

Chapter 23

Prioritization of Bank Selection Decision in Pandemic Process Using a Novel Decision–Making Model

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ABSTRACT

In Turkey, since March 2020, the pandemic process caused changes in the bank selection of consumers as it affected all other activities. Prioritization of bank selection criteria is a multi-criteria decision-making (MCDM) problem with conflicting criteria. In this study, the Pythagorean fuzzy analytic hierarchy process (PFAHP) is used to prioritize the selection criteria, it is aimed to provide more freedom for decision-makers in expressing their opinions. Not only quantitative criteria such as interest rate, ATM, and number of branches, but also the environmental and social impacts of the pandemic, the nine main criteria have been determined. As a result of interviews with different sectors, it was found that the loan interest rate is the most important criterion. The results were compared with different classical and fuzzy AHP methods, and it was found that the PFAHP method produced reliable and informative results that better represented the uncertainty of the decision-making process.

INTRODUCTION

With the global economic development and changes, there is a continuous increase in the number of banks and financial institutions. Increasing numbers of banks use different arguments to develop and improve customer relationships, increase their market share, and increase their turnover and profits. Thus, the target of banks emerges as being customer-oriented. Rationally minded customers saw bank-

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ing transactions as a service channel and aimed to choose the bank that provides the best and minimum cost service for financial transactions. Customers tend to choose between different banks by striking a balance between trust, product, service, cost and efficiency. Therefore, the bank selection decision and problem has become increasingly investigated due to the increase in competition between banks.

As in all areas of life, the purchasing behaviour of consumers has been affected by the epidemic. The number of people considered safe to gather in single and closed areas suddenly decreased, and restaurants, bars, movie theatres and gyms in many large cities were closed. Some places have even had to impose strict restrictions that do not allow people to go out unless necessary. Limiting works and shopping for everything but necessary is called a new normal. This has forced brands to adapt and be flexible to meet changing needs. Changing customer behaviour with the epidemic is also reflected in bank selection decisions.

Banks have recognized the importance of continuous improvement in order to satisfy their customers and meet their needs. Banks have had to take new bold steps to work in an environment of social, economic and environmental challenges. Therefore, determining the bank selection preferences of customers is vital for banks in order to improve and sustain customer relations in market conditions (Paltayian et al., 2012). In the light of this information, the purpose of this study is to determine and prioritize the bank selection preferences of customers under the Covid-19 pandemic. Bank selection preferences is a Multi Criteria Decision-Making (MCDM) problem that includes many different factors that must be evaluated under conflicting qualitative and quantitative criteria. At the same time, ethical decision making in the banking sector is a complex issue, which makes it difficult for any research project to identify all factors (Bayer, Gimpel, & Sarıkaya, 2019). While, some studies have shown that service delivery and cost are the most important determinants (Arora & Kaur, 2019), gender and education level factors are indicated the most important ones in bank selection (Nilam, 2020).

Although there are many MCDM methods in the literature, Pythagorean fuzzy set (PFS) theory has been integrated into the AHP method to overcome the uncertainties arising from the judgments of decision makers. AHP has the advantages of showing the decision problem in a hierarchical manner and integrating all judgments with structured connections (Gül, 2018). AHP is also one of the most objective methods in obtaining a mathematical way of measuring subjective data (Ismail, 2019). PFS, on the other hand, gives decision makers more flexibility in the evaluation phase (Ozdemir & Gül, 2019). In this context, the bank choices of the customers were analyzed by including the Covid-19 effect in the period from April 2020 to September 2020. The reasons for preference in the pandemic process have been investigated and listed. Understanding customers' bank selection criteria helps banks determine the appropriate marketing strategies required to attract new customers and retain existing customers.

The COVID-19 pandemic, one of the most serious challenges for financial institutions, has prompted banks to seek different ways to reposition themselves. Banks which try to adapt to remote work on the one hand and keep their branches open on the other hand under the social distance rule due to supervision and legal obligation try to manage customer expectations. In this challenging process, understand of customer expectations and investigate their preferences can be regarded as a high complexity problem due to the complexity of the pandemic conditions. In the literature, although there are various studies on bank preference, only a few studies have been conducted on MCDM methods during the Covid-19 pandemic period. Therefore, the most important purpose of this section is to evaluate the bank selection preferences of customers during the Covid-19 pandemic period. Accordingly, a new decision-making model is proposed in the present study. To narrow and fill the gaps, the value and contributions of the study can be summarized as follows:

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