

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF BANKING AND FINANCE PROGRAMME**

**BUYING DECISION ON CONSTRUCTION LOAN OF
CONSTRUCTION, HOUSING AND INFRASTRUCTURE
DEVELOPMENT BANK (CHID BANK)**

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ABSTRACT

The aim of the study is to analyze the factors influencing on buying decision towards Construction Loan of CHID Bank. In this study, both primary and secondary data are collected. Primary data is collected through by interviewing with responsible persons and customer survey collected by using structured questionnaires to 82 customers who borrowed construction loan in CHID Bank from the period of 2016 to 2018. Secondary data is also collected from CHID Bank, Websites, Libraries, previous research and other related websites. By using Likert Scale, Socio-cultural, corporate image and product, price, place, promotion (marketing activities 4Ps) were developed for analysis on influencing factors towards buying decision for construction loan of CHID Bank. The survey found that product and price of construction loan are mainly influence on buying decision towards construction loan of CHID Bank. By analyzing the decision making of the customer, it was found that the dominant reason for choosing the bank is mainly construction loan provided by CHID Bank is very helpful and also CHID Bank is a Semi-Government Bank.

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CHAPTER 1

INTRODUCTION

Banking sector is now playing an important role in maintaining a healthy financial system and economics for the country. The economics and business environment is gradually changing and getting more competitive against other banks to compete for customers. Bank is a financial institution which performs accepting deposits, paying interest, clearing cheque, making loans, acting as an intermediary in financial transactions and providing other financial services.

One of the main functions of a bank is transferring funds from depositors to borrowers who need financing to extend their business. As intermediaries between depositors and borrowers, it contributes to the economic growth by offering various products and services. Banks offer many services but most of them are related to loan servicing. One of the financial services that contribute greatly to bank revenues is lending. Loans that banks lend out acts as financial solutions for their customers, and in return, the customers have the responsibility to pay principals and interests. In terms of creditworthy customers, who are capable of re-paying their debts, banks will be profitable. Banks generate profit through interest from loans by charging higher rates than the cost of paying interest to depositors.

Banks are the principal source of credit (loanable funds) for individuals, households, business firms and for many units of governments. Worldwide, banks grant more installment loans to consumers (individuals and families) than any other financial service providers. Banks are among the important sources of short-term working capital for businesses and have become increasingly active in recent years in making long-term business loans to fund the purchase of new plant and equipment.

In Myanmar, banking sector is playing an important role to the economic development and well-functioning system can support for the economy of the country. As the banks are opening and increasing in Myanmar, banks are trying to offer new product and service and to fulfill the needs of consumers. The characteristics of a bank can influence on customers' choice. To deal with banks, customers make decisions to meet for their needs and expectations. The consumer selection criteria when selecting a bank has become more important, many banks has made that identifying this factors an essential move in their effort in attracting new potential customer and maintaining the existing ones.

Consumers change their buying decisions because of the influence of various factors such as psychological factors, personal factors, cultural factors, social factors, the influence of family members, economic factors and social media, etc. This study intend to focus on how customers make buying decision among the banks and to find out the influencing factors for buying decision on the bank.

1.1 Rationale of the Study

A bank is any business offering deposits subject to withdrawal on demand and making loans of a commercial or business nature. Bankers face challenges from all sides today as they reach out to their financial-service customers. Banks are only one part of a vast financial system of markets and institutions that circles the globe. The primary purpose of this changing financial system is to encourage individuals and institutions to save and transfer those savings to those individuals and institutions planning to invest in new projects and needing credit to do so. This process of encouraging savings and transforming savings into investment spending causes the economy to grow, new jobs to be created, and living standards to rise.

Globalization and government regulation has made the banking industry to become more challenging and competitive. To face these challenges, banks try to adopt consolidation in order to offer more wide range of products and services. With the growing market and high consumer demand, the competitive between banks have become more intensified. Growing competitive and similarity of services offered by banks has made it increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services.

Financial products and services require more understanding of consumers. It also needs to develop conceptual framework together with service marketing to deal with individual consumer. Parasuraman's, A., Zeithaml, V.A. and Berry, L.L. (1985) says that it's very difficult for a consumer to choose financial products and supplier because of the intangibility of product, and supplier reputation.

Major Banks and financial institutions have realized the importance of consumer psychology toward financial products which influence the final decision. The financial services are not a one-time purchase but there are several two-way transactions for long time. These services need the trust, confidence and mutual rapport of the consumer in the financial institutions.

Now, there are 24 private banks in Myanmar. Among them, this paper only focus on the customers of Construction, Housing and Infrastructure Development Bank (CHID Bank). Private commercial banks try to attract the customers by offering products and services with different options and they launch the new products such as home loan, education loan. CHID Bank offers accepting deposits, making loans, providing trade financing, ATM service and other financial services. Especially, loan services of CHID bank are slightly different with other banks. CHID Bank offers Construction Loan to provide construction project (Developer), construction individual (Land owner) and compound building (Contractor / Land owner) for facilitating the socio-economic life and upgrading the quality of living of the citizens by developing urban and housing sector to meeting international standards and offering modernity and pleasantness.

As banking environment is more competitive, the choice of customer to use the bank services is the important for the banks. There are many factors affecting on customer selections in banking product and services. Some of the factors – service quality, time taken to process and the loan policy that affect customer decision making and satisfaction. Bankers will know more about customer perspective and factors because customers may switch to others bank. When the bank knows about the understanding of customer behavior well, it will help the bank in their management planning and enhance the customers by attracting customers from its competitors and overcome the problem of customers switching to other banks.

Private commercial banks are trying to fulfill customers' needs, to get more customers' satisfaction and to protect the customers switching to other banks. In order to that, CHID Bank need to know how customers select the banks to meet up their needs and expectations and to find out the factors influencing on consumer's choice on the selection to banks. Therefore, this is the major reason of choosing the CHID Bank.

1.2 Objectives of the Study

The main objectives of the study are as follows:

- (1) To identify the construction loan practices of Construction, Housing and Infrastructure Development Bank (CHID Bank)
- (2) To analyze the influencing factors on buying decision towards construction loan of CHID Bank.

1.3 Scope and Method of the Study

The scope of this study is confined to mainly the influencing factors on buying decision on construction loan of CHID Bank. This study highlights on CHID Bank in Yangon. This study focus on the factors that influence on buying decision of socio-cultural, corporate image and marketing activities (product, price, place and promotion).

In this study, the descriptive research method is used and the sampling technique is the simple random sampling method. The method of study is based on both primary and secondary data. The primary data is collected through by interviewing with responsible persons and customer survey collected by using structured questionnaires which were distributed to the 82 construction loan customers who borrowed from the period of 2016 to 2018 of CHID Bank in Yangon. The secondary data is obtained from previous data of CHID Bank, CHID Bank Annual Reports, Bank Websites, published papers, relevant text books, relevant research papers and other related websites.

1.4 Organization of the Study

There are five chapters in this study. Chapter (1) is Introduction which include rationale of the study, objectives of the study, method of the study and organization of the study. Chapter (2) describes theoretical frameworks concerned with consumer behavior, factors influencing on decision making. Chapter (3) represents the background profile and loan services provided by CHID Bank. Chapter (4) consists the data analysis on the factors influencing on buying decision on construction loan of CHID Bank. Finally, Chapter (5) describes the conclusion of the study which include findings, recommendations and needs for future research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter presents definition of consumer behavior, conceptual framework of the study, factors affecting consumers' buying decision, consumer decision making process and previous research of customers' selection on the bank.

2.1 Definition of Consumer Behavior

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions. According to Louden and Bitta, 'consumer behavior is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services'.

Consumer behavior is an inter-disciplinary social science that blends elements from psychology, sociology, marketing and economics, especially behavioral economics. It examines how emotions, attitudes and preferences affect buying behavior. Characteristics of individual consumers such as demographics, personality lifestyles and behavioral variables such as usage rates, usage occasion, loyalty, brand advocacy, willingness to provide referrals, in an attempt to understand people's wants and consumption are all investigated in formal studies of consumer behavior. The study of consumer behavior also investigates the influences, on the consumer, from groups such as family, friends, sports, reference groups, and society in general.

The study of consumer behavior is concerned with all aspects of buying behavior - from pre-purchase activities through to post-purchase consumption, evaluation and disposal activities. It is also concerned with all persons involved, either directly or indirectly, in buying decisions and consumption activities including brand-influencers and opinion leaders.

Consumer behavior is a systematic process relating to buying decisions of the customers. The buying process consists of the following steps:

- Need identification to buy the product
- Information search relating to the product
- Evaluating the alternative
- Purchase decision

- Post purchase evaluation

Consumer behavior is influenced by a number of factors that influence consumers include marketing, personal, psychological, situational, social and cultural etc. All consumers do not behave in the same manner. Different consumers behave differently. The different in consumer behavior is due to individual factors such as nature of the consumer's lifestyle, culture etc. Consumer behavior is different for different products there are some consumers who may buy more quantity of certain items and very low quantity of some other items. The consumer behavior also vary across States, regions and countries. For instance, the behavior of urban consumers is different from that of rural consumers, normally rural consumers are conservative (traditional) in their buying behavior.

Marketers need to have a good knowledge of consumer behavior and they need to study the various factors that influence consumer behavior of the target customers. The knowledge of consumer behavior enables marketers to make appropriate marketing decisions.

Consumer behavior studies individuals, groups or organizations when they select, purchase, use and dispose products, ideas, services or experiences. Consumers seek items to meet and satisfy their basic needs and desires. Consumer behavior is much more than studying what consumers buy. It attempts to understand how the decision-making process goes and how it affects consumers' buying behavior. (Solomon 2004).

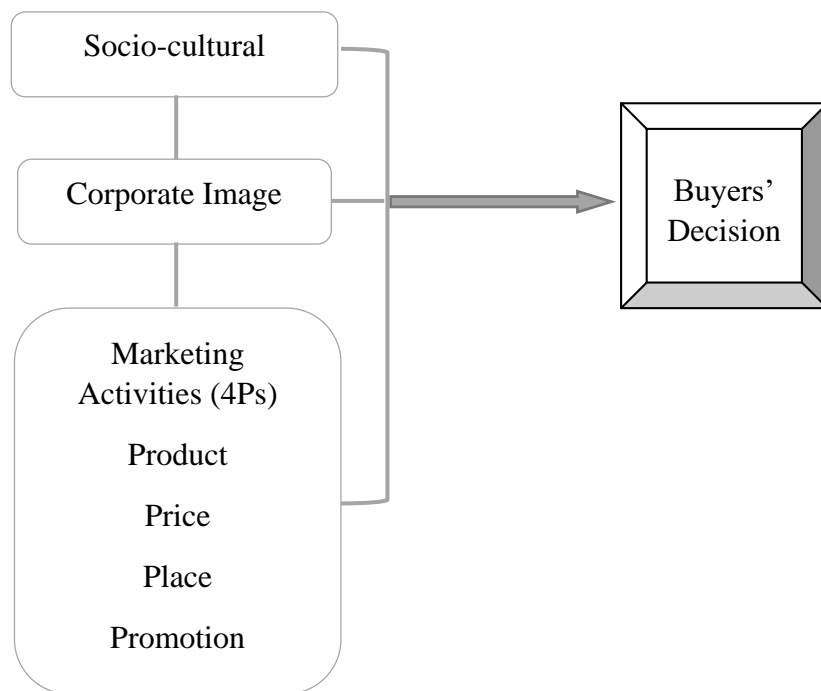
Marketers study consumers buying patterns to solve where they buy, what they buy and why they buy. However, why consumers buy a specific product is not easy to solve because the answer is locked deep within the consumers' mind. (Kardes et al. 2011, Kotler & Armstrong 2010).

Generally, consumers can be categorized into individual and organizational consumers. Individual consumers try to satisfy their own needs and wants by buying for themselves or satisfy the need of others by buying for them. These individual consumers may come from different backgrounds, ages and life stages. (Kardes et al. 2011).

2.2 Conceptual Framework of the Study

This study provides a detailed information resource covering all the key data points on factors influencing the customers' buying decisions on construction loan of CHID Bank. The factors are categorized into socio-cultural, corporate image and marketing activities (4Ps) in choosing construction loan of CHID Bank. The factors that are believed to affect the customers' buying decisions in CHID Bank are primarily developed from a variety of reasons. The conceptual framework was developed from the literature review on consumer behavior, consumer buying decision, customer preferences and marketing mix. The conceptual framework shows that factors influencing on the customers' buying decision. The conceptual framework of the study is presented in Figure (2.1).

Figure (2.1) Conceptual Framework of the Study



Source: Own Compilation

2.3 Factors' Affecting Consumers' Buying Decision

Consumer behavior is quite subjective as a consumer decision-making process is affected by number of factors. A consumer's buying behavior is influenced by external factors (cultural and social) and internal factors (personal and psychological). Consumer behavior is a part of human behavior and by studying previous buying behavior, marketers can estimate how consumers might behave in the future when making purchasing decisions. (Kotler & Armstrong 2010). The following chapters focus on the socio-cultural, corporate image and marketing activities in choosing the bank.

2.3.1 Socio-Cultural Influences

At the time of purchasing a product or service, all of us are confronted with several external influences that involve our own culture, subculture, household structure and groups. External influences are also known as socio-cultural influences, as these grow from the individuals formal and informal relationships with his friends, family and other individuals. Understanding of these external influences is essential to affect consumers purchasing decisions.

Cultural Factors

Culture, subculture, and social class are particularly important influences on consumer buying behavior.

Culture

Culture is the fundamental determinant of a person's wants and behavior. An individual's values, attitudes, beliefs and opinions are shaped with his culture. This in turn also form people attitude towards purchasing specific products or services. Culture of an individual also gratifies his several emotional needs and due to this they try to protect their cultural values and beliefs (Singh, 2006). This culture protection is reflected in individuals' behavior as consumers. This could also be understood with an example of McDonald that served Indian consumers in a way it used to serve American consumers. This act of the company made a negative effect on Indian consumer due to their specific vegetarian culture values (Kotler, 2002). Culture can develop a consumer need and as well as can also affect the gratification of that need.

Subcultures

Each culture consists of smaller **subcultures** that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, racial groups, and geographic regions. Many subcultures make up important market segments, and marketers in the banking industry need to design products and marketing programs tailored to their needs (Kotler, 2006). When subcultures grow large and affluent enough, companies often design specialized marketing programs to serve them. (Kotler & Keller, 2012)

Social classes

Social classes are defined by combination of wealth, education, occupation and monthly income. Moreover different social classes usually have the same preferences for consuming and selecting products and brands, (Kotler & Armstrong 2013). One classic depiction of social classes in the United States defined seven ascending levels: (1) lower lowers, (2) upper lowers, (3) working class, (4) middle class, (5) upper middles, (6) lower uppers, and (7) upper uppers. Social class members show distinct product and brand preferences in many areas, including clothing, home furnishings, leisure activities, and automobiles. They also differ in media preferences; upper-class consumers often prefer magazines and books, and lower-class consumers often prefer television. Even within a category such as TV, upper-class consumers may show greater preference for news and drama, whereas lower-class consumers may lean toward reality shows and sports. There are also language differences—advertising copy and dialogue must ring true to the targeted social class. (Kotler & Keller, 2012)

Social Factors

Social factors affect consumer behavior significantly. Every individual has someone around influencing their buying decisions. The important social factors are: reference groups, family, and role and status. (Perreau, 2014).

Reference Groups

A person's **reference groups** are all the groups that have a direct (face-to-face) or indirect influence on their attitudes or behavior. Groups having a direct influence are called membership groups. Some of these are primary groups with whom the person interacts fairly continuously and informally, such as family, friends, neighbors, and coworkers. People also belong to secondary groups, such as religious, professional, and

trade-union groups, which tend to be more formal and require less continuous interaction. (Kotler & Keller, 2012)

The reference group influences the self-image of consumers and consumers' behavior. The reference group provides some points of comparison to consumers about their behavior, lifestyle or habits. Usually there are many smaller reference groups, which are formed by family, close friends, neighbors, work group or other people that consumers associate with. (Kotler & Armstrong, 2010).

Where reference group influence is strong, marketers must determine how to reach and influence the group's opinion leaders. An opinion leader is the person who offers informal advice or information about a specific product or product category, such as which of several brands is best or how a particular product may be used. Opinion leaders are often highly confident, socially active, and frequent users of the category. Marketers try to reach them by identifying their demographic and psychographic characteristics, identifying the media they read, and directing messages to them. (Kotler & Keller, 2012).

Family

Family members can influence individual consumers' buying behavior. A family forms the environment for an individual to acquire values, develop and shape personality. This environment offers the possibility to develop attitudes and opinions towards several subjects such as social relations, society and politics. A family creates first perceptions about brands or products and consumer habits. (Kotler & Armstrong 2010). For example, the consumers who have created brand perceptions when they were young, can carry out these same brand selections in the adult life without even recognizing that their family influenced these selections.

Role and Status

Individuals play many different roles in their lives. The person's role may be different in different groups. A person belongs to many groups, family, clubs, and organizations. The person's position in each group can be defined in terms of both role and status. Social status reflects the position that individuals have in social groups based on such things as money and wealth, education or occupation. In many societies status is important and people want the admiration of others. Social status can be acquired by being successful in life or being born into money. Product and brand selection often reflects the social role and status. A Role consists of the activities people are expected

to perform according to the persons around them. Each role carries a status. For instance, a district commissioner has more status than a sales office supervisor, an office supervisor has more status than a clerk and a clerk has more status than an office assistant. People chose product that communicate their role and status in society. (Kotler & Keller, 2012).

2.3.2 Corporate Image

Corporate image is usually understood “the image an audience has of an organization through the accumulation of received messages” (Fombrun, 1996). This concept is associated with the global brand equity’s components of Keller (1993) and also supported by other scholars. According to Kazoleas et al (2001), Hatch et al (2003), Lemmink et al. (2003), Souiden et al. (2006), Bravo et al (2009), France et al (2015), Johnson et al (2015), de Leaniz et al (2016), corporate image is the result of a communication process in which the firm creates and transmits an identity that reflects the values and essence of the brand. Moreover, company cannot act directly on their corporate image, but they are able to change their associations by communicating with customers in an attractive and unique identity (Karaosmanoglu et al, 2006). Thus, corporate image can be interpreted in a way that the company has to communicate with customers using its identity.

Banks have different characteristics compared to other commercial or trading companies because banks are financial intermediaries. Bank performance depends on trust and credibility of its customers. Its brand is different from brands of other companies providing non-bank products or services. Its brand image focuses on the overall assessment of customers to the bank, rather than an assessment of one or several products and services. The overall brand image is contributed by many factors related to the bank’s structure and operations, reputation and personnel, building and developing its brand.

According to Hardwick (1997), the weakness of financial brands mainly stems from the high intangibility of the services they provide. It is the fact that consumers decide to purchase products not only depending on the product quality, but also the services and intangible benefits added to these products. The relevance of branding increases with offer’s intangibility (Brady et al., 2005). Since, the value of brand image is difficult to assess and its influence on customer behavior, especially customer’s intention to choose the bank to deal with needs to study thoroughly.

The bank's services are fairly common, standardized and most of the banks have the ability to imitate products and services of each other. Therefore, the brand plays an important role in attracting customers to the bank. The bank has to build its different, unique brand and place its brand positioning in the minds of consumers. Besides, O'Loughlin (2005) found that the bank has to face a lot of difficulties in highly competitive markets and the product and service characteristics that can be easily imitated in many cases. Strong corporate associations can positively affect customers' perception about the brand differentiation (Chen, 2006). The difference is the central element in building a brand. Strong brand image is the different, unique brand, reflected in mind and the perception of the customer.

The experimental studies on bank image shows that the elements created visual impression of bank image are different and change over time due to changing in banking technology and services. Grönroos (1998) suggested that the reputation and credibility are the two main components measured the bank image. Pina (2009) identifies the six components constituting the bank image, including services offered, service accessibility, global impression, corporate social responsibility, location and personnel. Most of studies on bank image analyzed the variables related to the types of services provided by the bank, service accessibility, branch appearance, personnel and the bank's reputation (Heerden, 1995; LeBlanc, 1996).

2.3.3 Marketing Activities

Marketing is about identifying and meeting human and social needs. Marketing refers to the activities of a company associated with buying and selling a product or service by advertising, selling and delivering to people. Marketing is everything a company does to gain customers and maintain relationships with them. The goal of marketing is to match a company's products or services to the people who need and want them to ensure profitability. The marketing concept is the strategy that the company implements to satisfy customer needs, increase sales, maximize profit and beat the competition.

The marketing mix allows companies to influence the demand for its product (Kotler et al., 2008). Most banks are offering similar products, therefore it is especially important for them to differentiate themselves from competitors to be able to maintain their share in the market (Grzywacz, 2006). Banking industry fully uses marketing for their benefit (Rullis & Sloka, 2010). By skillful composing the elements of the

marketing mix, a bank can communicate with consumers and build strong ties with them (Grzywacz, 2006).

Marketing is often the key activity in the management, because marketing is a tool that is turned to customers and their needs (Kotler et al., 2008). It is not enough to attract the customers once (Jobber & Fahy, 2009). The organization should build up a relationship with the customers to make them revisit the company even if the market and their needs will change.

Marketing activities are direct attempt to reach, inform and persuade customers to buy and use its products or services. Marketing mix is the set of tactical marketing tool used in the marketing to know a desired response from target market. Generally, marketing decision fall into the four controllable categories – Product, Price, Place (Distribution) and Promotion.

Product

Product can be defined as the sum of all physical and psychological satisfactions that a consumer receives as a consequence of the buying and using process (Albaum & Duerr, 2008). It is the entirety of goods and services that a company offers to the market (Kotler et al., 2008). In relation to banking, product is any service offered by the bank, regardless of whether it is offered for a fee or free of charge (Lipowski, 2003).

The product is the core of marketing mix (Mühlbacher, Dahringer & Leihs, 2006). If the product is not able to meet the consumers need, the other elements of marketing mix cannot help to build a competitive position on the market (Ferrel & Hartline, 2002). Marketing decisions regarding product include the issues of variety, quality, design, features, brand, packaging, services and warranties (Kotler et al., 2008).

Variety refers to the decisions about the assortment which a company offers its customers (Kotler et al., 2008). This concerns both the width and the depth of assortment (Lipowski, 2003). The decision depends not only on the strategy and objectives of a bank. Governmental politics can also have an impact here (Grzywacz, 2006). Grzywacz (2006) give an example: when the central bank emits treasury securities in order to reduce the budget deficit, commercial banks reduce the scope of their credit activities.

Quality is something that “begins with customer needs, goes beyond customer satisfaction and ends with customer retention” (Kotler et al., 2008). Quality is the sum of the product characteristics which decides about its capacity to meet the expressed or

expected needs of the consumer (Szczepańska, 2009). Since banking is a sector in which the competitors offer very similar products, banking product quality becomes the basis for competitive advantage (Lipowski, 2003).

Services are activities that broaden the actual product. It might be through delivery, installation, advice, technical information, training in product use etc. (Kotler et al., 2008). In relation to banking, the aim here is the consultation and advisory services from which consumers can take advantage when buying a bank product (Grzegorzczuk, 1997). Service quality of bank is the most significant factors that will affect decision to choose a bank by customers. When the speed of transaction is less effective than others bank will influence customers switching to others bank.

A product is composed of three levels: core product, actual product and augmented product (Kotler et al., 2008). Core product is the core benefit or service that a consumer gets (Kotler et al., 2008). According to banking it can be providing funds to clients; satisfying the need of save and rational management of customers' free funds; and speeding up and improving the current financing decisions taken by the customers (Grzegorzczuk, 2004). Actual product is made with packaging, quality, brand name, features and styling (Kotler et al., 2008). When considering in banking, it includes concrete conditions for specific banking product (i.e. the type of loan, its amount, interest rate, the security and procedures for submission of application (Grzegorzczuk, 2004). The augmented product can consist of installation, after sale service, warranty, delivery and credits (Kotler et al., 2008). In relation to the banking it is, efficiency and quality of the service; availability of customer service; the quality of information obtained in the bank and bank's image (Grzegorzczuk, 2004).

Price

Price is the sum of values that consumers exchange for or using a product or service (Kotler et al., 2008). In banking, the price is defined as part of the client's resources, expressed in monetary terms, from which the client is willing resign in exchange for the potential benefit offered by this product (Mazurkiewicz, 2002).

The price of the banking products consist of multiple components (Grzywacz, 2006). Price in banking includes interest rate, commissions and fees. Decision about price should cover not only the values of the prices but also issues such like discounts, allowances, payment period or credit terms (Kotler et al., 2008). According to banking

products, a marketer needs to count in the product's conditions such as loan term, the method of calculating interest, costs of security, the conditions for early repayment of loans or the consequences of the resignation from the product (Grzegorzczuk, 2004; Grzywacz, 2006).

From customer perspective, the price in banking is of great importance (Grzywacz, 2006). Despite the role of generating revenues, price also is very important in creating the customers value and building customer relationship (Kotler et al., 2008). Most customers treat prices as one of the most important criteria when choosing a bank (Grzywacz, 2006). It is important to point out that prices are only accepted by customers in the specified level. Prices set at a much lower or much higher level may discourage customers (Grzegorzczuk, 1997).

Price of financial institution products and services serve from a customer's perspective that it must be sacrificed to obtain the banks products or services (Zeithaml, 1998). Banks charges fees for the services and apply interest charges on loan, as well as paying interest on certain accounts which creates a wider meaning for pricing in the banking industry. (Gerrad and Cunningham, 2004). Customers would usually demand to have the best product and services at the lowest price from the banks. They would compare prices, cost or benefits from the banks that offers the similar products and services and select the bank that they perceive and provides the highest benefits to them with the lowest cost given for their preference. The price of products and service is to be an important factor on choosing the bank, as customers expect and willing to pay the price for the better product and services quality for it.

Place

Place in marketing mix means the place and form of providing product to the consumers (Grzywacz, 2006). It includes the activities that a company undertakes to make the product available to target market (Kotler et al., 2008). The place strategy consists of two main components: distribution channels and the means of physical distribution (Mühlbacher et al., 2006).

Place or channel distribution is how the product will be provided to the customer. Place consists of the set of people and firms to transfer products or services from producer to consumer. Distribution is a key element of placement. The choice of distribution method will depend on a variety of circumstances.

The choice of distribution channel are affected primarily by customer segment, to which certain products of the bank are offered; the product, its features and price; competitors' system of distribution; and financial and human resources of the bank (Gregorczyk, 1997). Decision about channels should concern not only the proximity of a bank branch but also the ability to communicate with the bank (Grzywacz, 2006). Access to banking products is increasing through the use of multi-tasking cash machines, Internet, home banking and phone banking.

Convenience is one of the factors that will impact the decision of choosing a bank by customers (Hinson, Osarenkhoe and Okoe, 2013). Some researchers claim that convenience have significant relationship with the result of customers choosing a bank (Metawa & Almosawi, 1998). When the location of a bank is nearby with customers home or working place, the customers will more prefer have transaction with a bank. However some researchers found that there are insignificant relationship between convenience and decision of choosing a bank by customers (Ta & Har, 2000). When the location of a bank is nearby with customers home or working place will not influence the decision of a customer choosing a bank. In addition, dealing with the bank is not complex, the bank's services are easy to use and information is clear to understand are also the important factors to choose the bank.

Promotion

Promotion is used as communication tool to attract target customer and to provide information about the product. Advertising, sales promotions, special offers, public relations, direct marketing, and new product and service can influence what consumers think about the product, what emotions they experience in buying and using them, and what behaviors they perform. Promotion is the business of communicating with customers. It will provide information that will assist them in making a decision to purchase a product or service. Moreover, marketing communication plays a critical role to inform consumers about the products and services to create the favorable images and perceptions.

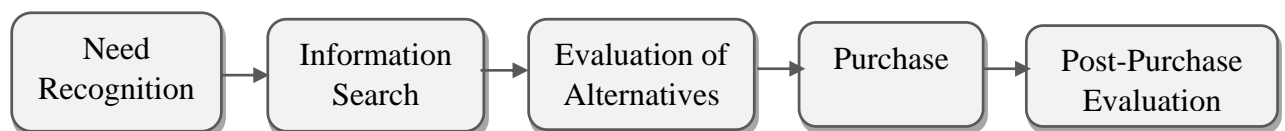
Bank's promotion activities can be divided into two groups, depending on their objectives (Grzywacz, 2006). First, it is to promote banking services and to make customers aware of the bank's presence in the market and through this persuade consumers to buy its products.

Customers will consider some common things when select a bank such as bank's reputation, transaction security and financial performance whether is stable or not, so that these factors will be used as marketing tool. According to Zineldin (1996), one of the factors can explain the result of decision choosing a banking customer is reputation of bank. Customers will consider a bank reputation before deciding because customers worried whether the security of a bank whether the bank stable or not. The bank which is more secured will have advantage compare to a bank that is not secure. When a bank security is secured, it will gain the confidence and trust from the customers. Other than that, customer would promote a bank through the satisfaction and positive relationship with the bank and spread the attention towards others. When there are good image and feedback from public, it will improve the decision and confident for the customer to select a bank.

2.4 Consumer Decision Making Process

A consumer's decision-making process includes five stages that the consumer goes through before the actual purchase. During these stages the consumer recognizes the need, gathers information, evaluates alternatives and makes the purchase decision. After the actual purchase comes post purchase behavior where the consumer evaluates the received satisfaction level. (Kotler & Armstrong 2010). Kotler and Armstrong (2010) suggest that the consumer can skip a few stages during a routine purchase. However, when a consumer faces a new and complex purchase situation, all of these five stages that are shown in Figure 2.2, need to be used to complete the buying process.

Figure (2.2) - Consumer Decision Making Process



Source: Kotler and Keller, Marketing Management, 12th edition.

Need Recognition

A decision-making process starts with the need recognition. There are a few types of classifications of need recognition. One type is where the buyer recognizes a need or problem that can be triggered by internal or external stimuli. Internal stimuli are a human's basic needs, for example hunger that makes stomach grumble and gets

the consumer buy a hamburger. External stimuli can be an advertisement that can get you to thinking about buying a new car. (Kotler & Armstrong 2010). At this stage, the consumer often sees a significant difference between the current state and desired state. The need recognition process can occur naturally but often marketers can set it in motion. Marketers are trying to create demand where consumers are encouraged to use a product regardless of the brand they choose. Marketers will try to convince consumers to choose their brand instead of others (Solomon 2004). Another classification type of need recognition includes:

1. Functional need: The need is related to a functional problem. The consumer buys a washing machine to avoid doing laundry by hands.
2. Social need: The need comes when a consumer wants social recognition or desires belongingness. The consumer can purchase luxury items to look good in front of others.
3. Need for change: When the consumer feels need to change, this can result in the purchase of new clothes to change current appearance.

Information Search

At the second stage of the decision-making process, the consumer engages with information search. Sometimes consumers can choose products without any information and other times information need to be searched carefully for identifying all alternatives (Solomon 2004). The consumer can get information from multiple sources by talking with friends or family, reading magazines or using the Internet search or handling the product. The amount of the searching will mostly depend on your drive, obtaining of the information and satisfaction got from the search. Nowadays consumers get a huge amount of information from commercial sources that are controlled by marketers. The most effective sources tend to be personal such as family or friends. Consumers can obtain information and increase awareness towards available brands. This information helps consumers to choose some brands when making the final selection of the brand (Kotler & Armstrong 2010).

Evaluation of Alternatives

After information is gathered, the consumer will be able to evaluate the different alternatives. The evaluation of alternatives will vary among customers and purchases. (Wright, 2006). In some cases, customers make little or no evaluation and make their

buying decision based on impulse and intuition. In cases where little or no evaluation of alternatives is used can be originated by a habitual decision process. On the other hand, the consumers who are engaged to an extended problem solving process may carefully evaluate among several brands. The alternatives that are actively considered during the selection process are known as consumers' evoked set. This evoked set consists of products or brands that are already in the consumer's memory plus important ones in retail environment. Even if a consumer ponders among many alternatives, the evoked set usually includes only a small number of alternatives. These alternatives share few similar features with each other. (Solomon, 2004).

Purchase

At this stage, the consumer has evaluated alternatives and is ready to proceed to the actual purchase itself. Typically, the consumer's purchase decision is to buy the most preferred brand. There are factors that can affect the consumer's buying decision such as the attitudes of others or beliefs about the brand created by marketers (Kotler & Armstrong 2010). Sometimes to simplify purchasing decisions, consumers can make mental shortcuts that can lead to hasty decisions. Particularly when limited problem solving occurs before making a choice. These kinds of shortcuts can range from universal thoughts like "higher price products are higher quality" or "buy the same brand than last time" to specific "buy the same brand that my mother used to buy". These shortcuts can turn out to be unfavorable to the consumer. (Solomon, 2004).

Post-Purchase Behavior

The last stage of the buying process is post purchase behavior. After the consumer has purchased the product, the consumer will evaluate the satisfaction level. If the consumer feels disappointment, expectations towards the product have not been met. (Khan, 2006). If the product meets expectations, the consumer will be satisfied and willing to spend more on this specific brand in the future. Furthermore, consumers' high level of satisfaction can be translate into brand loyalty. This usually happens when consumers' expectations have been exceeded.

2.5 Previous Research of Customers' Selection on the Bank

Financial industries, especially banks, are becoming highly competitive day by day due to service differentiation, easiness of service availability, culture based products offering and technology used in service delivery. Customers are selecting banks considering various features of the service proposition. To attract customers, banks are facing challenges more than ever. However, it is crucial to know what selection criteria customers are adopting in selecting banks. Such selection criteria of the customers open an area of research on bank selection criteria of customers.

Decision making of a customer on choosing the bank is influenced by products, delivery channels, customer relations, service quality and reputation of the bank. Most important factors, which have a considerable impact on the selection of the bank are services speed; friendly environment and accuracy in account transaction management but price, location of the bank and convenience have no less impact on the selection of the bank services. Availability of ATM, speed of processes and loyalty with customers are the major factors, which are affecting the choice on services of the bank. Involvement varies from customer to customer, product-having importance for one may not be equally important for the other customer. Products and services of the banks may be different. Customers compare the total features of this products and services with other banks. Moreover, quality of the services, convenient in terms of location, benefits on deposits like high interest rate, low cost of loan and self-banking are the important factors and have the significant influence in the selection of the bank. Financial organization assortment criteria significance changes among diverse geographical areas, and demographic distinctiveness of the population and so research on bank decision making should comprise a variety of demographic and geographical segments where important customers are present (Boyd et al. 1994).

Bitner, 1990; Zeithaml, Berry, and Parasuraman (1996) found that when the transaction speed is fast or efficient will reduce the degree of intention switching to others bank and service quality and satisfaction will influence the decision of a customer switching a bank. Others researchers also have similar idea such as speed of transaction, and the degree friendly of staff will also have affect the result of customer choosing a bank.

Customers would usually demand to have the best product and services at the lowest price from the banks. They would compare prices, cost or benefits from the

banks that offers the similar products and services and select the bank that they perceive and provides the highest benefits to them with the lowest cost given for their preference (Aregbeyen, 2011). This is why price of products and service is found to be an important factor for customer in their bank selections, as customers expect and willing to pay the price for the better product and services quality for it (Mabin and Balderstone, 2003).

Gerrad and Cunningham (2004) examined that banks charges fees for the services and apply interest charges on loan, as well as paying interest on certain accounts which creates a wider meaning for pricing in the banking industry. Some researchers claim that convenience have significant relationship with the result of customers choosing a bank (Metawa & Almossawi, 1998). When the location of a bank is nearby with customers home or working place, the customers will more prefer have transaction with a bank. However some researchers found that there are insignificant relationship between convenience and decision of choosing a bank by customers (Ta & Har, 2000).

Zineldin (1996) found that one of the factors can explain the result of decision choosing a banking customer is reputation of bank. Customers will consider a bank reputation before deciding because customers worried whether the security of a bank whether the bank stable or not. Khazeh and Decker (1992-93) investigated that the consumers' decision-making criteria considering also the degree of dissimilarity among banks with respect to these criteria and found that service-charge policy, reputation, competitiveness of loan rates, time required for loan approval and friendliness of tellers, are the most important factors in explaining how customers choose banks. In contrast, availability of financial advice was among the lowest ranking determinant attributes. Boyd et al. (1994) revealed that reputation, interest charged on savings accounts, interest charged on loans, quick service, location on city and hours of operation are more important other criteria such as friendliness of employees, modern facilities, and drive-in-service. However, Awang (1999) examined that customers preferred to deal with banks that can provide quality services such as fast and efficient service, staff work accuracy, friendliness of bank personnel and warm reception.

Other research literatures Lymperopoulos et al. (2006) examined the Bank service quality is the most important element among four distinct factors that customers consider in order to select their mortgage providers and establish a long-term

relationship with them and the other three refer to product attributes, access, and communication.

Mylonakis (2007) studied on customer preferences in the home loans market experience of the bank customers in Greece and showed that the mortgage product mix and some cost elements (interest rate, prepayment penalty) other important influential factors appear, such as the various offers of banks, the bank's reputation, existing cooperation, as well as bank staff. Bank branches proved to continue constituting the primary distribution channel for mortgage products and services. Promotion through television plays an important role and seems to affect the customer bank selection.

Since bank is a financial institution that deals money and it's very vital for the country economic development, which is why the bank selection criteria is playing an important role for the customer that provides a better necessity and explore the factors to motivate more customers to select their banks (Parvin and Perveen, 2012). The economic environment nowadays is rapidly changing and become one of the important factors for financial institutions to determine the factors which is applicable for customer bank selection process (Boyd et al., 1994). Lastly, by understanding the customers' banks selection criteria help the banks in identifying the appropriate marketing strategies to attract more customers as well as retain the satisfied customers (Aregbeyen, 2011).

CHAPTER 3

PROFILE OF CHID BANK AND PRACTICES OF CONSTRUCTION LOAN IN CHID BANK

This chapter includes background history of CHID Bank, products and services provided by CHID bank, construction loan practices, and lending policy and procedures of CHID bank.

3.1 Background of Construction, Housing and Infrastructure Development Bank (CHID Bank)

Construction, Housing and Infrastructure Development Bank (former Construction and Housing Development Bank) was formed as a Semi-Government Bank under the auspices of the Ministry of Construction. In order to fulfill the objectives of government home ownership scheme for all citizens, especially lower-middle income and low income people, it is required to introduce housing finance mechanism for financing the rental housing, low-cost housing and affordability housing. This is the key reason why CHID Bank was formed as a public company limited on 8th May 2013 by joint participation of Government and Private Sector and started operation on 11th January 2014. The Authorized Capital of CHID Bank has been increased from MMK 100 billion to MMK 200 billion, and therefore the Paid-up Capital was increased to MMK 112.92 billion as at 31st March 2017.

In addition, by pooling up the resources of Ministry of Construction and local private entrepreneurs, as an only bank to render an effective housing financial management in the country. This is also to assist financing for all Regions and States Development Programmes and to open at least one branch bank in each Region and States. CHID Bank aim to give financial support to Construction and Housing Development, CHID Bank is now fulfilling the best to construction and housing mortgage loan. On the other hand, CHID Bank is also participating in the PPP system development for provision of Government Employees Sales and Rental Housing to be constructed in all Regions and States.

The name “CHID Bank” was changed for the purpose of participating in financing inclusion not only to Construction and Housing Development, also to Infrastructure Development projects, both Public Infrastructure (Water supply, Sanitations, Electricity, Roads and Bridges) and Social Infrastructure (Basic

Infrastructure, Schools, Clinics, Recreations, etc). This is the reason of the word “I = Infrastructure” included in the bank’s name and changed from CHD bank to CHID Bank on June 17, 2018.

Infrastructure development is the key factor for Country’s Economic Growth. Due to macroeconomic and microeconomic growth, CHID Bank will contribute the best services in the socio-economic development of the country. Apart from the original aim to provide financial support to Housing Mortgage Loan, CHID Bank is now providing construction bridge loan to Social Infrastructure projects such as Schools, Clinics, Hospitals and roads which are carried out by the Region and States.

CHID Bank is also trying to get two-steps Foreign Loans from Foreign Governments, Organizations, and Banks. CHID Bank received JICA’s Housing Mortgage Loan, which is going to disburse all arrangement has been made. MLIT, JHF from Japan and Kookmin Bank are also working together with CHID Bank for training in Human Resource Capacity Building, Housing Finance Training and Information Technology Training.

Vision

To facilitate the socio-economic life and upgrade the quality of living of the citizens by developing urban and housing sector to meet international standards and offer modernity and pleasantness.

Mission

To realize the potential for financial resources towards the development of construction, urban and housing sector and to enable the citizens to have a chance to own a house by increasing capital through the integration of the government’s responsibility public’s deposits and shares.

Value

For all people to gain and sustain to live in peace and dignity with happiness and joy.

Objectives

There are four main objectives of CHID Bank as follows:

- (1) To aggregate and facilitate potential financial (capital) investment, necessary to develop construction and housing sector, from both local and international, banks and financial institutions

- (2) To support the construction loans, housing loans and mortgage by providing short-term, mid-term and long-term loans
- (3) To implement plans to increase the number of public's deposits
- (4) To support to increase the amount of financial resources to broaden the international trading.

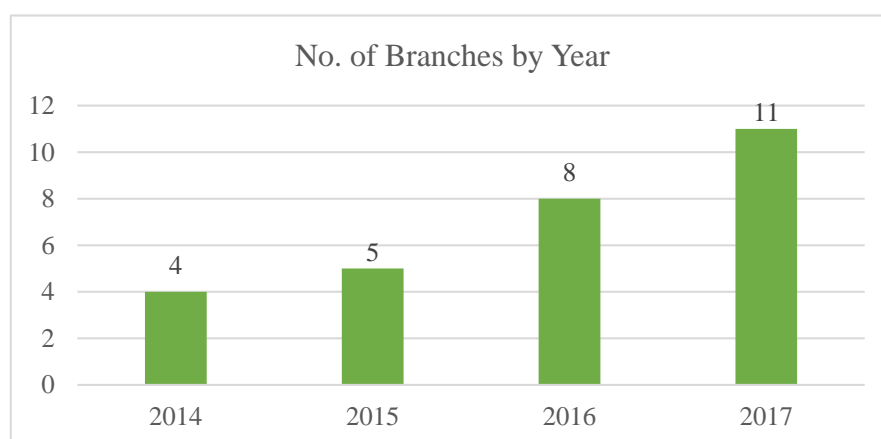
Head Office and Branches of CHID Bank

Head Office has been opened and operated since 11th January 2014 at No.60, Shwedagon Pagoda Road, Dagon Township, Yangon. The Bank has now operated with 11 branches as shown in Table (3.1) and Figure (3.1).

Table (3.1) Number of Branches of CHID Bank

No.	Opening Date	Branch Name
1.	16.1.2014	Botahtaung Branch
2.	11.2.2014	Dagon Branch
3.	26.3.2014	Naypyitaw Branch
4.	9.7.2014	Mandalay Branch
5.	29.10.2015	Patheingyi Branch
6.	23.2.2016	Mawlamyaing Branch
7.	16.5.2016	Mingalar Taung Nyunt Branch
8.	6.10.2016	Shwe Pauk Kan Branch
9.	29.3.2017	Magway Branch
10.	22.8.2017	Monywa Branch
11.	1.11.2017	Hpa-An Branch

Figure (3.1) Number of Branches by Year



Source: CHID Bank Annual Report

Moreover, CHID Bank has been planning to open new branches in States and Divisions where Department of Urban and Housing Development (DUHD) plans to implement housing project areas as follows:

- (1) Dawei (Tanintharyi Region)
- (2) Dagon Seikkan Township (Yangon Region)
- (3) Pyay (Bago Region)
- (4) Myitkyina (Kachin State)
- (5) Sittwe (Rakhine State)

3.2 Products and Services Provided by CHID Bank

CHID Bank is conducting banking services in accordance with the rules and regulations prescribed by the Central Bank of Myanmar. CHID Bank provides commercial banking services as well as development banking services. Currently, CHID Bank is providing the following products and services:

- (1) Deposits
 - Current Account
 - Savings Account
 - Fixed Deposit Account
 - Housing Savings Account
- (2) Loans
 - Overdraft
 - Term Loan
 - Trade Financing Facility
 - Hire Purchase
 - Housing Mortgage Loan
 - Construction Loan
 - Bridge Loan
 - Staff Loan
- (3) Remittance
- (4) Performance Bank Guarantee
- (5) Payment Order
- (6) ATM Services
- (7) Money Changer

(8) International Banking

Housing Savings Account

Housing Savings Account is a significance service rather than other deposit account. The housing savings account has been introduced since 1st August 2016 in order to assist those who face financial difficulties to own the house, to develop a habit of saving to build capacity for down payment as well as to have financial trust between the account holder and the bank. The depositors need to save down payment (at least 30% of the value) and deliver the recommendations of the household income to the Bank. CHID Bank assess the applicant's household income and repayment ability and deliver to DUHD. Low cost housing has been systematically delivering to those who are eligible for down payment.

Loans

Loans service commenced on 29th May 2014. Loans are allowed in compliance with principles of lending and practice, Central Bank of Myanmar Law, Myanmar Financial Institutions Law, Rules and Regulations. Loan amount up to MMK 1000 million are approved by Credit Committee and loan amount exceeding MMK 1000 million are approved by the Board of Directors on scrutiny and recommendation of the Credit Committee. Risk Management Committee members also participate and discuss in Credit Committee Meetings.

For the purpose of housing sector development, CHID Bank is providing loans to both the housing developers (supply side) and the home buyers (demand side) of the housing sector).

Hire Purchase: Hire Purchase system is provided to Mandalay Mya Yee Nandar Housing Project with the term of 4 years.

Housing Mortgage Loan: Housing Mortgage Loan system is provided to Yangon Shwe Lin Pan Housing Project, Yuzana Low Cost Housing Project, Ka Naung Low Cost Housing Project and Yadanar Hnin Si Housing Project with the term of 8 years, 10 years and 15 years. The buyers needs to open a Housing Savings Account to save up to 30% the purchase price for down payment and 70% can be borrowed Housing Mortgage Loan from CHID Bank.

Construction Loan: Construction Loan is provided to housing developers and landowner with the terms of one year and up to three years. Construction loan can be

applied after completion 30% of Building / Project. CHID Bank shall be provided only 50% of Building / Construction Cost.

Bridge Loan: Bridge Loan is a kind of loan which is provided under the construction loan. CHID Bank is financing to Construction Companies which are getting Government Tender for national development.

Remittance

In order to expand internal remittance beyond the Bank's branches, CHID Bank has established linkage with Myanmar Citizens Bank, Asia Green Development Bank, KBZ Bank, AYA Bank, Global Treasure Bank, Nay Pyi Taw Sabin Bank and SHWE Bank.

3.3 Practices of Construction Loan of CHID Bank

CHID Bank is providing the Construction Loan for both developers/contractors and landowner who needs the financing their construction project. There are two types of construction loan: housing loan (construction loan) and bridge loan. Generally, loans are provided based on the collateral. For construction loan, borrowers especially landowners who cannot be able to give the other collateral (land and building) to the bank and, therefore, they are only able to give the land and building which will be constructed as collateral. For developers, separate land and building is collateralized.

Construction Loan

In general, to apply construction loan, the customers have to submit Loan Application Form (which included the purpose of loan, loan amount, collateral and repayment plan), copy of National ID, Household Registration, Agreement on collateral of wife/husband of the applicant. Especially, the building to be constructed by loan must be completed at least 30% during applying loan in which percentage of completion is confirmed and approved by the bank's assessor with site visit.

Moreover, loan applicant need to submit the agreement contract between Licensed contractor (or) licensed engineer and landowner, permission for building and Drawing BQ, construction Process, estimated cost of approved by engineer, list of estimated sale for apartment when the building is completed and commitment of No Pre-sale on this apartment.

In addition, the loan applicant also submit the photos of 30% completion of building and photos of land and building to be given as collateral in which land and

building for collateral which are owned by the loan applicant or his/her family must be given for applying loan. Land without building (land only) is not allowed as collateral.

If the loan applicant is developer, he or she also need to submit construction license, company registration certificate, MOA, AOA, Form 6, Form 26, Form E, financial statements and tax receipts.

Construction Loan provided by Government Guarantee

Construction loan are also provided to Developers by Government Guarantee for the purpose of constructing the government projects by government tender in which the developers are selected by meeting the requirements with criteria. For these developers with DUHD guarantee, they have to apply with letter of DUHD Guarantee and L-25 Guarantee, company meeting resolution, company registration certificate, MOA, AOA, Form 6, Form 26, Form E, contractor license issued by DUHD, contract agreement between DUHD and the developer, and tax receipts.

Bridge Loan

Bridge Loan is provided to developers who got the tender project of Regions and States by Union Budget within the Tender Contract Term. The relevant branches of relevant Regions and States that provide bridge loan to developers. To apply bridge loan, the loan applicant have to submit loan application with company letter head, MOA, AOA, Form 6, Form 26, Form E, company registration certificate, letter of commitment for not applying loan on this tender in other banks, letter of Commitment for not appointing sub-contract, contract agreement between the department and the company, MCEA member registration certificate, withholding tax, commercial tax and income tax receipts, photo of project current completion and Commitment of payment for Tender project of the department is deposited to the account of CHID Bank in Myanma Economic Bank. Construction is completed at least 10%, loan is provided up to 40% of the project depend on the guarantee for completion percentage. Performance guarantee in which interest rate is 11% for CHID Bank's performance guarantee and interest is 13% for other bank performance guarantee.

Process of Construction Loan Application

Customers submit the loan application and the requirements to Loan Department of CHID Bank. Loan department check these documents and deliver the

some documents regarding the collateral of land and building contracts to Legal Department and project evaluation department for checking on these documents. After that, On-Site Visit Team investigate the building as collateral, the borrower's business condition and other situations.

After site visit is completed, assessor report, legal report and report of analysis on the borrower are submitted to Senior Management. After these stages are completed, the credit officer makes necessary preparations to submit the Risk Management Committee, and Credit Committee for Loan Sanction. Risk Management Committee evaluate these loan cases and give the comments to Credit Committee whether the loan should be lend or not. Risk management committee do not decide loan sanction. Credit Committee consider the comments of Risk Management Committee and decide for loan should be approved or not. Credit Committee Meeting must be held jointly the meeting with Risk Management Committee for Loan amount up to 1 billion kyats. If the loan amount exceeds 1 billion kyats, it must be presented to the meeting of Board of Directors.

Interest Rates of CHID Bank

Interest rates depends on types of construction loan. Interest rate of bridge loan is lower than that of housing loan. Because bridge loan is provided for government tender project by union budget and supported to the developers for their construction run smoothly. Interest must be paid quarterly without delinquency. The following table shows the interest rates of CHID Bank.

Table (3.2) Interest Rates of Construction Loan in CHID Bank

No.	Type of Construction Loan	Interest Rate (%)
1.	Housing Loan	12% + Service Charges 1%
2.	Bridge Loan	11% by CHID Bank's PG 13% by Other Bank's PG

Source: CHID Bank, 2018.

Term of Construction Loan

The term of construction loan is classified as one year (short term) and three year (so called term loan). The structure of Term loan type is to pay the only interest by quarterly in first year and in last two years, both principal and interest must be paid.

3.4 Lending Policy and Procedures of CHID Bank

Lending, being the prime motive of income of the branch, is the business of facing majority of the risk that it needs to be carried out systematically by setting out credit policies. These lending policies are to enable the citizens to have a chance to own a house by increasing capital through the integration of the Government's responsibility, to facilitate the public, Government staffs, pensioners, needy persons for apartment and those who are struggling to meet their needs from the misery of homelessness, implementation of affordable and low cost housing projects will be provided by means of consecutive financial aid, to aggregate and facilitate potential and financial investment necessary to develop state Budget for construction and housing sector, to provide Supply side financing and Demand side financing with share contribution of government and private businesses, public deposits and two-step loan from local and abroad, commercial loan for Working Capital Requirement, which is essential for the State economic development, is financed although it is not the prime motive of the bank, to realize the potential for financial resources towards the development of construction, urban and housing sector by categorizing separate items in Sources of Funds.

Risk Mitigation, which needs to be carried out objectively although Advances are a kind of Risk Taking Business, is clarified as follows:

- (1) Risk Identification
- (2) Risk Impact Assessment
- (3) Risk Prioritization Process
- (4) Risk Tracking
- (5) Reassess Existing Risk
- (6) Identify New Risk

Loan procedures

The five main considerations must always be at the back of the mind of those who control the destinies of banks, but those who do the actual lending will be concerned with the application of these factors to individual cases and will apply them the following headings: repayment (capacity and willingness to repay), security offered (collateral) as Second Line of defense, character of the borrower and his general financial position and reputation, stability of Capital and purpose of the advance and environmental condition in relation to this purpose.

Security of Business

The Security of Business is set out to record the customer's condition of Business and collateral offered by interviewing with him primarily, to pay site visit in case the essential papers, connected with the business as documents are complete in harmony with the loan procedures. Head Quarter and Branch Staffs are to pay site visit jointly, and members of Board of Directors and credit committee are to participate in Site visit if necessary.

Scrutiny of collateral

The Scrutiny of collateral is set out to grant Advances after getting sufficient collateral, advances are not allowed to grant without collateral, fire Insurance for collateral must be assured sufficiently. Advances can be permitted if the Ministries of Departments grant guarantee according to National Policy.

The following Principle of "Mast" is concurrent to be a good security.

- (1) Marketability
- (2) Ascertainability of Value
- (3) Stability of Value
- (4) Transferability of Ownership

Legal officer is to examine and consult with Township Land Record officer and District Administrator whether "Title-deeds" are mortgaged and transferred for sale. Bank Assessor is to assess collateral based on correct and perfect statistical data collected and to disclose Market Value and Forced Sales Value (FSV).

The primarily facts into consideration in lending are to assess the customer's character for honesty, integrity and intent to repay, to examine that customer has both capacity and capability to repay, to be capital strength to withstand adverse event, to plan for the possibility of default, to sufficiently understand and manage risks to which the business is exposed and to build and maintain a diversified credit risk portfolio to avoid credit risk concentration and ensure better liquidity management. The bank must be careful of the Risk which will come into existence owing to all of the loans are granted from only one Sector of the businesses, assets and collateral regionally. Loan Inspectors must be officially appointed in order to scrutinize collateral systematically and consecutively. Banks are required to maintain amount of Bad Debt Reserve by making general provision up to 2% of total outstanding loan and advances.

Action undertaken for default

In order to slacken the loss, the actions will be undertaken when principal amount of Advance and Interest are not repaid, and default comes into existence. These actions are occasional site visit is to be paid to investigate the situation of Business and Collateral, as Quarterly Interest is to be repaid, friendly reminder is to be sent (15) days ahead of Quarterly, to remind client of the installment and check delay if there is default, bank manager notice has to be sent to the client to undertake suit case if there is continuity of default, lawyer's notice has to be sent to the client if there is continuity of default by the permission of Credit committee, and after this, suit case will be continued according to civil and criminal Law.

There may be maximum risk as lending is the major income of a bank, therefore, Security needs for Risk Identification, Risk Assessment and Risk Mitigation Consecutively.

CHAPTER 4

ANALYSIS ON FACTORS INFLUENCING ON BUYING DECISION TOWARDS CONSTRUCTION LOAN OF CHID BANK

This chapter is analysis on factors influencing on buying decision towards construction loan of CHID Bank. According to the survey results, analysis includes demographic profile of respondents, factors influencing on buying decision, customer decision making on construction loan and customer satisfaction on the construction loan of CHID Bank.

4.1 Research Design

The main purposes of this study are to identify the construction loan practices of CHID Bank and to analyze the influencing factors on buying decision towards construction loan of CHID Bank. In this study, descriptive method is used. The method of the study is based on both primary and secondary data. By using Likert Scale, structured questionnaires were distributed to 82 construction loan customers of CHID Bank from 2016 to 2018 to analyze the buying decision on the construction loan of CHID Bank and the factors influencing on customer decision making.

4.2 Demographic Profile of Respondents

The demographic characteristics of 82 respondents are presented by gender, type, age, education, occupation and relationship status with construction loan of CHID Bank.

Gender of Respondents

Respondent by gender is classified into male and female as shown in Table (4.1).

Table (4.1) Gender of Respondents

Gender	Number of Respondents	Percent
Male	72	87.8
Female	10	12.2
Total	82	100.0

Source: Survey Data, 2018

According to Table (4.1), 87.8% of the respondents are male and 12.2% of the respondents are female. Therefore, male respondents are more than female respondents. The male customers of construction loan are greater than the female customers of construction loan in CHID Bank.

Age Group of Respondents

Age of respondents are divided into four groups which is presented in Table (4.2). The age groups are under 35 years, 36 to 45 years, 46 to 55 years, and over 55 years.

Table (4.2) Age of Respondents

Age (Years)	Number of Respondents	Percent
Less than 35	5	6.1
36-45	34	41.5
46-55	37	45.1
> 55	6	7.3
Total	82	100.0

Source: Survey Data, 2018

According to Table (4.2), age group of respondents show that the dominant group is between 46 years and 55 years which is composed of 45.1% of the respondents, followed by 41.5% of age group between 36 to 45 and the lowest respondents are 6.1% of age group under 35 years and 7.3% of age group over 55 years. This result shows that most of construction loan customers in CHID Bank are 46 to 55 years and 36 to 45 years.

Education Level of Respondents

Education level of respondents is divided into four groups which consists of high school, under graduate, graduate, post graduate and others.

Table (4.3) Education Level of Respondents

Education	Number of Respondents	Percent
Under Graduate	6	7.3
Graduate	76	92.7
Total	82	100.0

Source: Survey Data, 2018

Education levels is also an influential factor on buying decision of construction loan service. According to the table (4.3), 92.7% of the total respondents are graduates and only 7.3% of the total respondents are under graduates. Therefore, the survey shows that the construction loan customers are educated people.

Occupation of Respondents

Occupation of respondents is classified into four groups which consists business owner, government staff, company staff and others as shown in Table (4.4).

Table (4.4) Occupation of Respondents

Occupation	Number of Respondents	Percent
Business owner	76	92.7
Company Staff	4	4.9
Others	2	2.4
Total	82	100.0

Source: Survey Data, 2018

According to Table (4.4), the majority of the respondents are business owner and 92.7% of the total respondents. 4.7% of the respondents are company staffs. 2.4% of the respondents represents as others. Therefore, this survey result of majority group of occupation is business owner.

Bank Experience of Respondents with CHID Bank

The bank experience of respondents used the construction loan service of CHID Bank is divided into three groups which consists less than one year, 2 to 3 years and above 3 years.

Table (4.5) Bank Experience of Respondents with CHID Bank

Years	Number of Respondents	Percent
Less than one year	33	40.2
2-3 years	49	59.8
Total	82	100.0

Source: Survey Data, 2018

According to Table (4.5), it is found that the respondents whose business relationship with CHID Bank is 2 to 3 years is the largest group which is 59.8% of the respondents and the remain 41 respondents' business relationship is almost 1 year which is 40.2% of the respondents.

Source of Collecting Information about Construction Loan

Sources of information about construction loan are divided into five groups: relatives, friends, newspaper, government representative and others which are shown in Table in (4.6).

Table (4.6) Number of Respondents by Source of Collecting Information

Sources	Number of Respondents	Percent
Friends	8	9.8
Newspaper	10	12.2
Government Representative	60	73.2
Others	4	4.9
Total	82	100.0

Source: Survey Data, 2018

According to the Table (4.6), the main source of collecting information is government representative which is 73.2% of the respondents. The remaining sources are 12.2% by newspaper, 9.8% from friends and 4.9% from others.

Type of Respondents

The type of respondents is classified into two types as Developer and Landowner that is shown in Table (4.7).

Table (4.7) Type of Respondents

Position	Number of Respondents	Percent
Developer	67	81.7
Landowner	15	18.3
Total	82	100.0

Source: Survey Data, 2018

According to Table (4.7), the majority of the respondents are developers 81.7% while only 18.3% are landowners of the total construction loan customers in CHID Bank.

Purpose of Loan

Loan purpose of construction loan customers can be classified into two groups: Constructing by Government Guarantee for Government Project and constructing for buildings/apartments. These are shown in Table (4.8).

Table (4.8) Number of Respondents by Purpose of Loan

Purpose of Loan	Number of Respondents	Percent
To construct the building by Government Guarantee	25	30.5
To construct the building and/or apartment	57	69.5
Total	82	100.0

Source: Survey Data, 2018

According to the Table (4.8), most of the respondents are to construct the building and/or apartment which is 57 (69.5% of the total respondents) and 25 construction loan customers are to construct the building by Government Guarantee (Government Project).

Customers who are to construct the building and/or apartment are for the purpose of sale apartments and for business purpose, customers who are to construct with government guarantee are to construct and implement the apartment project of Government such as affordable and low-cost housing (Yuzana Housing, Kanaung Housing, Shwe Lin Pann Housing, Yadanar Hnin Si Residence, etc.).

Loan Amount

Providing the loan to customers, the loan amount provided by CHID Bank is classified into five groups: below 50 million, 51 to 100 million, 101 to 150 million, 151 to 200 million and over 200 million as shown in Table (4.9).

Table (4.9) Number of Respondents by Loan Amount

Loan Amount (kyats in million)	Number of Respondents	Percent
below 50	20	24.4
51-100	23	28.0
101-150	18	22.0
151-200	6	7.3
Over 200	15	18.3
Total	82	100.0

Source: Survey Data, 2018

According to Table (4.9), it was found that the majority of customers are 51 to 100 million at 23 with 28% of the total respondents, 24.4% of the respondents are below 50 million, 22% of the respondents are 101 to 150 million, 18.3% of the respondents are over 200 million and the remaining 7.3% are 151 to 200 million.

Term of Loan

The loan term is classified as short term loan (1 year) and medium term loan (3 years). These are presented in the Table (4.10).

Table (4.10) Number of Respondents by Term of Loan

Term of Loan (Year)	Number of Respondents	Percent
1 year	64	78.0
3 years	18	22.0
Total	82	100.0

Source: Survey Data, 2018

According to Table (4.10), the majority of the customers borrowed 1 year which is 64 and 80% of the total respondents while 3 years term loan customers are only 18 and 22% of the respondents. The reason is the loan term of 18 customers have changed to Term Loan (3 years) according to the instruction of CBM and the loan term of 72 customers in which some are 1 year short term loan and some are in progress to changing into Term Loan.

Loan Repayment

Loan Repayment by customers can be classified into three types as shown in the Table (4.11).

Table (4.11) Number of Respondents by Loan Repayment

Loan Repayment	Number of Respondents	Percent
Revenue from Apartment Sales	16	19.5
Income from business	66	80.5
Total	82	100.0

Source: Survey Data, 2018

According to the Table (4.11), most of the customers, 80.5% of the total respondents repay the loan by getting income from business and the remaining 16 customers (19.5% of the respondents) repay the revenue for apartment sales. Most of the loan customers are business owners so that their repayment plan is income from their business.

4.3 Factors Influencing on Customer's Choice of Construction Loan of CHID Bank

Factors influencing on Buying Decision upon external factors are cultural factors, social factors and marketing activities using Likert Scale (1 = very low effect, 2 = low effect, 3 = could not decide, 4 = effect, 5 = high effect). The mean score of each statement range between 1 and 5. Since mean score of 3 at the middle of scale, it can be assumed that factors influence on buying decision could not decide. The mean score is above 3 that factors effect the buying decision.

Socio-Cultural Factors

The influencing of social factors on buying decision are shown in Table (4.12).

Table (4.12) Socio-Cultural Factors

No.	Statement	Mean	Standard Deviation
1	I chose CHID Bank because of Work Group	3.60	1.056
2	I chose CHID Bank because of Reference Group	3.73	.985
3	I chose CHID Bank because of Existing Customer Opinion	1.98	.948
4	I chose CHID Bank because of Role and Status in the Society	3.48	.840
	Overall Mean	3.20	

Source: Survey Data, 2018

As shown in Table (4.12), the highest influencing socio-cultural factor is Reference Group which is 3.73 with standard deviation is 0.985 and the lowest influencing socio-cultural factor is Existing Customer Opinion which shows only 1.98 with standard deviation is 0.948. According the mean score of all statement which is 3.20, therefore the socio-cultural factors influence on buying decision are effected.

Corporate Image

The influencing of corporate image effecting on buying decision are shown in Table (4.13).

Table (4.13) Corporate Image

No.	Statement	Mean	Standard Deviation
1	CHID Bank is a Semi-Government Bank	4.29	.148
2	Reputation of the bank is sound	3.70	.859
3	The color and logo of the bank is easily identified	1.39	.584
4	I chose CHID Bank because of the bank's name	3.52	.137
	Overall Mean	3.23	

Source: Survey Data, 2018

According to the results, the highest influencing factor is CHID Bank is a Semi-Government Bank which is 4.29 with standard deviation is 0.148 and the lowest influencing factor is the color and logo of the bank which is 1.39 with standard deviation is 0.584. According to the overall mean score is 3.23, corporate image effect on the customer buying decision.

Marketing Activities

The influencing factors of marketing activities on buying decision represents as product, price, place and promotion.

Table (4.14) Product

No.	Statement	Mean	Standard Deviation
1	Construction Loan meets the needs of my business	3.88	.709
2	Documentation Process is simple and easy	3.67	.780
3	Time taken to process the loan is no longer	3.65	.837
4	Fast and efficient services are provided	3.27	.765
	Overall Mean	3.62	

Source: Survey Data, 2018

According to the Table (4.14), the highest influencing of Construction loan meets the needs of my business got with mean value 3.88 and standard deviation 0.709. Another influencing factors are documentation process is simple and easy with mean

3.67 and standard deviation 0.780 and time taken to process the loan is no longer with mean 3.65 and standard deviation 0.837. The lowest influencing factor is fast and efficient services are provided which is 3.27. As a result of overall mean score is 3.62, product in marketing activities influence on buying decision is affected.

Table (4.15) Price

No.	Statement	Mean	Standard Deviation
1	Interest rate of construction loan is reasonable	3.79	.762
2	Appropriate amount of service charges	3.58	.698
3	Commitment fee is acceptable	2.58	1.066
4	Satisfied with Loan amount	3.80	.774
	Overall Mean	3.44	

Source: Survey Data, 2018

The price of loan on buying decision is shown in Table (4.15). According to the result, the highest influencing factors are satisfied with loan amount which is 3.8 and standard deviation is 0.774 and interest rate of construction loan is reasonable which is 3.79, next factor is appropriate amount of service charges with 3.58 and the lowest influencing factor is commitment fee is acceptable with 2.58. According to the overall mean score is 3.44, price of loan product can influence on buying decision.

Table (4.16) Place

No.	Statement	Mean	Standard Deviation
1	Location of the bank is convenient	1.88	.826
2	Having branches located in major states and division is easy to access	3.52	.788
3	The bank's website is easy to find out regarding the construction loan	1.90	.881
4	The bank's social media page (facebook page) is well informative about the product	3.63	.795
	Overall Mean	2.70	

Source: Survey Data, 2018

According to the Table (4.16), the highest influencing is the bank's social media page (facebook page) is well informative about the product with mean value is 3.63 and

standard deviation is 0.795 and the lowest influencing are location of the bank with 1.88 only. According to the result of the overall mean score is 2.70, it was found that place is slightly influence on buying decision of the loan customers.

Table (4.17) Promotion

No.	Statement	Mean	Standard Deviation
1	Construction Loan services offered by CHID bank is attractive.	2.91	.953
2	Capital and size of the bank is adequate	2.70	.941
3	Construction Loan Product is differentiate with other banks	3.32	.811
4	Customers' private data are protected	2.63	.748
	Overall Mean	2.89	

Source: Survey Data, 2018

According to Table (4.17), Construction Loan Product is differentiate with other banks is the highest influencing and the remaining three factors are lower influencing factor for applying loan. According to the overall mean score is 2.89, the promotion factor is also moderately influencing on buying decision of the loan customers.

4.4 Level of Influence with Overall Mean Score for Each Factors on Customer Decision Making

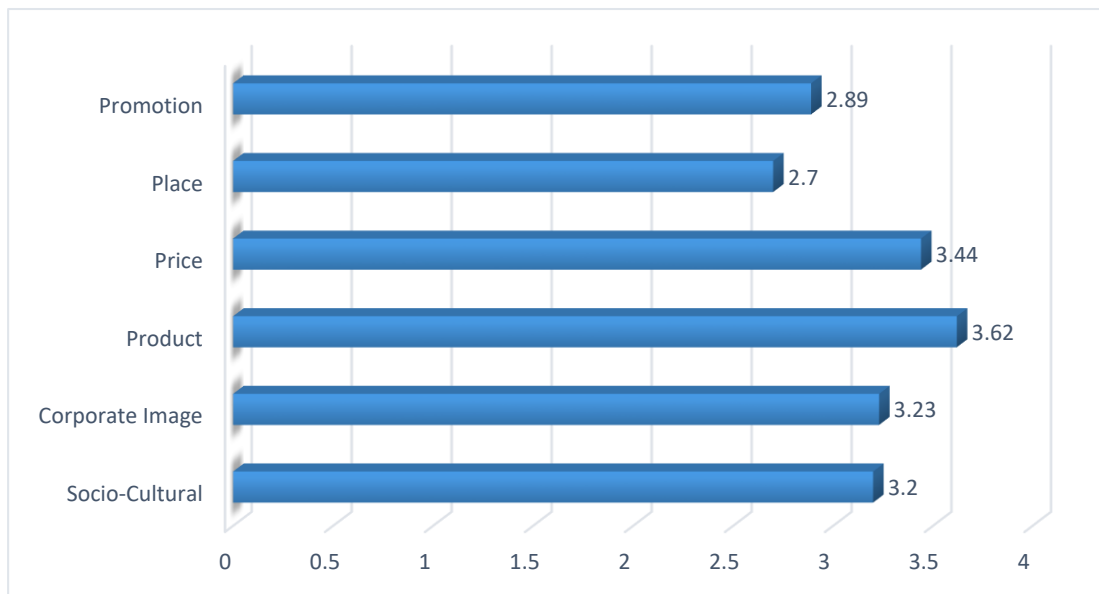
For the analysis on the overall mean scores, the six factors are considered: Socio-Cultural, Corporate Image and Product, Price, Place, Promotion (4Ps of Marketing Activities).

Table (4.18) Level of Influence of Each Factors on Customer Decision Making

No.	Influencing Factors	Overall Mean Score
1.	Socio-Cultural	3.20
2.	Corporate Image	3.23
3	Product	3.62
4.	Price	3.44
5.	Place	2.70
6.	Promotion	2.89

Source: Survey Data, 2018

Figure (4.1) Overall Mean Score for Each Influencing Factors



Source: Survey Data, 2018

According to the Table (4.18) and Figure (4.1), the highest influencing factor is the loan Product of CHID Bank which mean score is 3.62, followed by the price of loan product. Place and Promotion factors are the lowest mean score with 2.7 and 2.89 respectively. Therefore, it might be concluded that the product and price of construction loan provided by CHID Bank are the highest influencing factor on buying decision of the customers.

4.5 Analysis on Customer Decision Making

At the purchase stage, the buyers have discovered many choices. They recognize pricing and payment options and they decide to purchase or not. Buyers make the final choice of what to buy and where to buy. Purchase decision stage is the most important in the buyer decision process because they consider and decide to choose the product or service to get more benefits for them.

The analysis on the data for customer decision making is presented on Table (4.19).

Table (4.19) Customer Choosing on Construction Loan of CHID Bank

No.	Reason for choosing Construction Loan of CHID Bank	Mean	Standard Deviation
1.	Choosing CHID Bank because Construction loan provided by CHID Bank is very helpful.	3.95	.241
2.	Choosing CHID Bank is associated with Government (Semi-Government).	3.88	1.171
3.	Choosing CHID Bank for fast and efficient service of employees.	3.27	.862
4.	Choosing CHID Bank because of its reputation	3.40	.750
5.	Choosing CHID Bank because of speed of processing time.	3.31	.738
	Overall Mean	3.56	

Source: Survey Data, 2018

According to the Table (4.19), the highest mean score is 3.95 which represents construction loan provided by CHID Bank is very helpful with 0.241 standard deviation. Due to the construction loan system is differentiate with other banks and this system provide the good chance to developers and landowner. And also due to the CHID Bank is associated with Ministry of Construction (Semi-Government Bank) which is the second mean value of 3.88, the borrowers especially expect the good chance for their construction smoothly operate by using this loan system. The mean score of remaining three reason is also higher than 3, therefore, these three reason are reflected on customer buying decision. In addition, according to the result of the overall mean score is 3.56, these reasons are reflected on the decision to choose on construction loan of CHID Bank.

4.6 Analysis on Customer Satisfaction towards Construction Loan

In order to study the customer satisfaction towards Construction Loan of CHID Bank, the following statement are to assess the customer satisfaction by using Likert Scale (1 = Strongly Disagree, 2 = Disagree, 3 = Could not decide, 4 = Agree, 5 = Strongly Agree). The mean score of each statement range between 1 and 5. Since mean score of 3 at the middle of scale, it can be assumed that the customer satisfaction is

neutral. The mean score is above 3 that the Construction loan meets the customer satisfaction.

Table (4.20) Analysis on Customer Satisfaction towards Construction Loan

No.	Statement	Mean	Standard Deviation
1	Managers and Staffs have sufficient knowledge	3.85	.496
2	The process of Loan services was provided sufficiently and not delay	3.68	.745
3	Satisfied with speed of approval and immediate payout	3.60	.738
4	I enjoy not only loan service but also account transfer and other banking services	2.68	.944
5	Information given by the Bank is clear and easy to understood	3.63	.733
6	Construction Loan provided by CHID bank can promote the business condition	3.93	.250
7	Getting Loan from CHID Bank can promote the business condition	3.13	.826
8	Construction process is well operated due to the loan provided	3.78	.414
9	Satisfied with the overall loan services of the bank	3.53	.788
10	Next time for loan services is CHID Bank	3.47	.673
	Overall Mean	3.55	

Source: Survey Data, 2018

According to the Table (4.20), the highest customer satisfaction is Construction Loan provided by CHID Bank can promote the business condition and its mean score is 3.93 and standard deviation is 0.250. The mean score is exceed the standard mean score 3. It was found that the customers satisfy on construction loan provided by CHID Bank. The lowest mean score 2.68 is enjoy not only loan service but also account transfer and other banking services. It was found that the customers' satisfaction did not meet their needs and expectation on such services. According to the result of the overall mean score is 3.55, which is exceed the standard mean score of 3, it was found that the customers' satisfaction on the construction loan service as likely satisfactory.

CHAPTER 5

CONCLUSION

In this chapter, there are two parts included. First part is findings, it represents why this study was conducted, what factors are influencing on customer buying decision towards construction loan and how the customer satisfaction on the services on CHID Bank. The second part presents the suggestions and needs for future research.

5.1 Findings

Every business need to know consumer behavior. In service industry, especially banking industry which is customer oriented business so that the banks need to know the influencing factors on customer buying decision. Nowadays, customers have been demanding more and more quality product and service from the service provider. They want better products and services which are to meet their needs and requirements. Therefore, the banks have been trying to fulfill the customers' needs and requirements by producing the new products with better facilities.

This study focus on and find out the influencing factors on buying decision for construction loan of CHID Bank. CHID Bank plays a crucial role in financing for both developers (supply side) and mortgage loan borrowers (demand side). The main objectives of CHID Bank is to give financial support to both Construction and Housing Development and Infrastructure Development. Therefore, CHID Bank mainly provide housing loan, bridge loan for developers and housing mortgage loan to personal borrowers.

To analyze the buying decision on the construction loan provided by CHID Bank, 82 respondents are selected for the survey on the factors influencing on buying decision regarding to construction loan.

In the analysis of number of respondent by types, it was found that the majority of the construction loan customer was developers. The main purpose of loan customer is to construct the apartment and/or building. The mostly repayment plan of loan customer is income from business.

On Socio-Cultural factors, reference group is high effect on buying decision. By analyzing on corporate image, CHID Bank is a Semi-Government Bank is the highest influence on buying decision. By analyzing the marketing activities of CHID

Bank, construction loan product and price of loan are definitely effect on customer buying decision.

In the decision making process, the dominant reason for choosing the bank is mainly construction loan provided by CHID Bank is very helpful and also CHID Bank is a Semi-Government Bank. However, the services of employees is weak other than other statements. Therefore, CHID Bank should try give the best quality and efficient services to the customers by conducting with necessary training to the employees.

Relating to the customers' satisfaction on loan services of CHID Bank, it was found that the lowest satisfaction is other banking services. Therefore, CHID Bank should develop its banking services with advanced technology. The overall mean value of customer satisfaction is more than 3.5, it was concluded that customers' satisfaction on construction loan is satisfactory. In this regard, construction loans provided by CHID Bank is a remarkable support to finance in the construction sector and then contribute to housing and infrastructure development. Therefore, it was concluded that CHID Bank fulfill the customer's needs and meet their requirements.

5.2 Suggestions

After reviewing the findings of this study, the following recommendations and suggestions are proposed to the banking sector in order to improve the construction loan and other services provided by CHID Bank.

According to the survey results, CHID Bank services rely on the presence of Semi-Government Bank. As a Semi-Government Bank, it can play an important role for the Country development. It is the advantage of CHID Bank. The services provided by CHID Bank should be developed in order that the customers of banks can be more convenience in banking services from the bank.

CHID Bank should promote the banking services with advanced technology (e.g. core banking) for the purpose of convenience in using bank services. Besides the opening new branches, to expand the network of CHID Bank, CHID Bank should emphasize to use agent banking service and connect these service providers. This is the one of the best way to recognize more and more the image of CHID Bank. Training programs should be developed with the advanced training courses on banking, customer services, and customer caring to improve in solving the customers' complaints rapidly and to understand and listen well the customers' needs and expectations. This is will

lead to retain existing customers until the loan is full repayment and attracting new customers to deal with CHID Bank which will lead to the development of CHID Bank as well.

In addition, CHID Bank should upgrade and modify this construction loan system with strong loan policy and procedures and classify the level of loan customers by establishing customer database and analyzing and using with internal credit rating system to assess the risk level of borrowers. CHID Bank should improve the current products and services by using advanced technology. It is more convenience and more comfortable for customers to use the bank services. CHID Bank should also create other innovative products to generate the profits and to compete the other banks.

5.3 Needs for Further Study

This study is focused and emphasized on the factors influencing on buying decision on construction loan of CHID Bank. It is surveyed with 82 construction loan customers. There are deposits products, loan products, trade financing facility and other banking services in CHID Bank. Therefore, it is recommend to do future research relating to trade financing facility services.

Moreover, further research should study the factors influencing on buying decision of the bank services of CHID Bank. It will be needed to analyze the branches of CHID Bank. And also, further study is needed to find out easy access to loan and to reduce constraints on loan requirements (i.e. collateral), especially to attract more developers who are needed for housing and infrastructure development of the country.

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Customer Decision Making towards choosing Construction Loan of CHID Bank

This survey is part of my MBF thesis to analyze the factors influencing on buying decision on construction loan of CHID Bank.

All the data will be strongly kept confidential. Thank you for your participation.

SURVEY QUESTIONNAIRE

Section (A) Respondent Information

Please tick "v" the box that describes you.

1. **Gender of Respondent**

- ☐ Male
☐ Female

2. **Age of Respondent**

- ☐ Less than 35 years
☐ 36 to 45 years
☐ 46 to 55 years
☐ 55 years above

3. **Education Level of Respondent**

- ☐ High School
☐ Under Graduate
☐ Graduate
☐ Post Graduate
☐ Others.....

4. **Occupation**

- ☐ Business Owner
☐ Government Staff
☐ Company Staff
☐ Others.....

5. **Banking Experience with CHID Bank**

- ☐ Less than One Year
☐ 2 - 3 years
☐ Above 3 years

6. **Source of Collecting information about Construction Loan**

- ☐ Relatives
☐ Friends
☐ Newspaper
☐ Government Representative
☐ Others.....

7. **Type of Respondent**

- ☐ Developer
☐ Landowner

8. **Purpose of Loan**

- ☐ To construct the building/apartment by Government Guarantee
☐ To construct the building and/or apartment

9. **Loan Amount**

- ☐ Below 50 million
☐ 51 million - 100 million
☐ 101 million - 150 million
☐ 151 million - 200 million
☐ 200 million over

10. **Term of Loan**

- ☐ 1 year
☐ 3 years

11. **Loan Repayment**

- ☐ Revenue from Apartment Sales
☐ Income from business

Section B - Exploration about factors influencing on the customer decision making on Construction Loan of CHID Bank

Please give your opinion on the following factors that influence on your decision making for applying construction loan of CHID Bank.

Very Low Effect Low Effect Could not decide Effect High Effect
1 2 3 4 5

Factors		1	2	3	4	5
Socio-Cultural						
1	I chose CHID Bank because of work group					
2	I chose CHID Bank because of reference group					
3	I chose CHID Bank because of existing customer opinion					
4	I chose CHID Bank because of role and status in the society.					
Factors		1	2	3	4	5
Corporate Image						
5	CHID Bank is a Semi-Government Bank.					
6	Reputation of the bank is sound.					
7	The color and logo of the bank is easily identified.					
8	I chose CHID Bank because of the bank's name.					

Marketing Activities					
Product					
9	Construction Loan of CHID Bank meets the needs of my business				
10	Documentation Process is simple and easy.				
11	Time taken to process the loan is no longer.				
12	Fast and efficient service are provided.				
Price					
13	Interest Rate on Construction Loan is reasonable.				
14	Appropriate amount of service charges.				
15	Commitment fee is acceptable.				
16	Satisfied with Loan Amount				
Place					
17	Location of the bank is convenient				
18	Having Branches located in major States and Division is easy to access				
19	The bank's website is easy to find out regarding the construction loan				
20	The bank's social media (facebook page) is well informative about the product				
Promotion					
21	Construction Loan offered by CHID Bank is attractive.				
22	Capital and size of the bank is adequate.				
23	Construction loan product is differentiate with other banks				
24	Customers' private data are protected.				

Section C - Analysis on Consumer Decision Making on Construction Loan Provided by CHID Bank. Please give your decision with respect to the following statement.

Please tick "√" on one answer.

		Strongly disagree 1	Disagree 2	Could not decide 3	Agree 4	Strongly Agree 5
Main reason for choosing the construction loan of CHID Bank		1	2	3	4	5
1	Choosing CHID Bank because Construction loan provided by CHID Bank is very helpful.					
2	Choosing CHID Bank is associated with Government (Semi-Government).					
3	Choosing CHID Bank for fast and efficient service of employees.					
4	Choosing CHID Bank because of its reputation					
5	Choosing CHID Bank because of speed of processing time.					

Section D - Please describe your satisfaction related to the following factors on choosing the Construction Loan of CHID Bank. Please tick "v" the one answer.

Strongly disagree

Disagree

Could not decide

Agree

Strongly Agree

1

2

3

4

5

	Factors	1	2	3	4	5
1	Managers and staffs have sufficient knowledge to provide related to the loan service					
2	The Process of Loan service was provided sufficiently and not delay.					
3	Satisfied with Speed of Approval and Immediate Payout					
4	I enjoy not only loan services but also account transfer and other banking services.					
5	Information given by the Bank is clear and easy to understand.					
6	Construction Loan provided by CHID Bank can fulfill our needs.					
7	Getting Loan from CHID Bank can promote the business condition.					
8	Construction process is well operated due to the loan provided.					
9	Satisfied with the overall loan service of the bank.					
10	Next time for loan service is CHID Bank.					