3.6491	4.2751	1.00	7.00
	2	159	3.7484	1.51212	.11992	3.5116	3.9853	1.00	7.00
	3	33	3.4848	1.55700	.27104	2.9328	4.0369	1.00	7.00
	Total	280	3.7845	1.50824	.09013	3.6071	3.9620	1.00	7.00
Intentions_average	1	88	4.4659	1.33217	.14201	4.1836	4.7482	1.00	7.00
	2	159	4.3396	1.50034	.11898	4.1046	4.5746	1.00	7.00
	3	33	4.2121	1.32305	.23031	3.7430	4.6813	1.00	6.50
	Total	280	4.3643	1.42663	.08526	4.1965	4.5321	1.00	7.00
selfconfidence_average	1	88	4.9186	1.01143	.10782	4.7043	5.1329	2.17	6.83
	2	159	4.9182	1.01792	.08073	4.7588	5.0777	2.00	7.00
	3	33	4.7424	.77961	.13571	4.4660	5.0189	3.67	7.00
	Total	280	4.8976	.98931	.05912	4.7812	5.0140	2.00	7.00
perceivedtrust_average	1	88	4.2864	.92862	.09899	4.0896	4.4831	2.20	6.40
	2	159	4.3358	1.00311	.07955	4.1787	4.4930	2.00	7.00
	3	33	4.3394	.84036	.14629	4.0414	4.6374	2.20	5.60
	Total	280	4.3207	.95932	.05733	4.2079	4.4336	2.00	7.00
experience_average	1	88	4.3807	1.29098	.13762	4.1071	4.6542	1.50	7.00
	2	159	4.3774	1.14145	.09052	4.1986	4.5561	1.00	7.00
	3	33	4.1515	1.15573	.20119	3.7417	4.5613	1.50	7.00
	Total	280	4.3518	1.19001	.07112	4.2118	4.4918	1.00	7.00

The assumption of homogeneity of variance has been checked using the Levene Statistics and the results have shown that for all of the factors; the assumption of homogeneity was tenable since the significance value of the tests are bigger than 0.05 (Table 5,15). Thus, the ANOVA table has been used to examine the differences between marital statuses.

Table 23: Test of homogeneity of variances

	Levene Statistic	df1	df2	Sig.
Attitude_average	.355	2	277	.701
Intentions_average	1.294	2	277	.276
Selfcondidence_average	2.807	2	277	.062
Perceivedtrust_average	.601	2	277	.549
Experience_average	1.410	2	277	.246

Based on the results of the ANOVA test (Table 23), no significant difference was found in any of the examined factors ( $p > 0.05$ ). In other words, the marital did not have any effect on perceived trust in the banking system, attitudes towards taking out a bank loan, intentions to purchase a bank loan, self-confidence and positive past experience. Based on these results, it is logical to state that single, married or divorced individuals can behave similarly regarding purchasing bank loans.

Table 24: ANOVA: Comparing the employed factors based on the marital status of the respondents.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Attitude_average	Between Groups	5.946	2	2.973	1.310	.272
	Within Groups	628.720	277	2.270		
	Total	634.666	279			
Intentions_average	Between Groups	1.770	2	.885	.433	.649
	Within Groups	566.073	277	2.044		
	Total	567.843	279			
selfcondidence_average	Between Groups	.901	2	.451	.459	.633
	Within Groups	272.164	277	.983		
	Total	273.065	279			
perceivedtrust_average	Between Groups	.152	2	.076	.082	.921
	Within Groups	256.608	277	.926		
	Total	256.760	279			
experience_average	Between Groups	1.501	2	.751	.528	.590
	Within Groups	393.598	277	1.421		
	Total	395.099	279			

Table 25: Multiple comparison Turkey HSD

**Multiple Comparisons**

Tukey HSD

Dependent Variable	(I) Marital	(J) Marital	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Attitude_average	1	2	.21369	.20017	.535	-.2580	.6854
		3	.47727	.30753	.268	-.2474	1.2019
	2	1	-.21369	.20017	.535	-.6854	.2580
		3	.26358	.28819	.632	-.4155	.9427
	3	1	-.47727	.30753	.268	-1.2019	.2474
		2	-.26358	.28819	.632	-.9427	.4155
Intentions_average	1	2	.12629	.18994	.784	-.3213	.5738
		3	.25379	.29180	.660	-.4338	.9414
	2	1	-.12629	.18994	.784	-.5738	.3213
		3	.12750	.27346	.887	-.5169	.7719
	3	1	-.25379	.29180	.660	-.9414	.4338
		2	-.12750	.27346	.887	-.7719	.5169
selfconfidence_average	1	2	.00032	.13170	1.000	-.3100	.3107
		3	.17614	.20233	.659	-.3006	.6529
	2	1	-.00032	.13170	1.000	-.3107	.3100
		3	.17581	.18961	.624	-.2710	.6226
	3	1	-.17614	.20233	.659	-.6529	.3006
		2	-.17581	.18961	.624	-.6226	.2710
perceivedtrust_average	1	2	-.04949	.12788	.921	-.3508	.2518
		3	-.05303	.19647	.961	-.5160	.4099
	2	1	.04949	.12788	.921	-.2518	.3508
		3	-.00354	.18412	1.000	-.4374	.4303
	3	1	.05303	.19647	.961	-.4099	.5160
		2	.00354	.18412	1.000	-.4303	.4374
experience_average	1	2	.00332	.15838	1.000	-.3699	.3765
		3	.22917	.24332	.614	-.3442	.8025
	2	1	-.00332	.15838	1.000	-.3765	.3699
		3	.22584	.22802	.584	-.3115	.7632
	3	1	-.22917	.24332	.614	-.8025	.3442
		2	-.22584	.22802	.584	-.7632	.3115

## 5.7 One Way ANOVA: Comparing the employed factors based on the income of respondents

Table 26: Descriptive analysis

		Descriptives							
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Attitude_average	Up to £20,000	75	3.6800	1.44928	.16735	3.3466	4.0134	1.00	6.67
	£20,001-£40,000	86	3.7403	1.60016	.17255	3.3972	4.0834	1.00	7.00
	£40,001-£60,000	66	3.6970	1.50182	.18486	3.3278	4.0662	1.00	7.00
	More than £60,001	50	4.0667	1.43174	.20248	3.6598	4.4736	1.00	7.00
	Total	277	3.7726	1.50550	.09046	3.5945	3.9506	1.00	7.00
Intentions_average	Up to £20,000	75	4.3600	1.32940	.15351	4.0541	4.6659	1.00	7.00
	£20,001-£40,000	86	4.4535	1.34520	.14506	4.1651	4.7419	1.00	7.00
	£40,001-£60,000	66	4.2045	1.54167	.18977	3.8256	4.5835	1.00	7.00
	More than £60,001	50	4.4600	1.55786	.22032	4.0173	4.9027	1.50	7.00
	Total	277	4.3700	1.42547	.08565	4.2014	4.5386	1.00	7.00
selfconfidence_average	Up to £20,000	75	4.9667	.91615	.10579	4.7559	5.1775	3.50	6.83
	£20,001-£40,000	86	4.9264	1.03140	.11122	4.7052	5.1475	2.83	7.00
	£40,001-£60,000	66	4.8712	.98397	.12112	4.6293	5.1131	2.00	7.00
	More than £60,001	50	4.7900	1.04100	.14722	4.4942	5.0858	2.67	7.00
	Total	277	4.8995	.98837	.05939	4.7826	5.0164	2.00	7.00
perceivedtrust_average	Up to £20,000	75	4.4347	.92729	.10707	4.2213	4.6480	2.00	6.40
	£20,001-£40,000	86	4.2163	.98755	.10649	4.0045	4.4280	2.20	6.20
	£40,001-£60,000	66	4.3152	.94466	.11628	4.0829	4.5474	2.00	7.00
	More than £60,001	50	4.3240	.99130	.14019	4.0423	4.6057	2.20	6.20
	Total	277	4.3184	.96044	.05771	4.2048	4.4320	2.00	7.00
experience_average	Up to £20,000	75	4.2933	1.18005	.13626	4.0218	4.5648	1.00	6.00
	£20,001-£40,000	86	4.2442	1.28279	.13833	3.9692	4.5192	1.50	7.00
	£40,001-£60,000	66	4.4697	1.19897	.14758	4.1750	4.7644	1.50	7.00
	More than £60,001	50	4.3800	1.00793	.14254	4.0936	4.6664	2.50	7.00
	Total	277	4.3357	1.18609	.07126	4.1954	4.4760	1.00	7.00

The assumption of homogeneity of variance has been checked using the Levene Statistics and the results have shown that for all of the factors. The assumption of homogeneity was tenable since the significance value of the tests are bigger than 0.05 (Table 26). Thus, the ANOVA table has been used to examine the differences between marital statuses.

Table 27: Test of homogeneity of variances

	Levene Statistic	df1	df2	Sig.
Attitude_average	.713	3	273	.545
Intentions_average	1.120	3	273	.341
Selfconfidence_average	.622	3	273	.601
Perceivedtrust_average	.498	3	273	.684
Experience_average	1.030	3	273	.380

Table 28: ANOVA: Comparing the employed factors based on the income level of respondents

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Attitude_average	Between Groups	5.434	3	1.811	.797	.496
	Within Groups	620.126	273	2.272		
	Total	625.560	276			
Intentions_average	Between Groups	2.819	3	.940	.460	.711
	Within Groups	558.003	273	2.044		
	Total	560.821	276			
selfcondidence_average	Between Groups	1.053	3	.351	.357	.784
	Within Groups	268.567	273	.984		
	Total	269.620	276			
perceivedtrust_average	Between Groups	1.913	3	.638	.689	.559
	Within Groups	252.683	273	.926		
	Total	254.596	276			
experience_average	Between Groups	2.138	3	.713	.504	.680
	Within Groups	386.138	273	1.414		
	Total	388.276	276			

Multiple Comparisons

Tukey HSD

Dependent Variable	(I) Income	(J) Income	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Attitude_average	Up to £20,000	£20,001-£40,000	-.06031	.23812	.994	-.6758	.5552
		£40,001-£60,000	-.01697	.25437	1.000	-.6745	.6406
		More than £60,001	-.38667	.27517	.497	-1.0980	.3246
	£20,001-£40,000	Up to £20,000	.06031	.23812	.994	-.5552	.6758
		£40,001-£60,000	.04334	.24664	.998	-.5942	.6809
		More than £60,001	-.32636	.26804	.616	-1.0192	.3665
	£40,001-£60,000	Up to £20,000	.01697	.25437	1.000	-.6406	.6745
		£20,001-£40,000	-.04334	.24664	.998	-.6809	.5942
		More than £60,001	-.36970	.28257	.558	-1.1001	.3607
	More than £60,001	Up to £20,000	.38667	.27517	.497	-.3246	1.0980
		£20,001-£40,000	.32636	.26804	.616	-.3665	1.0192
		£40,001-£60,000	.36970	.28257	.558	-.3607	1.1001
Intentions_average	Up to £20,000	£20,001-£40,000	-.09349	.22588	.976	-.6774	.4904
		£40,001-£60,000	.15545	.24129	.917	-.4683	.7792
		More than £60,001	-.10000	.26102	.981	-.7747	.5747
	£20,001-£40,000	Up to £20,000	.09349	.22588	.976	-.4904	.6774
		£40,001-£60,000	.24894	.23396	.712	-.3558	.8537
		More than £60,001	-.00651	.25426	1.000	-.6637	.6507
	£40,001-£60,000	Up to £20,000	-.15545	.24129	.917	-.7792	.4683
		£20,001-£40,000	-.24894	.23396	.712	-.8537	.3558
		More than £60,001	-.25545	.26805	.776	-.9483	.4374
	More than £60,001	Up to £20,000	.10000	.26102	.981	-.5747	.7747
		£20,001-£40,000	.00651	.25426	1.000	-.6507	.6637
		£40,001-£60,000	.25545	.26805	.776	-.4374	.9483
selfconfidence_average	Up to £20,000	£20,001-£40,000	.04031	.15670	.994	-.3648	.4454
		£40,001-£60,000	.09545	.16740	.941	-.3373	.5282
		More than £60,001	.17667	.18109	.763	-.2914	.6448
	£20,001-£40,000	Up to £20,000	-.04031	.15670	.994	-.4454	.3648
		£40,001-£60,000	.05514	.16231	.986	-.3644	.4747
		More than £60,001	.13636	.17639	.867	-.3196	.5923
	£40,001-£60,000	Up to £20,000	-.09545	.16740	.941	-.5282	.3373
		£20,001-£40,000	-.05514	.16231	.986	-.4747	.3644
		More than £60,001	.08121	.18596	.972	-.3995	.5619
	More than £60,001	Up to £20,000	-.17667	.18109	.763	-.6448	.2914
		£20,001-£40,000	-.13636	.17639	.867	-.5923	.3196
		£40,001-£60,000	-.08121	.18596	.972	-.5619	.3995
perceivedtrust_average	Up to £20,000	£20,001-£40,000	.21839	.15200	.478	-.1745	.6113
		£40,001-£60,000	.11952	.16237	.882	-.3002	.5392
		More than £60,001	.11067	.17565	.922	-.3434	.5647
	£20,001-£40,000	Up to £20,000	-.21839	.15200	.478	-.6113	.1745
		£40,001-£60,000	-.09887	.15744	.923	-.5058	.3081
		More than £60,001	-.10772	.17110	.922	-.5500	.3346
	£40,001-£60,000	Up to £20,000	-.11952	.16237	.882	-.5392	.3002
		£20,001-£40,000	.09887	.15744	.923	-.3081	.5058
		More than £60,001	-.00885	.18038	1.000	-.4751	.4574
	More than £60,001	Up to £20,000	-.11067	.17565	.922	-.5647	.3434
		£20,001-£40,000	.10772	.17110	.922	-.3346	.5500
		£40,001-£60,000	.00885	.18038	1.000	-.4574	.4751
experience_average	Up to £20,000	£20,001-£40,000	.04915	.18790	.994	-.4366	.5349
		£40,001-£60,000	-.17636	.20072	.816	-.6952	.3425
		More than £60,001	-.08667	.21713	.978	-.6479	.4746
	£20,001-£40,000	Up to £20,000	-.04915	.18790	.994	-.5349	.4366
		£40,001-£60,000	-.22551	.19462	.653	-.7286	.2776
		More than £60,001	-.13581	.21151	.918	-.6825	.4109
	£40,001-£60,000	Up to £20,000	.17636	.20072	.816	-.3425	.6952
		£20,001-£40,000	.22551	.19462	.653	-.2776	.7286
		More than £60,001	.08970	.22298	.978	-.4867	.6661
	More than £60,001	Up to £20,000	.08667	.21713	.978	-.4746	.6479
		£20,001-£40,000	.13581	.21151	.918	-.4109	.6825
		£40,001-£60,000	-.08970	.22298	.978	-.6661	.4867

In Table 25, the comparison of factors affecting intention of getting a loan from the bank by participants' income level is shown. It is determined that there is no statistically significant difference between the points that are taken from all subscales compared with their income levels ( $p < 0,05$ ). Regardless of participants' income level, participants give same answers to statements in scale.

## 5.8 Correlation Analysis

Correlation analysis is used to examine the strength and direction of linear relationships between two variables (Field, 2005; Pallant, 2007). The values of correlation ranges from -1 to 1. According to Pallant (2007: 126) "A perfect correlation of -1 and 1 indicates that the value of one variable can be determined exactly by knowing the value on the other value". Table 28 presents the result of the correlation analysis.

Table 23: The correlations of factors affecting use of bank loans

		<b>Attitude</b>	<b>Intentions</b>	<b>Self Confidence</b>	<b>Perceived Trust</b>	<b>Past Experience</b>
<b>Attitude</b>	<b>r</b>					
	<b>p</b>	1,00				
<b>Intentions</b>	<b>r</b>	0,42				
	<b>p</b>	0,00*	1,00			
<b>Self Confidence</b>	<b>r</b>	0,04	0,33			
	<b>p</b>	0,54	0,00*	1,00		
<b>Perceived Trust</b>	<b>r</b>	0,19	0,41	0,27	1,00	
	<b>p</b>	0,00*	0,00*	0,00*		
<b>Past Experience</b>	<b>r</b>	0,39	0,37	0,20	0,36	1,00
	<b>p</b>	0,00*	0,00*	0,00*	0,00*	

\* $p < 0,05$

The results of the correlation analysis have shown that all the factors in the conceptual model are positively and significantly correlated with each other. More specifically, it has been found out that attitudes towards bank loans has the strongest correlation with intentions to purchase a bank loan ( $t=0.42$ ,  $p<0.05$ ), with more positive attitudes towards bank loans with stronger intentions to purchase a bank loan. The second strongest correlation has been spotted between perceived trust in the banking system and intentions to purchase a bank loan ( $t=0.42$ ,  $p<0.05$ ), with more trust in the banking system of TRNC with stronger intentions to purchase a bank loan. Similarly, past-experience is also positively related with intentions to purchase a bank loan ( $t=0.37$ ,  $p<0.05$ ). Individuals with higher scores of positive past experience have higher level of intentions to purchase a bank loan. Finally, self-confidence has been found to have a positive correlation with intentions to purchase a bank loan ( $t=0.33$ ,  $p<0.05$ ). Although these two variables have the lowest correlation score, the relationship is still strong. People with higher self-confidence tend to have stronger intentions to purchase a bank loan.

## 5.9 Regression Analysis

The regression analysis was employed in order to test the effect of the independent variables on the dependent variable. The following regression model has been used to calculate the aforementioned effects;

$$Y_i = 0,30X_{attitude} + 0,37X_{perceived\ trust} + 0,34X_{self\ confidence} + 0,14X_{past\ experience} + e_i$$

Table 24: The results of the regression analysis

	<b>B</b>	<b>S.E.</b>	<b>t</b>	<b>p</b>	<b>R2</b>	<b>F</b>	<b>p</b>
(Constant)	-0,54	0,44	-1,22	0,22	0,35	37,53	0,00*
Attitude	0,30	0,05	6,04	0,00*			
Perceived Trust	0,37	0,08	4,72	0,00*			
Self Confidence	0,34	0,08	4,40	0,00*			
Past Experience	0,14	0,07	2,02	0,04*			

\* $p < 0,05$

In Table 29, the regression analysis of factors affecting the participants' intentions of using bank loans is given. When these results are analyzed, it can be said that the participants' intentions of using bank loans are affected by attitudes towards bank loans, perceived trust in the banking system, self-confidence, and past-experience. The variation of the participants' intentions of using bank loans is defined 35% with attitude, perceived trust, self-confidence and past experience ( $R^2=0,34$ ) and when it is looked at the overall model, the established model is statistically significant ( $p < 0,05$ ). As it can be seen from the Table 6.3, perceived trust in the banking system has the strongest effect on intentions to purchase a bank loan. It has been also understood that individuals level of self-confidence has a strong effect on intentions to purchase a bank loan. Thus, people with higher levels of self-confidence tend to have stronger intentions to purchase a bank loan. Similarly, attitude of individuals towards bank loans is also an important predictor of intentions to purchase a bank loan. Finally, the result of the regression analysis has shown that self-confidence has a significant but weak effect on intentions to purchase a bank loan.

Based on the results of the regression analysis, all of the developed hypotheses have been accepted. The findings of the present study have been discussed in the following chapter.

## Chapter 6

### DISCUSSIONS OF FINDINGS

#### 6.1 Introduction

Having presented the results of hypothesis testing earlier, this chapter provides discussion of the findings. Through the discussion of the findings, the researcher aims to understand and explain the reasons underneath the discovered relationships. In order to do this, the findings have been compared with similar studies and consistencies and inconsistencies between the studies have been analyzed.

#### 6.2 Gender Differences

The result of the t-test has shown that there is no significant difference between females and males regarding the intentions to purchase a bank loan. This finding has revealed that in North Cyprus, both females (4.22) and males (4.50) have strong intentions to purchase bank loans. The reason behind this finding could be related to the position of women in today's society. As it is known for a fact, females have jobs, financial freedom and high education like the male gender in North Cyprus. Thus, women will not hesitate to purchase bank loans to finance their requirements if it is needed. This finding is inconsistent with the study of (Byrnes et al.1999) which has stated that women in general are more risk-averse than men. This difference between these two studies can be attributed to the cultural difference. The study of Ortiz-Nunez was conducted in Nigeria and the place of women in the society of Nigeria is different than North Cyprus.

Moreover, results have indicated that there is no significant difference between females and males regarding their attitude toward getting bank loans. The result has shown that both males and females in TRNC have similar attitudes towards getting bank loans. As a result, it is logical to mention that males and females in north division of the island are not against purchasing bank loans to finance their deficiency. Inconsistent to our result, a study by (Aurora Ortiz-NuNEZ, 2014) showed that females are more willing to take financial bank loans compared to males.

Furthermore the result of T-test has shown that there is no significant difference between females and males' level of self-confidence and they both evaluated themselves as self-confident individuals. These findings can be resulted as Turkish Cypriot's females and males are treated equally in the society, and they face the same level of opportunities in different aspect of their life for example education or finding a carrier. This result can lead us to state that both Turkish Cypriot males and females have the same level of self-confidence to getting bank loans. Inconsistence to our finding (Kibanja and Munene ,2009; Kibanja,2006) showed female are less self-confident during getting bank loan while some of the disadvantages are inherent in their situation in the society (when women are not being taken seriously by men, dealing with male prejudices) and some simply have their own beliefs and misconceptions . This study was conducted at Uganda that lead us to conclude that the females in North Cyprus have a different view of themselves in society compare to females in Uganda.

Next factor is Perceived Trust toward TRNC banking system. The result of the t-test has shown that there is no significant difference between females and males regarding their Perceived Trust toward banks. When the perceived trust in the banking system is investigated, the results have shown both female and male perceive the banking system in TRNC trustworthy. This finding shows that respondents feel secure when doing transactions with banks and do not hesitate to get banks loans regardless to their gender.

Finally, the result of the t-test has shown that there is slight difference between females and males regarding to past experience towards getting banks loan. This finding has revealed that in North Cyprus, females (4.57) and males (4.15) have well past experience to purchase banks loans, in spite the fact that both Turkish Cypriot's males and females have positive past –experience with getting bank loans. Turkish Cypriot female had a marginally better experience with bank compared to Turkish Cypriot males and they are more satisfied with the loan services that the banks have provided. These findings exposed that Turkish Cypriot's females are more relaxed or stronger under the pressure of loan burden compare to Turkish Cypriot's male which leads to have a better experience during the paying off debt.

### **6.3 Age Difference**

The result of ANOVA test has shown that there is no significant difference between the examined factors and age of the Turkish Cypriot, in other words Intention to Purchase a loan, Attitude toward taking out banks loan, Self-confidence, Perceived Trust and Past experience have not been effected by the age of the respondent, according to this finding we can state that older, middle aged and younger Turkish Cypriots can behave similarly regarding getting a bank loan. Inconsistent to our

finding again, other study from (Del-Rio & Young 2005) indicated younger individuals behave differently regarding to getting bank loans compared to older people. They have more willingness to purchase a loan from bank. This particular inconsistency can be based on the cultural difference of the samples used in these two different studies. Furthermore, another explanation for this finding can be the product offerings of the banks. Banks introduce the different range of loan services due to serving different people with different needs and priorities. This has shown that regardless to their age, individuals need bank loans in order to finance their life and satisfy their needs and wants.

#### **6.4 Education Level**

In this comparison, ANOVA test has indicated no significant difference between education levels of Turkish Cypriots for perceived trust in the banking system and attitude towards bank loans. In other words, the education level of Turkish Cypriots did not have any influence on perceived trust in the banking system and attitudes towards bank loans. Nevertheless, the results have shown that educational level of Turkish Cypriots has a significant effect on intentions to purchase a bank loan, self-confidence and positive past-experience.

Results indicate that Ph.D. holders (3.62) have a feebler intention to purchase a bank loan than first-degree holders (4.57). In other words individuals with Ph.D. degree have less willingness to purchase a credit from TRNC banks compared to individuals with first-degree. This result may show the fact that people with Ph.D. degree work in higher principle and have a higher income so they face less financial deficiency which leads them to have a less willingness to purchase a credit.

Moreover findings also have shown that there is a significant difference between primary school, high school and first-degree graduates regarding the level of self-confidence. Primary school graduates (3.70) had the lowest level of self-confidence compared to high school graduates (5.01) and first-degree holders (5.08). The result shows that level of self-confidence is affected by the level of education between Turkish Cypriots. Individuals with higher level of education have more self-confidence, can be understood that people with higher degree of education tend to find a better job with higher income, which leads them to feel more confident about themselves.

At the end, the findings have shown that there is also significant difference between the primary school graduates (3.25) and first degree holders (4.54) regarding the positive past experience. Turkish Cypriot primary school graduates have a very negative past experience with banks compared to Turkish Cypriots university graduates. This finding can be interrupted as Turkish Cypriots with higher level of education tend to have a better career with higher income. Therefore, during the time of loan burden are more practical and relax regarding to paying the debt off. Thus, primary graduated individuals with lower income may find it harder during the time of paying of loan.

Also it can be understood that people with higher level of education are more involved in the information search prior to their purchase. This means they search for the best features match their description and end more happily at the end. Consistent to our finding, Bashar (2012) also indicated the educational level as influential factor in buying behavior, while getting the bank loan is considered as a buying behavior we can state the educational level as an influential factor.

## **6.5 Marital Status**

According to the results of ANOVA test there is no significant difference between marital status of Turkish Cypriots and examined factors. In other words, the marital did not have any influence on intention to purchase a bank loan. Attitude toward getting a bank loan are self-confidence, perceived trust in the banking system and positive past experience. It can be understood that single, married or divorced Turkish Cypriots behave similarly regarding a bank loan.

Inconsistent to our study some other studies indicated different findings. Frangose et al. (2012) showed married people tend to take more loans than unmarried individuals or Pastrapa (2009) indicated that young married couple, intend more to borrow money from banks. However our study found out in Northern Cyprus marital status of Turkish Cypriots doesn't have an influence in getting a bank loan from TRNC banks.

## **6.6 Income Level difference**

It is determined that there is no statistically significant difference between the points that taken from all subscales compared with their income levels. Regardless of participants' income level, participants give same answers to statements. In other words, Turkish Cypriots with different income level behave similarly regarding getting a bank loan. Consistent to our findings, in the USA amount of income in household does not affect the demand of loans. On the contrary, amount of household's income is in correlation with amount of loan that they apply. Households with high income usually hold mortgages. Households who don't have savings tend to get a loan more than households with saving. (Chen and Jensen, 1985; Kamleitneir et al., 2007; Ambrose et al., 2004).

Inconsistent to our study in numbers of studies indicated higher level of income influence in purchasing behavior. Kassarian (1981) found a positive relationship between socioeconomic statuses and purchasing behavior and involvement of individuals and families; for instance low income individuals have less level of involvement in purchasing behavior but also Marke & Armen (1985) indicated the opposite point of view. Argument is higher income level are less involved in buying behavior because they value their free time more than money so they follow wise purchasing behavior to save those free times.

In loan business there are different points of views for instance in Greece family with more working member and in general people with higher income are more intended to borrow money and they are less willing to save money Pastrapa (2009).

In Philippines unemployment households are more likely to apply for loan than employed household. Most probably unemployment or low-income households borrow to finance their deficiency and cover their needs (Fafchamps and Lund, 2003; Kamleitneir and Kirchler, 2007).

## **6.7 Correlations Analysis**

The correlations between the factors that affect participants' intentions of using bank loans are analyzed and results have shown there is a meaningful and significant correlation between attitude toward getting a bank loan and intentions to purchase a loan between trust for TRNC banking system and past experience. These correlations are positive correlations. When the points in attitude subscale increase; also the points taken from intentions, perceived trust and past experience subscales increase.

Moreover, it is found that there is a strong correlation between attitude and intentions subscale and between attitude and past experience subscales.

It is determined that there is a meaningful and significant correlation between intentions to purchase a loan and attitude toward taking out bank loan, self-confidence, trust for TRNC banking system and past experience. This correlation has positive direction and is a strong correlation. As the points taken from when intentions to purchase a loan increase, all the factors increase too.

Furthermore, it is found out that there is a meaningful and significant correlation between self-confidence subscale and intentions, perceived trust and past experience subscales. This correlation is positively directed. As the points taken from the attitude subscale increase, the points taken from intentions, perceived trust and past experience subscales also increase.

It can be seen that the correlation between perceived trust subscale and all other subscales is statistically significant. This correlation is positively directed and it is observed that as the points taken from perceived trust increase, the points taken from all other factors also increase. Although there is a strong correlation between perceived trust and intentions and between perceived trust and self-confidence; attitude and past experience correlation is weak even though there is a meaningful correlation.

Lastly, it is identified that the correlation between past experience and all other factors are statistically significant. This correlation is positively directed. As the points taken from perceived increase, the points taken from other factors also

increase, even though it is found that there is a strong correlation between perceived trust and attitude toward getting a bank loan. Moreover, between intentions and perceived trust, the correlation between perceived trust and self-confidence has weak correlation in spite of finding that there is a meaningful correlation.

In conclusion four main findings are listed as below:

1. There is a positive relationship between attitude toward loaning and intentions to purchasing a loan means when attitude toward getting a loan increase, intention to purchasing a loan also increase. Significant investigation in this part are belong to (Patricia,Victor and Sanely 1973;Yang and Lester, 2004).
2. It is found out there is positive relationship between level of confidence in individual and their intention to purchasing a loan.
3. There is positive relationship between perceived trust toward TRNC banking system and intention to purchase a loan and many studies have been conducted to show the positive relationship between perceived trust and buying behavior of consumers with respect of following studies (Edward ,2012; Angus ,2012; Corbit,Thanasankit and Yi, 2003) .
4. At the end, it is found out there is positive relationship between past-experience and intention to purchase a credit which means if past experience was positive the intention to apply for a credit increases.

## **6.8 Regression Analysis**

When the results of regression analysis are examined, it can be said that the Turkish Cypriots' intentions of using bank loans are affected by attitude, perceived trust, self-

confidence and past experience and all these factors affect the intentions of Turkish Cypriots in a significant way.

The variation of the Turkish Cypriots' intentions of using bank loans is defined as 34% with attitude, perceived trust, self-confidence and past experience ( $R^2=0.34$ ) which means there is a strong positive relationship between attitude towards getting a bank loan, self-confidence, trust in banking system, positive past experience and intention to purchase a bank loan. In other words if any mentioned factors increase also intention to purchase a loan will increase.

Based on the results of the regression analysis, the following conclusion can put forward;

1. Self-confidence has a positive and significant effect on intentions to purchase a bank loan which verifies the hypothesis. In this respect many papers have been done to indicate relationship between self-confidence and different aspect of consumer behavior (Oney, 2010; Cazilia Loibl et al.,2009; Lau and Ng, 2001 ; Davidow and Dacin , 1997; Prensky ,1996; East 1990; Keng et al., 1995) and our result is consistent with these papers.
2. Turkish Cypriot with negative attitude toward loaning is less likely to apply for a loan compare to those Cypriot with positive attitude, verifying hypothesis 2.
3. Turkish Cypriot with higher level of perceived trust toward banking system in TRNC is more likely to apply for a loan. This finding verifies hypothesis 3.
4. Finally, the results have shown that past-experience has a significant and positive effect on intentions to purchase a bank loan. This finding verifies hypothesis 4. This finding is consistent with numerous which have indicated

between the past experience and intention to taking out bank loan Erik et.al, (2008); Brown et . al 2005; Kamleitner & Kirchler 2007; ONeill , 1995 ; Devaney & Lytton 1995).

## **Chapter 7**

### **CONCLUSION**

#### **7.1. Introduction**

Having presented the discussion of analysis of research findings earlier, this chapter provides managerial implication, limitations of the study, suggestion for future studies and at the end the conclusion. In the first part managerial implications of the study's findings are presented. Second section discussion of the limitations of the study and suggestions for future research are offered. Finally brief conclusion will be provided.

#### **7.2 Managerial Implications**

The recent global financial crisis increases demand of getting loans in households and businesses to finance their deficiency. The fact that we are living in a world dominated by technology and luxury is invincible which make everyone find a way to cover their needs and keeping up with modern and high-tech life.

“The demographic and economic characteristics of households affect their decision of using credit”.

Banking industry is going through adoption of automation and technology. It is important for bankers to constantly measure their service quality and measure customer satisfaction and loyalty to understand the customer's preferences preferably

sooner than competitors and plan good strategies to meet those preferences better than rivals (Kamakodi et al., 2008).

The findings have indicated that attitude, self-confidence, perceived trust and past experience have a positive affect on Turkish Cypriot's intention to purchase a loan. Based on these particular findings it is logical to suggest that TRNC banks would benefit if stimulating these four factors lead customers to purchase credit from them.

The matter of discussion here is bankers have not a control on all aspect of factors, which encourage getting a bank loan. For instance, bankers have no control on level of individual self-confidence when it is shaping the society and somehow the situation which individuals is coming from. But possibly they have many ways to influence the consumer attitude toward particular buying behavior or creating a positive experience. Past experience is a predictor of buying behavior for instance by creating a good experience during the time to pay off debt, flexibility or even evaluating participant's profiles before releasing the loan are an important factor.

To receive the trust of their customers and members of their community, bankers have to trust in return. In the days when bankers sat on boards or helped individuals with legal documents, bankers gave the best advice for the organization or customer, even where the advice did not benefit the bank directly. Indirectly, giving such advice would always enhance the trustworthiness of the bank and the banker. This capacity put aside one's interests for the other, even to see the world. From the eyes of the others it is at the core of trust. The capacity creates reciprocity. Trust begets trust. Showing trust for the customer plays the central role in rebuilding trust in the bank.

Bank customer trusts only if he or she believes that the banker is committed to fairness and would never do anything to damage one customer to help another or the bank. Customers also expect that bankers will share their practical wisdom with customers even if the customers do not follow it. Customers extend healthy trust toward their bank when they believe that bank puts their interests first.

With the global financial crisis, banks around the globe can focus more on the future, which means improving the customer experience. There are a few fundamental shifts evident in banks around the world as a result of the perfect storm of technology. First, a rapid shift towards customer-centric design which lowers the barrier to consumer adoption of products, services and channels. The second is the transformation of information into insight, which is enabling banks to deliver contextual services to customers. The third is value chain extension, where banks are moving beyond simple transactions to providing increasing consumer value. Each of these shifts is changing the revenue and cost dynamics of this industry and increasing the value proposition for customers.

The lack of trust in banks overall is a challenge for the sector and not easy to overcome. Thus, every bank can individually strive to increase trust in its own customer base. This is primarily driven by ethical behavior, i.e. transparency, perceived value for money etc. If banks deploy and apply new technologies in the right manner, they will provide convenience and features to their customers which will definitely add a lot of value to the relationship. Therefore, innovations won't be the source but can be means to increase trust levels by increasing customer satisfaction with the delivery of banking services.

Customer experience improvement requires dedicated focus and an ongoing commitment to achieving one's goal. Banker's objective should be to deliver 'outstanding, expectable and reliable service collaboration at bank-customer touch point. This necessitates full commitment with customers to understand their desires and to translate these understandings to improve their service delivery and eliminate customer failures. It also requires that bank employees have a common vision and understanding, and are motivated and engaged. Banks should manage and measure customer experience through assessing and analyzing customer feedback, covering the extent to which their needs were met, their perception of the quality of service and the level of engagement in the channels used. Thus, this feedback is used as a basis for customer experience improvement.

### **7.3 Limitations & Further Recommendations**

While the current study delivers approaches into influences that affect Turkish Cypriot customer's evaluation to obtain a credit from a bank . Additionally, there are certain noticeable restrictions. One of the major restrictions is that the findings of this study are founded on a small sample (280 Turkish Cypriot customers). Furthermore, the contributors of the questionnaire were individuals from the big cities of Cyprus. Thus, this sampling may lead to a potential influence in generating favoritism to our findings as individuals from bigger cities might have dissimilar opinions on taking out a credit parallel to individuals who live in country sides. Lastly, the investigators did not comprise all the thinkable issues that strength effect a customer's decision to select a specific bank.

The case of Turkish Cypriot customers' view about bank's credit entices the attention of both researchers and bankers who need to classify what the relationship

is between people and banks in the period of financial crisis. An upcoming study investigated the issues that touch Turkish Cypriot decision to choose their bank in TRNC. The researchers attempt to limit the existing restrictions by concentrating on a big illustrative sample from clients from all districts of North Cyprus and not just from main cities. Finally, scales that were established by borrowing items from different scales and employing some newly created statements have not been established using the traditional and more advanced scale development procedures. Although all items have face validity and are tested for consistency and convergent validity, the psychometric properties have not been carefully formed.

#### **7.4 Suggestions for Future Research**

Future research may examine the factors that affect Turkish Cypriot's attitude to choose their bank between local, national and foreign bank in North Cyprus. Secondly, research emphasizes on factors that influence the reliability of Turkish Cypriot acceptance of online banking. Thirdly, future research can launch new scales for these factors which is to say that scales can be designed and established. Finally, in future studies, examining the impact of mentioned factors together with other determinant factors in purchasing behavior (e.g., price and product importance, consumer personal characteristics, cultural differences, perceived alternatives) will develop the perceptive of the qualified importance of getting a bank loan.

#### **7.5 Conclusion**

The study confirms that attitude; self-confidence, perceived trust and past experience have significant impact on intention in getting a bank loan, which all the factors can be used as a predictor. Attitude toward loaning has positive relationship with intention to purchase a credit. In addition, self-confidence has positive effect on

intention to purchase a credit. Perceived Trust toward TRNC banking system positively affect taking out bank loan.

Past-Experience in loaning has positive relationship with intention to taking out bank loan. By challenging viewpoints of each one of them, new roads for creative future research in the area of taking out bank loan (in particular), and consumer behavior (in general) has been highlighted and can now be advanced.

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Ramnath K. Chellappa *Consumers' Trust in Electronic Commerce Transactions: The Role of Perceived Privacy and Perceived Security* Goizueta Business School, Emory University Atlanta, GA 30322-2710 ram@bus.emory.edu

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## **APPENDIX**

## Appendix:



### ANKET



Bu akademik çalışma, K.K.T.C. vatandaşlarının bankalardan kredi alma niyetlerini etkileyen faktörleri inceler. Anketi tamamlamak için zaman ayırmanız çok önemlidir ve katkınız takdir edilmektedir. Ankette vereceğiniz cevaplar isimsiz kalacak ve güvenli bir şekilde saklanacaktır. Bu sorularda, doğru ya da yanlış cevap yoktur; önemli olan sizin gerçek düşüncelerinizdir. Yardımlarınız için şimdiden teşekkür ederiz.

**Q1 :Lütfen aşağıda verilen durumlara ne ölçüde katıldığınızı veya katılmadığınızı belirtiniz.**

- a) Ben, K.K.T.C bankalarından aldığım kredinin durumumu kolaylaştırmasından ötürü memnunum.
- | Kesinlikle Katılmıyorum | Katılıyorum | Kisimen Katılmıyorum | Ne Katılıyorum Ne Katılmıyorum | Kisimen Katılıyorum | Katılıyorum | Kesinlikle Katılıyorum |
|-------------------------|-------------|----------------------|--------------------------------|---------------------|-------------|------------------------|
| 1                       | 2           | 3                    | 4                              | 5                   | 6           | 7                      |
- b) Ben, ihtiyaçlarımı finanse etmek için banka kredisi almaktan dolayı memnunum.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
- c) KKTC'deki kredilerin türleri ve özellikleri, benim ihtiyaçlarım ve isteklerim ile örtüşmektedir.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

**Q2:KKTC'deki kredilerin türleri ve özellikleri, benim ihtiyaçlarım ve isteklerim ile örtüşmektedir.**

- a) İleride banka kredisi kullanma olasılığım oldukça yüksektir.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
- b) Benim ileride banka kredisi kullanma ihtimalim oldukça yüksektir.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

**Q3:Lütfen aşağıda verilen durumlara ne ölçüde katıldığınızı veya katılmadığınızı belirtiniz.**

- a) Diğer insanlardan daha fazla öz güvene sahip olduğumu düşünüyorum.
- | Kesinlikle Katılmıyorum | Katılmıyorum | Kisimen Katılmıyorum | Ne Katılıyorum Ne Katılmıyorum | Kisimen Katılıyorum | Katılıyorum | Kesinlikle Katılıyorum |
|-------------------------|--------------|----------------------|--------------------------------|---------------------|-------------|------------------------|
| 1                       | 2            | 3                    | 4                              | 5                   | 6           | 7                      |
- b) Diğer insanlardan daha bağımsızım.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
- c) Birçok kişisel yeteneğim olduğumu düşünüyorum.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
- d) Lider olarak kabul edilmek hoşuma gidiyor.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
- e). Gerçek anlamda hiçbirseyde çok meziyetli değilim.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
- f) Etrafımdaki insanları birşeyler yapmaları için ikna edebilirim..
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

**Q4: Lütfen aşağıda verilen durumlara ne ölçüde katıldığınızı veya katılmadığınızı belirtiniz.**

	Kesinlikle Katılmıyorum	Katılmıyorum	Kismen Katılmıyorum	Ne Katılmıyorum	Kismen Katılıyorum	Katılıyorum	Kesinlikle Katılıyorum
a) Kuzey Kıbrıs'taki bankalarla yaptığım işlemlerin güvenli olduğuna inanıyorum.	1	2	3	4	5	6	7
b) Kuzey Kıbrıs'taki bankalarla yaptığım işlemlere itimat edebileceğime inanıyorum.	1	2	3	4	5	6	7
c) Kuzey Kıbrıs'taki bankalarla yaptığım işlemlerde birçok hatanın olabileceğine inanıyorum.	1	2	3	4	5	6	7
d) İşlemlerimde hata olması halinde banka beni acil olarak uyarır.	1	2	3	4	5	6	7
e) Bankamda yapacağım işlemlerin şeffaf olduğundan eminim.	1	2	3	4	5	6	7

**Q5: Lütfen aşağıda verilen durumlara ne ölçüde katıldığınızı veya katılmadığınızı belirtiniz.**

	Kesinlikle Katılmıyorum	Katılmıyorum	Kismen Katılmıyorum	Ne Katılmıyorum	Kismen Katılıyorum	Katılıyorum	Kesinlikle Katılıyorum
a) K.K.T.C bankalarından geçmişte aldığım kredilerden genellikle memnunum.	1	2	3	4	5	6	7
b) Geçmişte, K.K.T.C. bankalarından aldığım kredileri başarıyla tamamladım.	1	2	3	4	5	6	7

**Q6 Lütfen aşağıda verilen durumlara ne ölçüde katıldığınızı veya katılmadığınızı belirtiniz.**

	Kesinlikle Katılmıyorum	Katılmıyorum	Kismen Katılmıyorum	Ne Katılmıyorum	Kismen Katılıyorum	Katılıyorum	Kesinlikle Katılıyorum
a) Başkaları bana çok az yeni bilgi veriyor.	1	2	3	4	5	6	7
b) Etrafımdaki insanların düşüncesi, benim o ürünü satın almam ile ilgili tercihim etkiler.	1	2	3	4	5	6	7
c) Etrafımdaki insanlar benim dikkate almadığım bazı şeyler söyledi.	1	2	3	4	5	6	7
d) Etrafımdaki insanlar, diğer kaynaklardan farklı fikirler sundu.	1	2	3	4	5	6	7

**Q7. Lütfen aşağıdaki sizinle ilgili bilgileri doldurunuz.**

- a) Cinsiyetiniz: Erkek  1 Kadın  2  
b) Yaşınız: \_\_\_\_\_

c) Medeni Haliniz: Bekar  1  
Evli  2  
Boşanmış  3  
Diğer (Lütfen belirtiniz): \_\_\_\_\_

d) Mesleğiniz nedir? \_\_\_\_\_

e) Aldığınız en yüksek eğitim seviyeniz:

İlkokul	<input type="checkbox"/> 1
Ortaokul	<input type="checkbox"/> 2
Lise	<input type="checkbox"/> 3
Lisans	<input type="checkbox"/> 4
Yüksek Lisans	<input type="checkbox"/> 5
Doktora	<input type="checkbox"/> 6

Diğer (Lütfen belirtiniz): \_\_\_\_\_

f) Yıllık geliriniz (opsiyonel):

20.000 TL'ye kadar	<input type="checkbox"/> 1
20,001 - 40,000	<input type="checkbox"/> 2
40,001 - 60,000	<input type="checkbox"/> 3
60,001'den fazla	<input type="checkbox"/> 4

Thank you very much for your participation