

## **Factors Influence to Select a Bank for Financing by Small and Medium Scale Enterprises: Evidence from North Central Province**

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Small and Medium Scale Enterprises have been recognized as a strategically important sector which contributes in generating high economic growth, employment opportunities and regional development in Sri Lanka. Meanwhile the ability of accessing financial resources has been identified as a dominant constraint and it influences on survival of Small and Medium Scale Enterprises. Therefore, main objective of current study is to develop a model to analyze factors influence to select a bank for financing and investigate whether identified factors significantly influence on selecting decision in Sri Lankan context. Through a sound literature review; Quality of the service, Availability of credit, Bank attributes, Staff attributes and Rules and regulations have been considered as independent variables while a decision to select a bank treated as dependent variable. Self-administrated questionnaire based on five point Likert scale was used and it was able to collect data from 65 owners of SMEs in North Central Province according to the purposive sampling method. Multiple Regression Analysis was applied as main statistical tool to test hypothesis of the study. R-Square value was 51.4% which implies a good level of explanatory power of independent variables on dependent variable. The findings reveals that availability of credit, bank attributes and rules and regulations are significantly influence while staff attributes and quality of the service are not significant determinants on selecting a bank. Therefore it can be concluded that the determinants of availability of credit, bank attributes and rules and regulations should be highly considered to improve accessibility to financial resources for Small and Medium Scale Enterprises.

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