YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

CUSTOMER SATISFACTION OF KANBAWZA BANK

HOME LOAN PRODUCT

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ROLL NO. 35

EMBF 8th BATCH

AUGUST, 2023

CUSTOMER SATISFACTION OF KANBAWZA BANK HOME LOAN PRODUCT

A thesis submitted as a partial fulfillment towards the requirements for the degree of Executive Master of Banking and Finance (EMBF)

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Yangon University of Economics   2019 – 2023

AUGUST, 2023

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Accepted by the Board of Examiners of the Department of Commerce, Yangon University of Economics, in partial fulfillment for the requirements of the Master Degree, Master of Banking and Finance.

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ABSTRACT

The purpose of the study is to identify the factors influencing on customer satisfaction of KBZ Bank Home Loan in Yangon. In this study, influencing factors includes payment and interest rate, promotion, process, convenience location, responsiveness of services provider, communication and trustworthy. The population of the study are loan customers taking home loan from July 2018 to March 2022. The sample size obtained 287 loan customers using Cochran formula. The questionnaire survey method is used to collected primary data. As the finding of mean value, customer perception of all factors are high agree for influencing factors on customer satisfaction. In the regression result of the study, trustworthy, responsiveness of service provider, communication, convenience location, process and promotion are positively significant effect on customer satisfaction. Therefore, KBZ should focus marketing strategies to improve trust, convenience location, promotion and effective communication staffs of the loan department are trained to be more responsiveness for the customer demand, and smooth and quick process.

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

ADL	Authorized Deller License
ASEAN	Association of South East Asia
AYA	Ayeyarwady Bank
BNI	Bank Negara Indonesia
BOD	Board of Director
CAD	Credit Admin Department
CBM	Central Bank of Myanmar
CEO	Chief Executive Officer
DCEO	Deputy Chief Executive Officer
EMI	Equated Monthly Installment
FOC	Free of Charge
GP	General Power
HDFC	Housing Development Finance Corporation
KBZ	Kanbawza
MCB	Myanmar Citizens Bank
MD	Managing Director
NPL	Non-Performing Loan
SMD	Senior Managing Director
SME	Small and Medium Enterprise
SP	Special Power
SPS	Statistical Packages for Social Sciences
UAB	United Amara Bank

CHAPTER I
INTRODUCTION

Home loans play an important role in the economic development of Myanmar, as they enable individuals to purchase their own homes, invest in real estate, and contribute to the growth of the construction industry. Homeownership is a crucial factor in personal financial stability and security, and it also has a positive impact on the wider economy.

In Myanmar, where the real estate market is growing rapidly, home loan products have become increasingly important. They provide an opportunity for people to invest in real estate, which is one of the fastest growing sectors of the economy. Home loans also enable developers to finance new construction projects and help boost the overall development of the country.

Moreover, home loan products also contribute to the growth of the banking sector in Myanmar. By providing home loans, banks can attract new customers and generate a steady stream of income from interest payments. This, in turn, supports the growth of the financial sector and promotes overall economic development. Overall, home loans play a crucial role in enabling individuals and families to achieve their dream of owning a home, while also supporting the growth of the construction and financial sectors in Myanmar.

Customer satisfaction is a critical factor in the success of any business, including the home loan industry in Myanmar. When customers are satisfied with their home loan product features, they are more likely to recommend the bank to others, which can lead to increased business and revenue. Furthermore, satisfied customers are more likely to become repeat customers, which can provide a stable source of income for the bank.

In the home loan industry, customer satisfaction is particularly important because the product is a long-term financial commitment. Customers typically take out home loans with a repayment period of 3 to 25 years, and during this time, they will be interacting with the bank on a regular basis. Therefore, it is essential for banks to ensure that their customers are satisfied with the product features, including interest rates, loan terms, application process, customer service, and overall experience.

Satisfied customers also have a positive impact on the bank reputation. In the age of social media, customers can easily share their experiences with others, which

can either promote or damage the bank brand image. When customers are satisfied, they are more likely to share their positive experiences with their social network, which can lead to increased business for the bank.

Overall, customer satisfaction plays a vital role in the success of the home loan industry in Myanmar. By focusing on providing quality product features and exceptional customer service, banks can build a loyal customer base, generate positive word-of-mouth, and ultimately increase profitability.

The banking industry in Myanmar has experienced significant growth in recent years, with an increasing number of financial institutions offering a wide range of products and services to meet the needs of the growing economy. One of the most popular financial products offered by banks in Myanmar is home loans, which enable customers to purchase their dream home or invest in real estate.

KBZ Bank, one of the leading banks in Myanmar, has also introduced a home loan product with various features to attract potential customers. However, in order to stay competitive in the market, it is crucial for KBZ Bank to understand the level of customer satisfaction with its home loan product features in Yangon, the largest city in Myanmar and a major hub for real estate transactions.

Therefore, this study aims to investigate the customer satisfaction with KBZ Bank home loan in Yangon. The study will focus on identifying the factors that influence customer satisfaction on KBZ home loan product features. By understanding these factors, KBZ Bank can make informed decisions to improve its home loan product features and enhance customer satisfaction, ultimately leading to a stronger market position and increased profitability

1.1 Rationale of the Study

The home loan market in Myanmar is rapidly growing, with an increasing number of financial institutions offering various home loan product. However, there is a lack of information regarding the level of customer satisfaction with these product features, which could lead to negative consequences for both customers and banks.

The problem is that customers may not fully understand the various product and their implications, leading to confusion and dissatisfaction. Moreover, banks may not fully understand customer needs and preferences, leading to a mismatch between the product features offered and customer expectations. This mismatch could lead to

decreased customer loyalty, negative word-of-mouth, and ultimately decreased profitability for bank.

In Myanmar, home loan product is offered by KBZ Bank, Yoma Bank, AYA Bank, Ayeyarwaddy Farmers Development Bank, MCB Bank and UAB Bank. They attract customers with differentiate payment, promotion, location, process efficiency, well-trained staffs, effective communication and trust on bank. As KBZ, they are necessary to understand which factors make to get more customer satisfaction.

Although KBZ Bank has introduced a home loan product with various features to attract potential customers, there is a lack of information regarding the level of customer satisfaction with the product, especially in Yangon, the largest city in Myanmar and a major hub for real estate transactions.

The problem is that KBZ Bank needs to understand the influencing factors on customer satisfaction with its home loan product, otherwise which could lead to a decline in customer loyalty, negative word-of-mouth, and ultimately decreased profitability. Without a clear understanding of customer satisfaction, KBZ Bank may be at a disadvantage in the highly competitive home loan market in Myanmar.

Therefore, the purpose of this study is to investigate customer satisfaction with KBZ Bank home loan product in Yangon, identifying the factors that influence satisfaction and areas where improvements can be made. By understanding customer needs and preferences, KBZ Bank can improve its home loan product, enhance customer satisfaction, and maintain a competitive position in the market.

1.2 Objectives of the Study

The main objectives of the research on customer satisfaction of KBZ home loan product are as follows:

(i) To examine the customer perception on home loan product of KBZ Bank.

(ii) To analyze influencing factors on customer satisfaction of KBZ Bank home loan product

1.3 Scope and Method of the Study

The research method for investigating customer satisfaction on KBZ home loan product in Myanmar conducted in the quantitative research design. A survey questionnaire used to gather data from current performance loan customers of KBZ Bank home loan product in Yangon, Myanmar. The study employed a sampling

technique for the selection of participants. The target population was (1,120) current customers of KBZ Bank home loan product features in Yangon. The sample size determined (287) using Cochran's formula to ensure sufficient statistical power. A structured survey questionnaire was used to collect data from the participants. The questionnaire designed to measure customer satisfaction with KBZ Bank home loan product, including payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication and trustworthy.

The collected data analyzed using descriptive statistics, such as frequencies and percentages, to summarize the responses. Inferential statistics, such as correlation and regression analysis, used to determine the factors that influence customer satisfaction with KBZ Bank home loan product.

1.4   Organization of the Study

There are five chapters in this study and Chapter 1 presented the introduction of the study. It composed of the rationale of the study, objectives of the study, scope and methods of the study and organization of the study. Chapter 2 is literature review which includes the theoretical background and model, previous studies and conceptual Framework of this study. Chapter 3 contained a profile of KBZ Bank and home loan product. Chapter 4 covers data analysis the influence factors of customer satisfaction on home loan product. The last chapter of this study presents the conclusion that have three parts, first is finding, second is suggestions and recommendations, last needs for further studies.

CHAPTER II
THEORETICAL BACKGROUND

This Chapter includes the background theory and the model of the study, relevant theories in used and theoretical framework of the study. Actually there is three parts only. First part is to introduce the Model of the study, second part is what kind of model and framework use at previous study, and last part is the conceptual framework to examine the customer satisfaction on home loan of Kanbawza Bank.

2.1 Concept of Customer Satisfaction and Influencing Factors

Customer satisfaction is the best measure of a product's success and a critical factor in building a loyal and thriving customer base. It refers to the perception of contentment and fulfillment experienced by customers after engaging with a product, service, or brand. Customer satisfaction of home loan is a multifaceted aspect that encompasses various elements, including competitive interest rates, transparent terms, efficient application and approval processes, responsive customer service, and personalized solutions that cater to individual needs.

The differences between expectation and perception, the actual service received from the respective service provider is called customer satisfaction (Harris, 2000). Kotler (20212) said that customer satisfaction is how the perceived performance matches the buyer's expectation (Kotler, 2012). The service providers rely on the maintenance of a long-term relationship with its customers, due to the nature of the products and services it provides, and the loss of a customer is viewed with their concern (Sweeney and Swait, 2008).

Customer satisfaction refers to how the services meet the customer needs and expectations (Oliver Richard, 1997). Today banks are facing tough competitions. Customers are presented with an extensive array of brands to choose from. To thrive in the face of competition, banks must excel in meeting and fulfilling customer needs more effectively than their competitors. In the competitive scenario customer is the king and the normal progression of any concern in today's marketing scenario is highly customer centric (Hymavathi & Kalpana, 2014).

The payment amount directly impacts a borrower affordability, while the interest rate is a pivotal factor influencing the overall cost of the loan and long-term

financial commitment, both of which are central considerations for borrowers when evaluating home loan products (Hamid & Masood, 2011). Promotional offers such as reduced interest rates, waived fees, or special incentives can significantly sway a borrower decision when choosing a home loan product, as these promotions can provide tangible financial benefits Brown & Mitchell, 1993).

The efficiency and simplicity of the loan application and approval process play a crucial role in a borrower decision-making process when selecting a home loan product. A streamlined and straightforward process often appeals to borrowers as it minimizes complexity and saves time (Jain, Kumar & Dash, 2014).

The convenience of the lender physical location and the accessibility of their services, along with the option for online interactions, can significantly influence a borrower preference for a particular home loan product. Borrowers often prioritize accessibility and ease of communication, making convenience in location a compelling factor in their decision-making process (Chaudhary & Junjhua, 2011).

The responsiveness of the service provider, including their timely and helpful communication, is a critical factor that can greatly impact a borrower confidence in selecting a home loan product. A provider that demonstrates excellent responsiveness often fosters trust and a positive customer experience, which can significantly influence the borrower final decision (Lymperopoulos, Chaniotakis & Soureli, 2006).

Effective communication from the lender regarding terms, conditions, and any potential changes to the home loan product can significantly influence a borrower perception of transparency and fairness. Clear and open communication helps borrowers make informed decisions and fosters a sense of trust in the lender offerings (Gupta & Sinha, 2015).

The perceived trustworthiness of a lender, often based on reputation, reviews, and ethical practices, is a paramount factor that heavily influences a borrower choice of a home loan product. Borrowers are more likely to opt for a lender they perceive as trustworthy, as it instills confidence in the loan agreement and long-term relationship. (Thaichon, Quach, Bavalur & Nair, 2017).

2.2   Background Theory and Model of the Study

In this study used the Service Marketing Mix and SERVQUAL as the background theory and model to analyze the customer satisfaction.

2.2.1 Service Marketing Mix

The service marketing mix is a theoretical framework that has been developed to assist service-based organizations in designing and implementing effective marketing strategies. The concept of the service marketing mix was first introduced by Booms and Bitner (1981), who proposed that service-based organizations must consider seven key elements: product, price, promotion, place, people, process, and physical evidence. These elements, also known as the 7 Ps of service marketing, are used to develop strategies that meet customer needs and enhance customer satisfaction. (Melnic, 2017)

The product element refers to the service offering, which is intangible and cannot be owned. Service organizations must carefully design their service offerings to meet customer needs and preferences. The price element refers to the cost of the service offering, which can include various fees, charges, and rates. The promotion element refers to the methods used to communicate and promote the service offering, which can include advertising, sales promotions, public relations, and personal selling. The place element refers to the location or distribution channels used to deliver the service offering to customers. The people element refers to the employees who deliver the service offering, who are often referred to as "frontline" employees. The process component encompasses the protocols and actions entailed in the provision of the service offering. The physical evidence element refers to the tangible cues and signs that customers use to assess the quality of the service offering.

In the home loan industry, the service marketing mix plays an important role in shaping customer satisfaction. Product refers to the home loan product being offered, including interest rates, repayment terms, and other conditions. Price refers to the cost of the home loan, including interest rates and fees. Promotion refers to the methods used to market of the home loan, such as advertising and promotional campaigns. Place refers to the distribution channels used to sell the home loan, including branches, brokers, and online channels. People refer to the staff involved in the home loan process, including customer service representatives and loan officers. Process refers to the steps involved in obtaining the home loan, including application, approval, and disbursement. Finally, physical evidence refers to the tangible elements of the home loan process, including documents and other physical artifacts.

Several studies have examined the relationship between the service marketing mix and customer satisfaction in the home loan industry. For example, a study by Park

and Kim (2015) found that product, price, promotion, and place were all significant predictors of customer satisfaction with home loans. The study also found that process and physical evidence were important factors in shaping customer satisfaction.

Another study by Oh et al. (2016) examined the impact of the service marketing mix on customer satisfaction in the Korean home loan industry. The study found that price, promotion, and place were the most significant predictors of customer satisfaction, followed by product and process.

2.2.2 SERVQUAL Model

Another framework that has been used in the literature is the SERVQUAL model, which was proposed by Parasuraman et al. in 1985. This model consists of five dimensions of service quality, including reliability, responsiveness, assurance, empathy, and tangibles. These dimensions have been applied to the home loan industry to evaluate the quality of product features and their impact on customer satisfaction and loyalty. The SERVQUAL model is a popular framework for measuring service quality in the banking industry. The model consists of five dimensions that can be used to evaluate the quality of service provided by banks. These dimensions are:

This dimension refers to the bank ability to deliver its services accurately and dependably. Customers expect banks to provide reliable services, such as timely processing of transactions, accurate account information, and timely response to customer inquiries and complaints.

Responsiveness refers to the bank willingness to provide prompt and efficient service to its customers. This includes the speed with which customer inquiries and complaints are resolved, the availability of customer support services, and the overall responsiveness of bank staff.

Assurance refers to the bank ability to instill confidence and trust in its customers. This includes the bank reputation, expertise, and professionalism. Customers expect banks to provide accurate and reliable information, to be trustworthy, and to be able to handle their financial affairs competently.

This dimension refers to the bank ability to understand and meet the individual needs of its customers. This includes the bank ability to personalize its services, to communicate effectively with customers, and to demonstrate concern for their needs and preferences.

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Tangibles refer to the physical appearance and amenities of the bank facilities, equipment, and personnel. Customers expect banks to provide a clean, well-maintained environment, modern and functional equipment, and professional and courteous staff.

By measuring the quality of service across these dimensions, banks can identify areas for improvement and develop strategies to enhance the overall customer experience. Additionally, the SERVQUAL model can help banks identify the specific aspects of service that are most important to their customers, allowing them to prioritize their efforts and resources accordingly.

Several studies have also focused on identifying the specific quality dimensions that are most important to customers when selecting a home product. A study by Rahman et al. (2018) found that interest rate, loan amount, and tenure were the most important factors influencing customer satisfaction with home loan product. Another study by Kuzma and Pikul (2016) found that customer service, fees and charges, and loan processing time were the most important factors affecting customer satisfaction with home loan mortgages.

One of the most important product features of home loan is the interest rate. Several studies have found that customers prioritize interest rates when selecting a home loan, as this directly affects the cost of borrowing and the monthly payments. For example, a study by Goh and Zhai (2019) found that interest rate was the most important factor influencing the selection of home loan product among Singaporean consumers. Similarly, a study by Rahman et al. (2018) found that interest rate was the most important factor influencing customer satisfaction with home loan product in Bangladesh.

However, other studies have also found that customers consider other factors, such as the loan amount, loan term, and repayment options when selecting a home loan product. For instance, a study by Kuzma and Pikul (2016) found that loan amount, repayment period, and interest rate were the most important factors affecting customer satisfaction with home loan product in Poland.

Loan processing time is another key product feature that has been studied in the literature. Customers expect fast and efficient loan processing times, as delays can cause frustration and impact their ability to secure the desired property. A study by Al-Malkawi et al. (2017) found that loan processing time was a significant factor influencing customer satisfaction with home loan product in Jordan.

The fees and charges associated with home loan products are also an important product feature that can impact customer satisfaction. A study by Han and Ryu (2018)

found that the transparency and fairness of fees and charges were important factors influencing customer satisfaction with home loan product in South Korea.

Overall, the literature suggests that the quality dimensions of home loan products are complex and multi-dimensional. Banks need to carefully evaluate these dimensions and understand their impact on customer satisfaction and loyalty to design and deliver high-quality products and services that meet the needs of their customers.

2.3   Previous Research Studies

The study of Wahid (2016) is to analyze the extent of the influence of product to the customer decision in choosing a house purchase loans at BNI, Branch 46 Makassar, the study population of customers who took credit purchases home loan on BNI Makassar branch numbering as many as 1,575 people customers, sampling is set at 94 Respondents., Methods of data analysis used is multiple regression analysis. Research results showed that the marketing mix (product, promotion, location, employees, infrastructure and service processes) in regression positive and significant impact on the customer decision, while variable rates negative and significant effect on the customer decision.

Figure (2.1) Conceptual Framework of Wahid (2016)
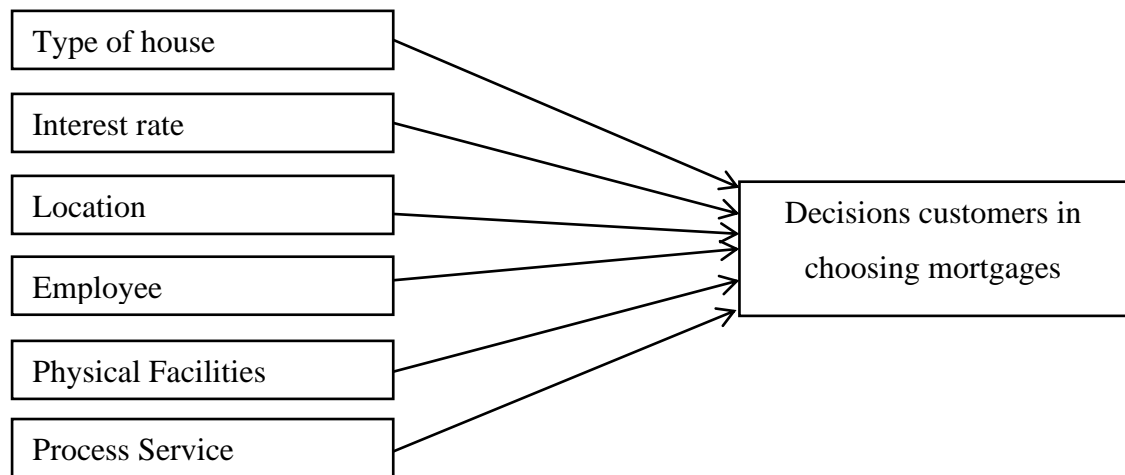
Source: Wahid (2016), the Decision of Customers in the Matter in Choosing the Home Purchase
        Loans

Mani & Ekambaram (2021) conduct a research with the aim of investigating the impact of borrowing costs, processing time, and documentation procedures on the service quality of banking institutions in India engaged in providing housing loans. We formulated a research framework aimed at exploring the various independent variables

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that impact service quality. This framework was devised to identify gaps in the existing literature concerning housing loans. All identified research gaps were translated into a questionnaire, yielding 535 valuable responses. The results unequivocally underscored the significance of service quality within the banking sector in India. A substantial correlation exists among the three independent variables (borrowing cost, processing time, and documentation) and service quality. The assessment of banking service quality is conducted via factors such as initial personal interactions, online banking services, a customer-centric approach, informational service offerings, commitment to service provision, and on-site verification. All of these factors collectively exert a robust influence.

Figure (2.2) Conceptual Framework of Mani & Ekambaram (2021)
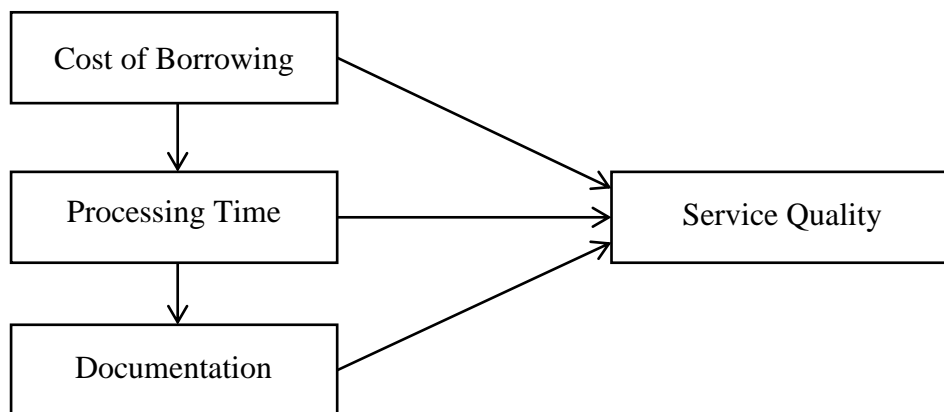
Source: Mani & Ekambaram (2021), Customer Satisfaction Towards the Housing Loan

Cherian (2017) investigated the factors that affect customer satisfaction towards the housing loan scheme of HDFC in Kottayam district, India. The factors expected to motivate customer satisfaction are Responsiveness, Credibility, Reliability, Access, Communication, Trustworthy using the SERVAQUL model. The study employed a descriptive research design, and data were collected from 200 customers of HDFC using a structured questionnaire. The data were analyzed using descriptive statistics, factor analysis, and multiple regression analysis. The results of the study revealed that factors reliability and responsiveness significantly affect customer satisfaction towards the housing loan scheme of HDFC. The study provides insights for HDFC and other housing finance companies to improve their housing loan schemes and customer satisfaction.

Figure (2.3) Conceptual Framework of Cherian (2017)

Responsiveness

Credibility

Reliability

Access

Communication

Trustworthy

Customer Satisfaction
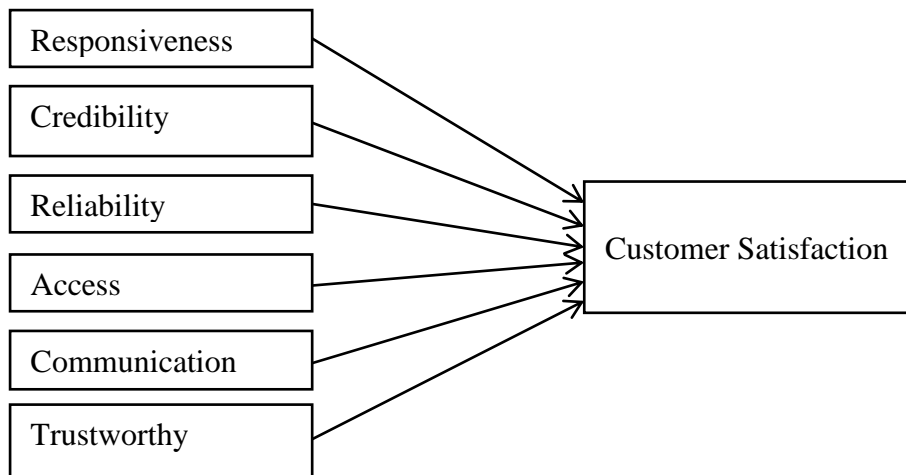
Source: Cherian (2017), Service Quality for Housing Loan Customers of Indian Banks

2.4   Conceptual Framework of the Study

The independent variables are expected to affect customer satisfaction regarding KBZ Bank home loan services. Payment and interest rates are expected to influence customer satisfaction since customers may be looking for affordable and reasonable rates. Promotion is expected to influence customer satisfaction since it can attract customers to avail of the home loan services. Process is expected to influence customer satisfaction since customers may prefer quick and hassle-free processing. Convenient location is expected to influence customer satisfaction since customers may prefer easy access to the bank location. Responsiveness of service provider is expected to influence customer satisfaction since customers may prefer a responsive and supportive customer service. Communication is expected to influence customer satisfaction since effective communication can help customers understand the loan products and services better. Trustworthy is expected to influence customer satisfaction since customer may prefer the reputation of Bank.

The dependent variable, customer satisfaction, is expected to be influenced by the seven independent variables mentioned above. This study organized 7 independent variables from previous studies. Payment and Interest rate, Promotion and Convenient Location were referenced from Wahid (2016), the Decision of Customers in the Matter in Choosing the Home Purchase Loans. Process is from Mani & Ekambaram (2021), Customer Satisfaction Towards the Housing Loan. Responsiveness of service provider, Communication

and Trustworthy are from Cherian (2017), Service Quality for Housing Loan Customers of Indian Banks.

The conceptual framework can be tested by conducting a survey to collect data on the perceptions and satisfaction levels of customers regarding KBZ Bank home loan services. The data can be analyzed using statistical tools such as regression analysis to determine the significance of each independent variable on customer satisfaction.

Figure (2.3) Conceptual Framework of the Study
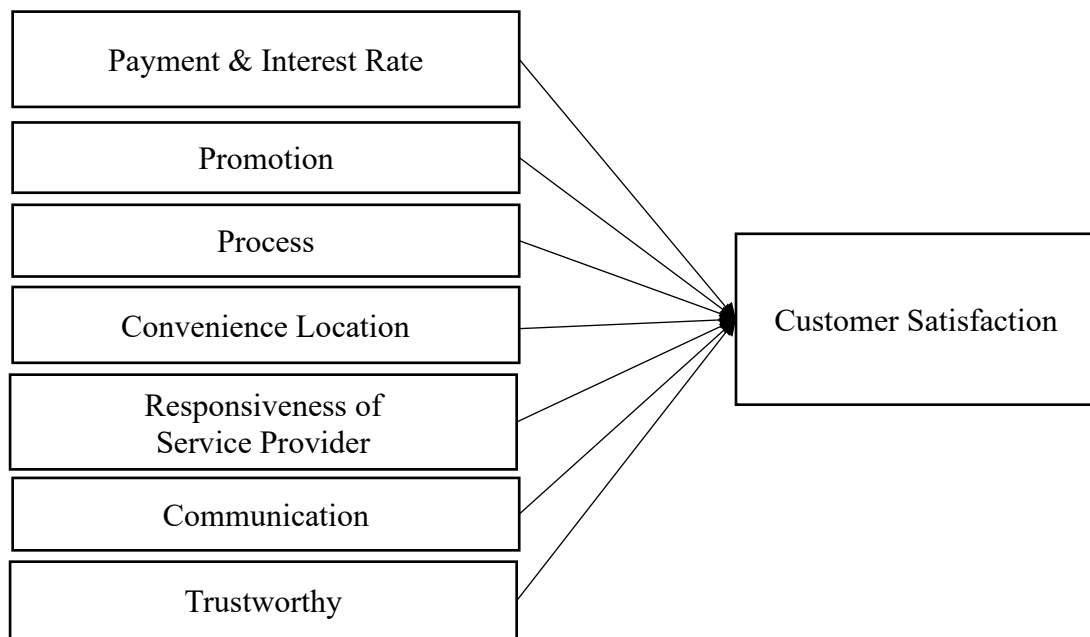
Source: Own Compilation (2023)

2.4.1   Working Definition

Payment and interest rate is defined as payment period, down payment amount, type of payment and interest rate which is depended on the down payment and type of payment.

Promotion is defined as the discount at services charges, extend loan payment period, discount interest rates and special processing time.

Process defined as process flow, processing time, services of processing officer and collection of loan documents.

Convenience Location is defined as customer can easy to take the home loan at most the city, and they can pay back the monthly loan installment amount at not only any branches but also online banking.

Responsiveness of Services provider means loan officers are taking care to the loan customer and served the good services to the customer who is satisfied end of the process.

Communication is defined as customer easy to find out about the home loan product from verity of communication channel themselves and customer easy communicate with loan officer also.

Trustworthy means the customer how much they trust on bank depend on the structure of corporate governance, structure organization, background image of the bank and accountabilities on customers.

CHAPTER III
HOME LOAN PRODUCT OF KANBAWZA BANK

This Chapter describes the profile of Kanbawza Bank and background of Kanbawza Bank home loan product and currently how to run the home loan product in Kanbawza Bank.

3.1 Profile of Kanbawza Bank

A bank serves as a financial institution that offers a diverse range of financial services to its customers. Main purpose of the bank is receiving the money from the customers and lending the money to customers. Depending on the main purpose, bank developed the verity of products and services that are saving deposit, call deposit, call deposit, loan, overdraft, home loan, SME loan, car loan, credit cards, investment products, local remittance, foreign remittance, etc.

KBZ Bank is the largest privately own bank in Myanmar Banking society and KBZ Bank possessed about the 40% of market share at both retail banking and commercial banking. KBZ Bank got the banking license from the Central Bank of Myanmar (CBM) in 4 June 1994. KBZ Bank was founded with 6 persons and they are U U Khin Maung, U Maung Maung Myaing, U San Lin, U Tin Shwe, U Ohn Maung, and Daw Hla Hnin Khine. First branch was opened in Tuanggy, the capital of the Shan State. In 2000, U Aung Ko Win and Daw Nang Than Htwe acquired 100% of the Share and KBZ Bank was becoming the family-run business.

KBZ Bank opened 2nd branch at Yangon and KBZ Head Office relocated at Yangon, the business capital of Myanmar in April 2000. Now there are 500 branches all over the country in Myanmar. KBZ Bank started to run the foreign banking in November 2011 after CBM granted the Authorized Dealer Licensed (ADL). In 2018, KBZ Bank introduced the Real-time e-wallet platform which is called KBZPay. KBZ bank aimed to create the KBZPay for to achieve 100% financial inclusion in Myanmar.

KBZ Bank is running the following Vision, Purpose, Mission and Core Value. There are as follows.

Vision: To be the best-managed bank in the world.

Purpose: To improve the quality of life in Myanmar through banking

Mission: 100% Financial Inclusion in Myanmar and Service Leadership in ASEAN by 2024.

Core Value: KBZ Bank is guided by a belief and a culture that runs throughout the entire organization: being good to people and doing the right thing, and we are driven by three values - Metta, Thet Ti, Virya.

In April 2022, KBZ did the leadership movement at BOD and senior management after that U Zaw Lin Aung was becoming the CEO of KBZ Bank. He has been leading actively to get the above Vision, Purpose, Mission, and he was trying to make the movement at management. And then KBZ Bank announced the new management structure of KBZ Bank in Jan 2023 that shown at figure (3.1).

Now, KBZ Bank has been awarded the Best Banking in Myanmar 2023 by World Business Outlook and Best Digital Bank Myanmar, Best SME Bank Myanmar 2023 and Best Bank for Women Entrepreneurs Myanmar 2023 by World Economic Magazine that is under guidance by CEO.

Figure (3.1) New Management Structure of KBZ Bank

Source: KBZ Bank (2023)

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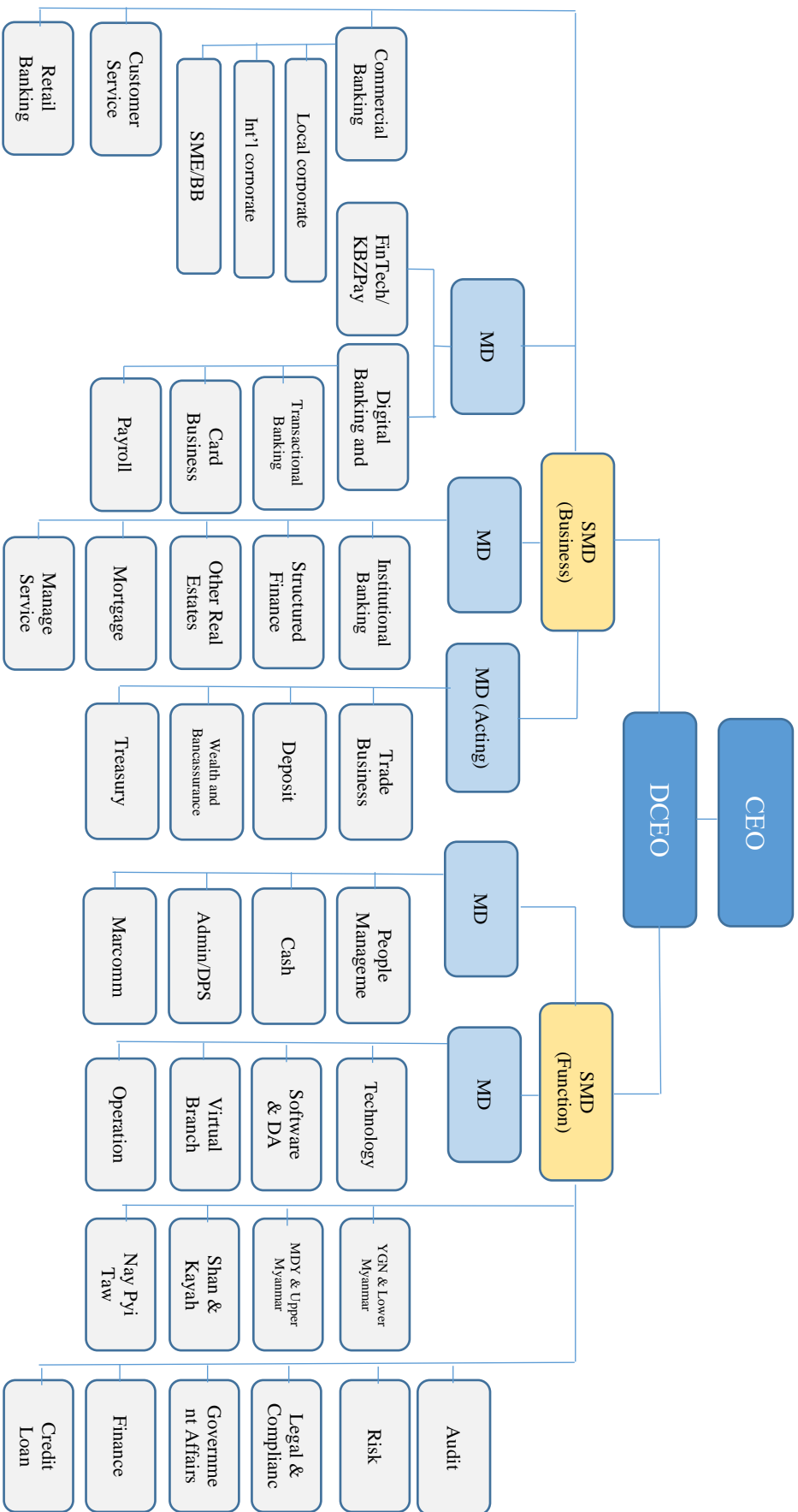
3.2   Background of Kanbawza Bank Home Loan Product

KBZ Bank produced the verity of product and services depending on the customer needs and wants otherwise the situation of the business trend and culture of the society. Late of 2015, the demand of housing loan (home loan) is slightly grown and CHIDB was the leading bank on home loan product at private banking sector. Together KBZ Bank launched the Home Loan Product in July 2018 and the home loan market is rapidly grow. (Myanmar Banking Report, 2020) KBZ Bank started to provide the home loan product at KBZ Bank Kamyaryut Branch (2) and KBZ Bank increased the services at next three branches at Yangon and one branch at Mandalay.

In 2018, Home Loan Product was under control of the Smart Secured Consumer Value Center and KBZ Bank only acquired very less number of the market share. Purpose of KBZ Bank Home Loan Product is to possess the own house to customers who have monthly income. End of 2019, KBZ Bank provided not only normal home loan service but also the construction loan service and under-construction loan service. And then KBZ Bank disbursed 5 times of loan amount of previous year. Loan disbursement amount was still increase in 2020, but disbursement was significantly declined 2021 because of the Covid-19 Pandemic with political situation.

KBZ Bank home loan product was returned to increase at loan disbursement in 2022 and 2022 was the highest loan disbursement amount compare with previous years since launched. As per leadership movement in 2022, KBZ bank provided the home loan program for their employee which is called Employee Benefit Program. This program is special interest rate, tenor and other services for employee. Smart Secured Consumer Value Center was changed by New Management Structure to Mortgage Business Unit in January 2023. KBZ Bank home loan will more disburse in 2023 because 6 months' total loan disbursement amount is 80% of the total loan disbursement in 2022. Recently, KBZ Bank introduced new home loan service which is called Plot Plus Construction loan.

3.3   Home Loan Product of Kanbawza Bank

In CBM Directive No. 2/2019, home loan product can be provided for more than 3 years and home loan can be lent 5% of the bank total loan portfolio. Home Loan product is long term loan and customers is easy to be payback their loan amount with monthly installment.

KBZ Bank customer can choose verity of the following services of Home Loan Product. These services are normal loan, home construction loan, under construction loan, home improvement loan, step up loan and plot plus loan. KBZ Bank is still increasing the home loan customer but KBZ Bank needs to know the customer satisfaction on Home Loan Product and customer satisfaction is important to produce the new services and to control the sustainable improvement of the KBZ Bank Home Loan Product.

This study identifies the factors which are relative with the customer satisfaction on KBZ Bank customer to acquired home loan product. These factors are payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication and trustworthy.

3.3.1 Payment and Interest Rate

KBZ Bank provide the equated monthly installment (EMI) method for home loan customer and customers are easily to pay back their credit amount with month by month. KBZ Bank give the credit facility to use the home loan services if even customers have 30% of property value. Home loan product allowed to choose the payment years which is starting from 3 years to 25 years and which payment year (tenor) is calculated by the age of applicant. The maximum eligible age of applicant is 65 years. KBZ Bank has allowed the customer to payback both partial for fully before the maturity date.

Customer can decide to choose the interest rate depending on their down payment. Customer can get the 10% interest rate on 30% to 49.99% down payment and 8.5% interest rate on 50% and above down payment of property value. Interest rate is one time to choose for their home loan service and home loan customers don't need to worry about interest rate. Only step up loan is slightly different at interest rate.

3.3.2 Promotion

Home Loan customers can get different kind of promotion relative the seasonal and home loan event. Customers can get the discount on service charges, special down payment, FOC for early repayment and reduce rate on interest also. KBZ Bank was doing the event with individual, with the real estate agency and with the builder. KBZ Bank did sponsorship to the real estate export and home loan fair. KBZ Bank frequently makes the home loan event at KBZ Home Loan Center.

3.3.3 Process

KBZ Bank home loan process can divide 2 stages and these two stages are only to prepare a completed successful loan file. These two stages are applied stage and approval stage. In applied stage, customer needs to check the eligible with their information. Customer can do themselves or can contact with home loan officer.

When customer meet with the sales officer, who will explain the type of home loan services, payment term (tenor), down payment, interest rate and rules and regulations of home loan product. Sales officer will calculate the eligibility of credit limit and then who will request customer personal information, payslip or P&L of business, recommend letter for personal and business which is like township recommendation letter and company recommendation letter etc. And then sales officer requests the seller information and property (collateral) information also.

Customer filled the loan application form and sales officer checked with MMCB report after sign. Loan officer check the property or business and loan officer needs to reply the situation of process to customer. Customers open the bank account and deposit the services fees which is 1.5% of credit amount. And then bank blocked these services fees at bank account.

After collected the information, sales officer transfers the home loan file to processing officer. Processing officer check the file to complete information and who request the lawyer and assessor. If processing officer get the lawyer report, who needs to check the additional information. Assessor report is important for down payment and bank can allow the 70% of assessor value. If assessor value is less than the market price, customer needs to pay more the down payment. Processing officer check the original documents of property and personal documents and officer does the credit score and credit report. And processing officer send the file to the branch manager and branch manager check and recommend the file. Branch manager send the home loan file to mortgage business unit for first approval. Business unit send the home loan file to Credit Admin Department (CAD) for final approval. Home loan process flow (applied stage) of KB Bank is depicted in the figure (3.2).

Home loan file get the final approval from CAD and processing manager request the fire insurance to IKBZ and inform the customer to prepare for final contract and GP or SP. Manager informs the date to sign the final contract for buyer and seller and contract with Bank also. After that computer admin do the disbursement and branch manager accepts the disbursement process. In last part, additional documents were

transferred to CAD and loan officer keep the original loan file documents at branch. The home loan process flow (approval stage) of KBZ Bank is depicted at figure (3.3).

3.3.4 Convenience Location

Location also important for home loan product for both of taking home loan or repayment the EMI. Customer can apply the home loan not only the home loan centers but also the all branches of Kanbawza Bank. It is easy to visit and ask about the questions for home loan product and apply the home loan. It does not need to spend the time for customer. And then customer can apply the home loan from their trusted agency also. For payment, they can deposit from any branches. And then they can use the KBZ online banking and can use any type of KBZ Bank account.

3.3.5 Responsiveness of Service Provider

The quality of the product is significantly related with service provider and their responsiveness. Home loan specialist explain the customer politely and professionally about the types of services. Specialist can immediately respond the question what customer wants to know. And then home loan specialist can give the advice and suggestion to choose the suitable service, tenor and credit limit. Home loan specialist follows up the customer who visited or contacted to the home loan center or KBZ branches.

3.3.6 Communication

Customer can find out and contact about the home loan product with the verity of channel as like Facebook, Email, Viber, WhatsApp and website. Most of the customer are communicated by phone, and they asked a lot of question for their credit limit and features of the property. They can read about the home loan product and calculate their credit limit themselves by using the website. If customers want to know detail about the home loan product they can leave the phone number and name by using email by way of website link. Before and after taken the home loan services, home specialist frequently informs the information of stages to the customer. Communication is one of the most important factor for customer satisfaction on KBZ Bank home loan product.

3.3.7 Trustworthy

For a bank, trustworthy is main important of the services. Deposit customer choose the trusted bank and home loan customer also choose the trusted bank that can give the credit limit to customer. Every government or private bank can not easy to build the trust with customer and bank needs to maintain the good reputation for a time. Without trustworthy, customer will not come to deposit or lend the money and trustworthy can shake the bank performance.
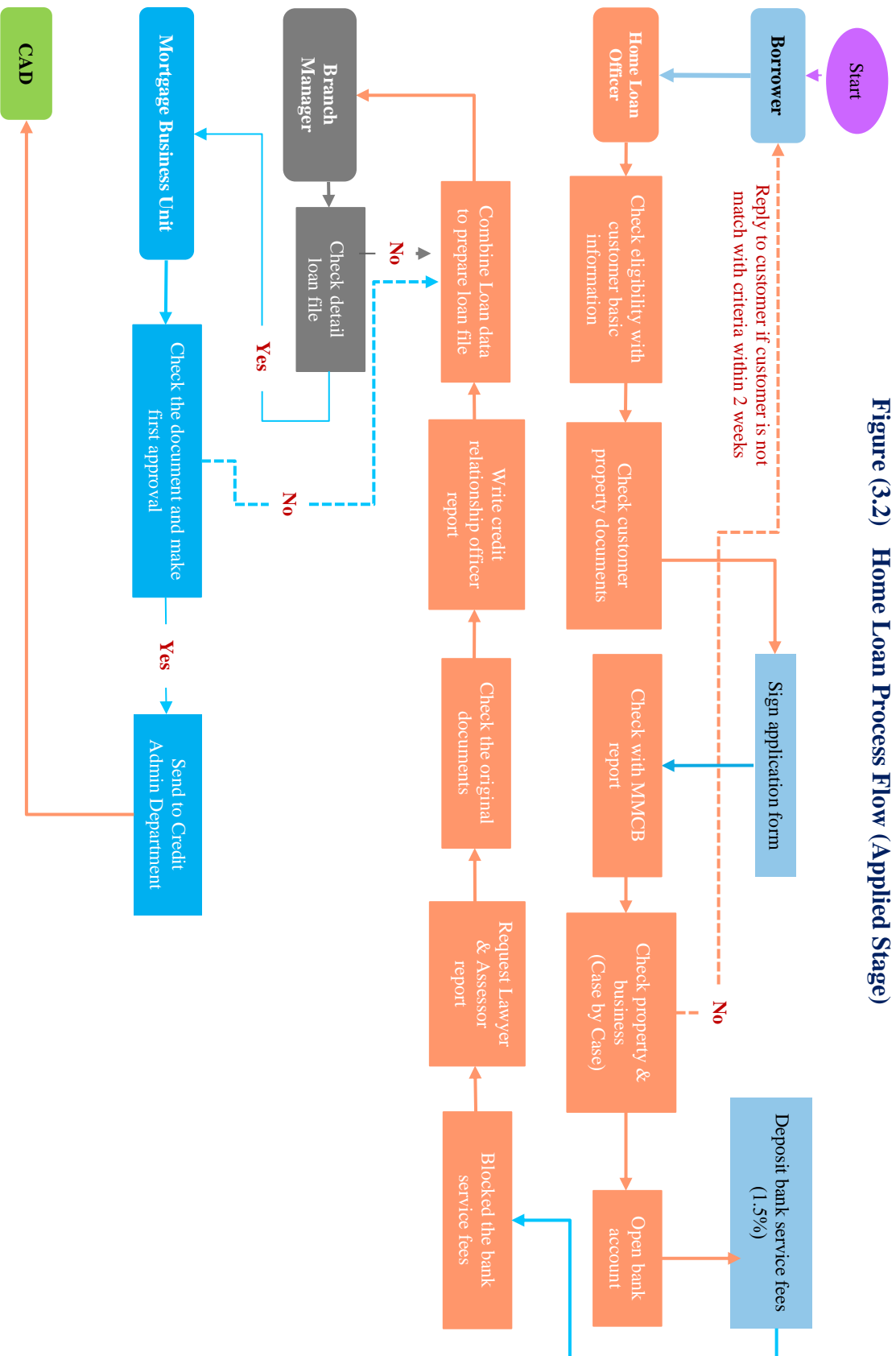
Figure (3.2) Home Loan Process Flow (Applied Stage)

Start

Borrower

Home Loan Officer

Reply to customer if customer is not match with criteria within 2 weeks

Check eligibility with customer basic information

Check customer property documents

Sign application form

Check with MMCB report

Write credit relationship officer report

Combine Loan data to prepare loan file

Check detail loan file

No

Yes

Branch Manager

Mortgage Business Unit

Check the document and make first approval

No

Yes

Send to Credit Admin Department

CAD

Check the original documents

Request Lawyer & Assessor report

Check property & business (Case by Case)

No

Open bank account

Blocked the bank service fees

Deposit bank service fees (1.5%)

Source: KBZ Bank (2023)

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Figure (3.3) Home Loan Process Flow (Approval Stage)

CAD

Home Loan Officer

Start

Approved the Loan

Request fire insurance from IKBZ

Take GP/SP

Stamp at Contract

Sign the final contract & other relative loan agreements

Make completed loan file

Keep the original contracts and agreements

Send the additional document to CAD

Deliver file to computer admin

Computer Admin

Make the disbursement

Branch Manager

Accepted the disbursement

Source: KBZ Bank (2023)

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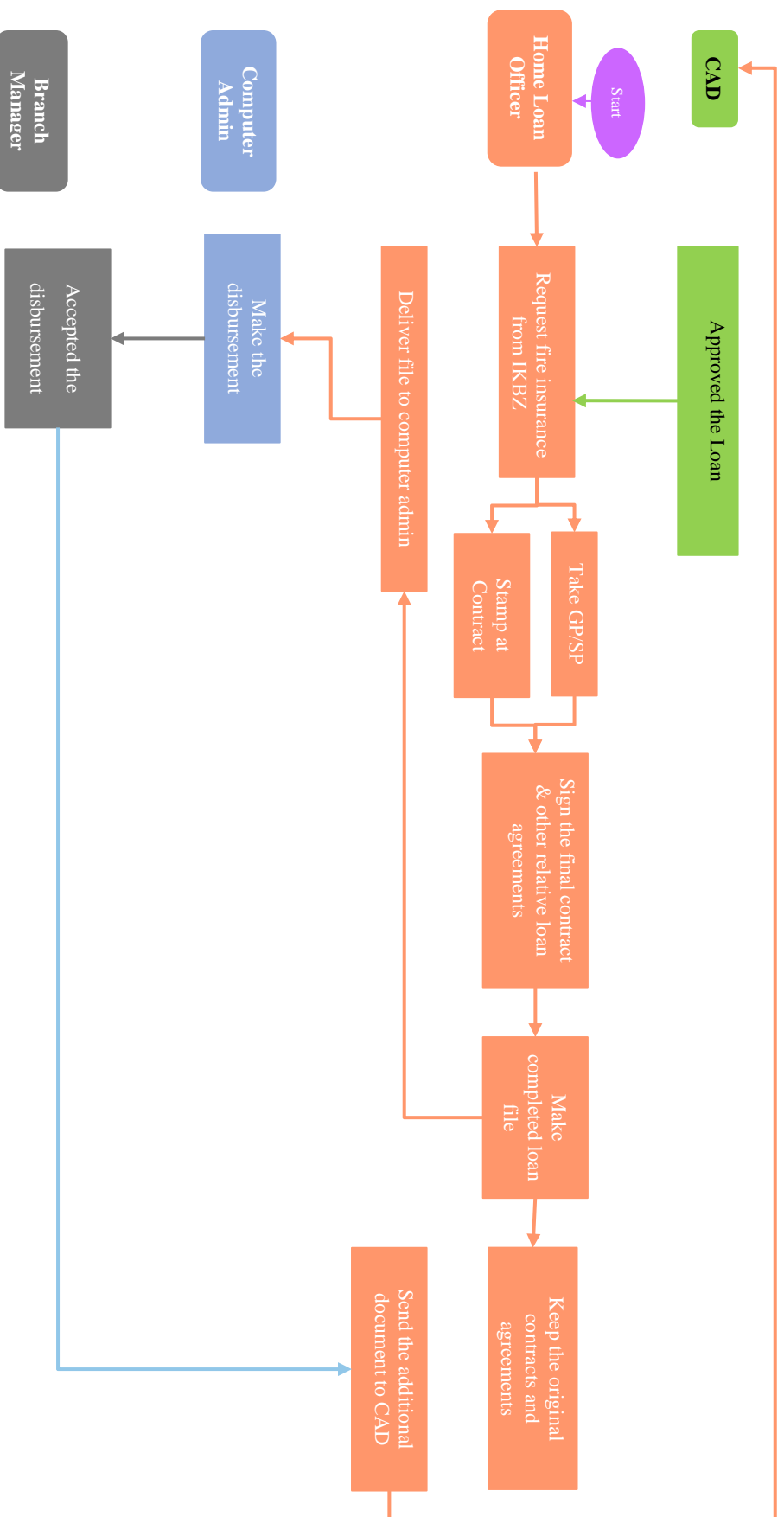
CHAPTER IV

ANALYSIS ON CUSTOMER SATISFACTION

This chapter comprises five key components. These are research design, demographic factors of the respondents, customer perception regarding the factors that influence customer satisfaction with home loans, reliability test conducted on the data and the effect of influencing factors on home loan customer satisfaction.

4.1 Research Design

This research focus on the customer perception of home loan product of KBZ Bank and to analyze the influencing factors. This study used the primary data and secondary data also. It surveyed the home loan customers who are from Yangon, Myanmar and used the Google form for survey questionnaires. In this study, Cochran's formula (1977) is used for sample size with the known population. The calculation is as follows:

$$n_0 = \frac{Z^2 pq}{e^2}$$

$$n_0 = \frac{(1.96)^2 (0.5)(1 - 0.5)}{(0.05)^2}$$

$$n_0 = 384.16$$

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

$$n = \frac{384.16}{1 + \frac{(384.16 - 1)}{1120}}$$

$$n = 287$$

n_0 = sample size of unknown population

n = sample size of known population

N = Population size (1120)

Z = Confidence Level (95%)

p = Proportion of population (50%)

e = Allowable error (± 5%)

This study used 5-points Likert Scale for questionnaire and the collection period for survey questionnaire was done in June 2023. This study used descriptive and quantitative and linear regression is used to calculate the significant effect between

dependent variables and independent variables. This study got the secondary data from previous research, text books, website and other relative information from Mortgage Business Unit from KBZ Bank.

4.2 Demographic Profile of the Respondents

The survey involved questioning 287 customers using structured questionnaires. The results indicated that all respondents completed the questionnaires. The survey data allowed for the classifications of the respondent personal demographic factors into six categories, including gender, age, marital status, education level, occupation, and working experiences in current job. Additionally, the survey encompassed inquiries regarding the respondents', the number of years they have used KBZ Bank home loan services, and the duration of their loan period.

Table (4.1) Demographic Profile of Respondents

Demographic Factors		Number of Respondents	Percentage (%)
Gender	Male	134	46.7
	Female	152	53.0
	Other	1	0.3
	Total	**287**	**100.0**
Age (years)	< 30	40	13.9
	31-40	170	59.2
	41-50	69	24.0
	51-60	8	2.8
	Total	**287**	**100.0**
Marital Status	Single	111	38.7
	Married	171	59.6
	Other	5	1.7
	Total	**287**	**100.0**
Educational Level	Undergraduate	20	7.0
	Graduated	192	66.9
	Post Graduated	75	26.1
	Total	**287**	**100.0**

Table (4.1) Demographic Profile of Respondents (Continued)

Demographic Factors		Number of Respondents	Percentage (%)
Occupation	Company Staff	207	72.1
	Government Staff	8	2.8
	Shareholder of Company	6	2.1
	Owner of SME	26	9.1
	Seafarer	22	7.7
	Oversea Worker	14	4.9
	Others	4	1.4
	Total	**287**	**100**
Working Experiences (Years)	<1	3	1.0
	1-10	144	50.2
	11-20	118	41.1
	≥ 21	22	7.7
	Total	**287**	**100.0**
Use of Services (Years)	< 2	205	71.4
	2-2.99	48	16.7
	3-3.99	18	6.3
	≥ 4	16	5.6
	Total	**287**	**100.0**
Loan Period (Years)	3-5	44	15.3
	6-10	81	28.2
	11-15	142	49.5
	>15	20	7.0
	Total	**287**	**100.0**

Source: Survey Data (June, 2023)

Respondents are divided by gender into three groups: male, female, and other. It can be seen that out of the total respondents, 134 were male, accounting for 46.7% of the sample. Furthermore, 152 female respondents were female, representing 53.0% of the sample and the rest is other. Therefore, it is evident from this study that the majority of the participants were female. Ages are divided into five groups and it showed that it

had 170 respondents (59.2%) who are at the age of between 31and 40 years old. It is the largest group of respondents on age factor.

According to Table (4.1), 111 respondents are single, 171 respondents are married and a small proportion of 5 respondents fell into "other" category. The majority of respondents were married. Educational level is classified into three groups: undergraduate, graduated, and post graduated. The majority of respondents, comprising 192 respondents (66.9%), reported having a graduate-level, which typically refers to completion of a bachelor degree

The variety of occupations held by the surveyed individuals and their respective percentages within the sample. Among the respondents, the majority, accounting for 207 respondents (72.1%), identified themselves as company staff, indicating employment in various sectors of the private industry.

Based on the data presented in Table 4.1, the majority of respondents, accounting for 144 respondents (50.2%), reported having a working experience between 1 and 10 years. This finding indicates that a significant proportion of the surveyed home loan customers possess moderate levels of professional experience. Furthermore, 188 individuals (41.1%) of the respondents reported having a working experience between 11 and 20 years.

The majority, accounting for 205 respondents (71.4%), reported utilizing home loan services for a duration of under 2 years. This indicates that a significant proportion of the respondents had relatively new associations with KBZ Bank home loan offerings. According to Table (4.1), the largest portion, accounting for 142 respondents (49.5%) of the respondents reported loan periods of 11-15 years. This finding suggests that a significant majority of participants had availed themselves of home loan terms within this range, implying a preference for longer loan periods for their financing needs

4.3   Reliability Statistics

The total analysis is carried out using SPSS software package. In this study, the reliability of the instrument was tested using Cronbach's alpha. Cronbach's alpha value was used in the survey to verify the reliability of the construct. Reliability is the most critical criteria which is used to test for the stability and reliability of a measurement. Cronbach's alpha is the coefficient which been used to measure and represent the degree of reliability of free from error (Sekaran & Borgue, 2010). The measurement of Cronbach's alpha and its reliability range is as shown in Table (4.2).

Table (4.2) Range about Cronbach's Alpha

Sr. No	Coefficient of Cronbach's Alpha	Reliability Level
1	0.80 to 0.95	Very good reliability
2	0.70 to 0.79	Good reliability
3	0.60 to 0.69	Fair reliability
4	Less than 0.60	Poor reliability

Source: Sekaran & Bougie (2010)

Cronbach's alpha varies between zero and one. The closer alpha is to one, the greater the internal consistency of the items in the questionnaires. Total number of questions or items in the questionnaire is 48 testing variables or Likert Scale variables and 8 items related to payment and interest rate, 6 items related to promotion, 5 items related to process, 6 items related to convenience location, 5 items related to responsiveness of service provider, 5 items related to communication, 5 items related to trustworthy and 7 items related to customer satisfaction.

Table (4.3) Reliability Analysis

Category	Cronbach's Alpha	No of Items
Payment & Interest Rate	0.912	8
Promotion	0.880	6
Process	0.903	5
Convenience Location	0.849	6
Responsiveness of Service Provider	0.957	5
Communication	0.913	5
Trustworthy	0.924	6
Satisfaction on Home Loan	0.935	7

Source: Survey Data (June,2023)

Table (4.3) shows that the Cronbach's Alpha of all factors in this study were between 0.6 and 0.95. Therefore, it can be indicated that the data is acceptable level of internal consistency and to be reliable and valid. The above table displays seven results obtained. The Cronbach's alpha value of payment and interest rate has 0.912 with 8

items. Cronbach's alpha value of promotion has 0.880 with 6 items. Cronbach's alpha value of process has 0.903 with 5 items. Cronbach's alpha value of convenience location has 0.849 with 6 items. Cronbach's alpha value of responsiveness of service provider has 0.957 with 5 items. Cronbach's alpha value of communication has 0.913 with 5 items. Cronbach's alpha value of trustworthy has 0.924 with 6 items. And, Cronbach's alpha value of customer satisfaction has 0.935 with 7 items. For testing the reliability of the test, it can conclude that the test is reliable with independent variable achieved and fulfilled the level of reliability which was measured by Cronbach's Alpha.

This study attempts to analyze the effect of payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication, trustworthy on satisfaction of home loan customers. This study is based on the structured questionnaire in which each item was measured by using 5-point Likert scale ranging from "1" indicate strongly disagree to "5" indicate strongly agree. The study uses multiple linear regression analysis to test the factors (payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication, trustworthy) affecting on home loan customers' satisfaction.

4.4 Customer Perception on the Home Loan of KBZ Bank

This study presents the to examine the customer perception on the home loan product of KBZ bank and key variable are payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication and trustworthy. The mean value scales were presented by using the level of score defied by Tan and Teo (2000) and showed at Table (4.4)

Table (4.4) Score Range of Likert Scale

Sr. No	Mean Score	Interpretation
1	4.21 to 5.00	Very High
2	3.41 to 4.20	High
3	2.61 to 3.40	Moderate
4	1.81 to 2.60	Low
5	1.00 to 1.80	Very Low

Source: Tan and Teo (2000)

The following Table (4.5) shows the mean value and standard deviation of payment and interest rate that influence on customer satisfaction of home loan. For this payment and interest rate questionnaire, there are eight questions to analyze. The results are shown as the following.

Table (4.5) Customer Perception on the Payment and Interest Rate

Perception	Mean	Std. Deviation
KBZ Bank recognizes the benefits of EMI payments in providing flexibility and ease of repayment for its home loan customers.	4.33	.71
KBZ Bank offers a preferable payment tenor of 3 to 25 years for customers seeking a home loan.	4.46	.63
KBZ Bank commitment to providing a steady and easily memorable EMI amount reflects its dedication to customer convenience and satisfaction.	4.35	.69
KBZ Bank offers customers the convenience of paying their installment amounts easily through both branch and mobile banking channels.	4.53	.58
Customer can pay back partial or full amount before maturity date.	4.37	.71
Customers receive adequate information about the breakdown of their principle & interest.	4.39	.73
The current interest rate offered on customers' home loans is deemed satisfactory by the customers themselves.	4.16	.87
Customers have the flexibility to select the interest rate for their Home Loan based on the down payment amount.	4.28	.76
Average Mean	**4.3593**	

Source: Survey Data (June, 2023)

Based on Table (4.5), the findings indicate that customers generally hold a positive perception of KBZ Bank payment and interest rate services. The highest mean value score of 4.53 reflects customers' satisfaction with the convenience provided by the bank payment methods, indicating that they find them easy to use and accessible. This aspect is a notable strength for the bank. However, the lower mean value score of 4.16 for interest rates suggests that customers' satisfaction in this area could be improved. While still positive overall, it indicates that some customers may have slightly lower satisfaction with the current interest rates offered by KBZ Bank.

Addressing this aspect and finding ways to meet customer expectations regarding interest rates could be very high overall customer satisfaction with the bank home loan services.

The following Table (4.6) shows the mean value and standard deviation of promotion activities of KBZ Bank that influence on customer satisfaction regarding the home loan. For this promotion activities questionnaire, there are six questions to analyze. The results are shown as the following.

Table (4.6) Customer Perception on Promotion

Perception	Mean	Std. Deviation
The customer is pleased with the discount provided for the service charges.	4.00	.927
The Home Loan Event offers a convenient platform that simplifies property search, ensuring customers can easily find suitable properties.	4.02	.823
The 14-day processing time provided by KBZ Bank emerged as a preferred choice for customers seeking a home loan due to its expedited nature.	4.08	.849
Home loan customers express a desire to avail themselves of promotions offering discounts or reduced interest rates.	4.39	.685
The customer expressed satisfaction with the increased death to income ratio.	4.22	.816
Please do rate the effectiveness of promotions when you take the home loan.	4.05	.849
Average Mean	**4.1266**	

Source: Survey Data (June,2023)

The findings from Table (4.6) suggest that customers generally hold high level of positive perceptions of KBZ Bank promotional activities. The mean values for all perception items range from 4.00 to 4.39, indicating a high level of satisfaction or agreement with the promotional offerings. Customers highly appreciate promotions that offer discounts or reduced interest rates, as reflected in the highest mean value of 4.39. This demonstrates their strong interest and satisfaction with promotions providing

financial benefits. Additionally, customer express satisfaction with the discounts provided for service charges, as indicated by the slightly lower mean value of 4.00.

Overall, these findings emphasize the effectiveness of KBZ Bank promotional efforts in attracting and satisfying customers. By focusing on promotions that provide tangible benefits, such as discounts and reduced interest rates, the bank can further enhance customer satisfaction and strengthen its competitive position in the market.

The Table (4.7) shows the mean value and standard deviation of process of KBZ Bank that influence on customer satisfaction regarding the home loan. For this process questionnaire, there are five questions to analyze. The results are shown as Table (4.5).

Table (4.7) Customer Perception on Process

Perception	Mean	Std. Deviation
The customer expressed satisfaction with the one-month processing time.	4.05	.877
The customer found the home loan process easy to understand.	4.14	.733
The required information and document are same with other bank.	3.92	.845
Kindly rate your level of satisfaction with the home loan process, encompassing aspects such as timeliness, documentation, and other relevant factors, before you were made aware of its details.	4.11	.779
The home loan process has met your expectations in terms of both time and efficiency.	4.11	.825
Average Mean	**4.0662**	

Source: Survey Data (June, 2023)

According to Table (4.7), customers generally have a high level positive perception of the home loan process offered by KBZ Bank. They find the process easy to understand, indicating clarity and transparency in the loan application and approval stages. This positive perception is reflected in the high mean value of 4.14, indicating a favorable customer experience.

On the other hand, the lowest mean value of 3.92 suggests that customers have a relatively lower level of satisfaction or agreement regarding the similarity of required data information compared to other banks. This indicates that customers perceive differences or challenges in the data requirements of KBZ Bank compared to their

experiences with other banks. It highlights the need for KBZ Bank to align its data requirements with customer expectations and industry standards, indicating an area for improvement.

Overall, the findings emphasize the importance of maintaining the ease of understanding and transparency in the home loan process. Addressing the concerns related to data information requirements can enhance customer satisfaction and ensure a more comparable experience with other banks. By focusing on these areas, KBZ Bank can further enhance customer satisfaction and strengthen its position in the competitive home loan market.

Table (4.8) presents the perception of respondents on the convenience location of KBZ Bank. The mean values and standard deviation of each question and overall mean are shown as following table.

Table (4.8) Customer Perception on Convenience Location

Perception	Mean	Std. Deviation
Customer easy to deposit the installment amount at every branch.	4.47	.630
Customers can conveniently check and repay their loans using online banking.	4.53	.630
The KBZ Home Loan website allows customers to calculate their credit amount.	4.36	.685
Customers have the flexibility to use any local KBZ Bank account for loan repayment.	4.43	.680
Customers are welcome to apply for a home loan at any of our branches for their convenience.	4.05	.952
Customers are provided with the opportunity to apply for a home loan through a trusted Real Estate Agency.	4.12	.836
Average Mean	**4.3275**	

Source: Survey Data (June, 2023)

According to Table (4.8), customers have a very high level positive perception of KBZ Bank services related to loan repayment and online banking because of the convenience location. They highly appreciate the convenience and usability of online banking for checking and repaying their loans, as reflected in the highest mean value of 4.53. This indicates a high level of satisfaction and appreciation for the convenience and flexibility provided by KBZ Bank online banking platform.

However, there is room for improvement in the convenience of applying for a home loan at any branch, as indicated by the lowest mean value of 4.05. While still positive overall, this suggests that customers desire a more streamlined and convenient application process across all branches. Enhancements in this area can further enhance the customer experience and satisfaction during the loan application stage.

Overall, the findings emphasize the importance of maintaining and improving the convenience and usability of online banking services, as well as streamlining the home loan application process. By focusing on these aspects, KBZ Bank can elevate customer satisfaction, strengthen customer relationships, and maintain a competitive edge in the market.

The respondent's perception on the responsiveness of service provider of KBZ Bank is present in Table (4.9).

Table (4.9) Customer Perception on Responsiveness of Service Provider

Perception	Mean	Std. Deviation
The Home Loan Specialist is available to provide detailed explanations when you visit for the first time.	4.39	.730
The Home Loan Specialist is dedicated to offering service that is both professional and empathetic.	4.38	.761
Home Loan Specialist to provide swift and accurate answers when querying about home loans.	4.35	.732
The Home Loan Specialist efficiently contacts and explains the home loan details to customers listed from various communication channels.	4.33	.801
Customers express high levels of satisfaction with the responsiveness of the service providers.	4.34	.741
Average Mean	**4.3596**	

Source: Survey Data (June, 2023)

According to (4.9), customers highly value the presence of these specialists during their initial visits, as reflected by the highest mean value of 4.39. Conversely, the lowest mean value of 4.33 in relation to customer satisfaction with service provider responsiveness. Despite this slightly lower mean value, it is evident that customers still

express a positive sentiment and satisfaction regarding the responsiveness of the Home Loan Specialists.

The respondent perception on the communication activities of KBZ Bank is present in Table (4.10).

Table (4.10) Customer Perception on Communication

Perception	Mean	Std. Deviation
After applying for a home loan, applicants receive regular updates from the Home Loan Specialist regarding the status and stages of the process.	4.26	.765
Once the approval was obtained, the Home Loan Specialist was contacted to initiate the final contract.	4.36	.668
Customers can conveniently access home loan information through various communication channels.	4.38	.679
The customers can easily understand the terms and conditions of home loan.	4.30	.724
Home loan specialists expertly consult with customers to determine the most suitable loan types and properties based on individual needs and circumstances.	4.37	.741
Average Mean	**4.3331**	

Source: Survey Data (June, 2023)

According to Table (4.10), the highest mean value is observed in the statement "Customers can conveniently access home loan information through various communication channels" with a mean of 4.38. This indicates that customers highly appreciate the availability of multiple communication channels to access relevant information about their home loans.

On the other hand, the lowest mean value is found in the statement "After applying for a home loan, applicants receive regular updates from the Home Loan Specialist regarding the status and stages of the process" with a mean of 4.26. Although slightly lower, this mean value still suggests a positive perception of receiving regular

updates from Home Loan Specialists. However, it indicates that there is room for improvement in ensuring consistent and timely communication with applicants regarding the status and progress of their loan applications.

To enhance customer satisfaction, it is important for KBZ Bank to focus on improving the regularity and timeliness of updates provided to applicants, while maintaining the convenience of accessing loan information through various communication channels.

The respondent perception on the trustworthiness of KBZ Bank is present in Table (4.11).

Table (4.11) Customer Perception on Trustworthy

Perception	Mean	Std. Deviation
KBZ Bank has good reputation for the Home Loan Products.	4.20	.752
KBZ Bank proactively protects customer data against unauthorized access or disclosure.	4.40	.691
KBZ Bank has recently acquired a significant number of shares in the Home Loan Market.	4.16	.729
Home Loan Specialist provide honest and transparent information about the home loan process and requirements.	4.35	.682
Customer trust the service providers associated with your home loan.	4.28	.727
KBZ Bank has earned a reputation for providing trustworthy home loan solutions to its customers.	4.27	.707
Average Mean	**4.2747**	

Source: Survey Data (June, 2023)

Table (4.11) customer perception is a very high level regarding various aspects related to KBZ Bank home loan products and services. The highest mean value is observed in the statement "KBZ Bank proactively protects customer data against unauthorized access or disclosure" with a mean of 4.40. This indicates that customers have a strong positive perception of the bank efforts to safeguard their data, suggesting a high level of trust and confidence in KBZ Bank data security measures.

Conversely, the lowest mean value is found in the statement "KBZ Bank has recently acquired a significant number of shares in the Home Loan Market" with a mean of 4.9. While slightly lower, this mean value still indicates a positive perception of KBZ Bank recent acquisition activity in the home loan market. However, it suggests that customers may not be as strongly aware or influenced by this particular aspect compared to other statements.

Overall, customers generally perceive KBZ Bank positively in terms of its reputation, trustworthiness, and transparency in providing home loan solutions. They trust the service providers associated with their home loans and acknowledge the bank reputation for reliable loan products. It is crucial for KBZ Bank to continue emphasizing data protection measures to maintain customer trust. While the recent acquisition activity may not have a significant impact on customer perceptions, the bank can focus on reinforcing other positive aspects highlighted in the table to further enhance customer satisfaction.

Each variable: payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication, trustworthy mean score and standard deviation are presented in Table (4.12).

Table (4.12) Summary of Average Mean Values

Variables	Mean	Standard Deviation
Payment & Interest Rate	4.36	0.56531
Promotion	4.13	0.65479
Process	4.07	0.69075
Convenience Location	4.33	0.56232
Responsiveness of Service Provider	4.36	0.69647
Communication	4.33	0.61700
Trustworthy	4.27	0.60875
Total Average Mean Value	**4.26**	

Source: Survey Data (June, 2023)

According to Table (4.12), the mean value of all variables are greater than 4. Thus, it can be concluded that most of the respondents agree all variables.

4.5   The Effect of Influencing Factors on Home Loan Customer Satisfaction

The multiple linear regression analysis is conducted to know how much the independent variables explain the dependent variable. The regression analysis is conducted the effect of influencing factors on customer satisfaction. The objectives of this study are to analyze the impact of payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication, trustworthy on customer satisfaction of home loan. Therefore, the effect of each independent variables: payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication, trustworthy on dependent variable: customer satisfaction are analyzed. The results are shown in Table (4.13).

Table (4.13) Effect of Influencing Factors on Home Loan Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.229	0.112		-2.040	0.042
Payment & Interest Rate	0.057	0.042	0.051	1.342	0.181
Promotion	0.062*	0.037	0.064	1.681	0.094
Process	0.088***	0.031	0.096	2.799	0.005
Convenience Location	0.115***	0.043	0.103	2.701	0.007
Responsiveness of Service Provider	0.189***	0.040	0.209	4.732	0.000
Communication	0.126**	0.050	0.124	2.533	0.012
Trustworthy	0.405***	0.049	0.392	8.226	0.000
F	273.635***				
R^2	0.873				
Adjusted R^2	0.870				

Dependent Variable: Home Loan Consumer Satisfaction

Note: ***Significant at 1% level; ** Significant at 5% level; * Significant at 10% level

Source: Survey Data (June,2023)

This model is estimated by using enter method. Firstly, calculated "F" value is examined to determine whether the Multiple Linear Regression Model can explain the

effect of influencing factors of customer satisfaction of home loan. Since calculated "F" value is significant at 1% level, the Multiple Linear Regression Model can explain the effect of influencing factors on home loan customer satisfaction. To investigate the significant factors, the calculated "t" value for each coefficient is examined.

According to Table (4.13), adjusted R^2 value is the percentage or value that indicated how the independent variables can explain the dependent variable. The more significant the independent variables can explain the dependent variable, the higher the adjusted R^2 value would be. The adjusted R^2 value of the current study is 0.870. Therefore, (87.0%) variation of home loan customer satisfaction can be explained by payment and interest rate, promotion, process, convenience location, responsiveness of service provider, communication, trustworthy.

The results clearly indicate that the independent variables (promotion, process, convenience location, responsiveness of service provider, communication, trustworthy) significantly impact customer satisfaction with home loans. However, it is worth noting that one factor, namely payment and interest rate, does not statistically significant on customer satisfaction.

The coefficient of payment and interest rate is 0.051, and is p-value is 0.181. The p-value is greater than 0.05, the payment and interest rate has no statistically significant on customer satisfaction of home loan. Therefore, there is insufficient evidence to conclude that variations in payment and interest rates have a significant impact on customer satisfaction in the context of home loans.

The coefficient of promotion is 0.062, and is p-value is 0.094. The promotion is statistically significant at 10% level and have a positive effect on home loan customer satisfaction. Therefore, there is evidence to support the notion that increasing promotional efforts can have a positive impact on customer satisfaction with home loans. In other words, an increase in promotion is likely to result in higher levels of satisfaction among home loan customers.

The coefficient of process is 0.088, and is p-value is 0.005. These findings indicate that the relationship between the process variable and customer satisfaction with home loans is statistically significant at a 1% level of significance. The positive coefficient suggests that improvements in the loan process positively influence customer satisfaction. Therefore, it can be affirmed that an enhanced process contributes to higher levels of customer satisfaction regarding home loans.

The coefficient of convenience location is 0.115, and with a p-value of 0.007. This finding holds significant statistical relevance at a 1% level, thereby confirming the positive influence of a convenient of service location on customer satisfaction in relation to home loans.

The coefficient of responsiveness of service provider is 0.189, and is p-value is 0.000. This outcome indicates that the relationship between responsiveness of service provider and customer satisfaction regarding home loans is statistically significant at a 1% level of significance. Moreover, the positive sign of the coefficient affirms that an increase in responsiveness of service provider attributes is associated with an enhancement in customer satisfaction with respect to home loans.

The coefficient of communication is 0.126, and with a p-value of 0.012. This finding holds significant statistical relevance at a 5% level, there is evidence to support the positive impact of effective communication on customer satisfaction in the context of home loans. Therefore, improved communication practices are likely to contribute to higher levels of customer satisfaction in relation to home loans.

The coefficient of trustworthy is 0.405 and is p-value is 0.000. The trustworthy is statically significant at 1% level and has a positive effect on customer satisfaction. The positive coefficient suggests that enhancing the trustworthiness of the KBZ bank has a positive effect on customer satisfaction. Therefore, increasing the trustworthiness of the bank is likely to lead to a higher propensity for customers to purchase home loans.

CHAPTER V
CONCLUSION

This chapter is the last part of the study and this study includes Finding from analysis on influencing factors of KBZ bank home loan product of customer satisfaction, and suggestions and recommendations needs for further studies.

5.1   Findings

The objective of the study is to examine the customer perception on home loan product of KBZ Bank and to analyze influencing factors of KBZ Bank home product for customer satisfaction by using the descriptive statistics and linear regression method. In this part, the study express relevant finding which are shown the result of data. The result of the study collected from 287 home loan customer and who used the home loan services form KBZ bank.

Based on the findings derived from the analysis of demographic factors among respondents, between male and female participants observed minimal disparities. Females exhibited a slightly higher level of responsiveness compared to their male counterparts. In age distribution, the largest group of respondents fells within the age range of 31 to 40 years, followed by the second largest group aged between 41 and 50 years.

The category with the highest number of respondents in terms of Marital Status is the married group. A substantial portion of the respondents possess a graduate degree, with company staff comprising the largest occupational segment among the respondents. Regarding work experience, the most prevalent range is 1 to 10 years and the majority of customers utilizing home services have a tenure exceeding 2 years, constituting a significant proportion of the respondent pool. Notably, a prevalent loan duration among customers falls within the 11 to 15-year range.

From the analysis of the study, all factors of average mean value are over the 4.0 and the mean value of customer satisfactions is high in influencing at all 7 factors in studied. However, customers have more satisfied in responsiveness of service provider than the rest 6 factors whereas process is the lowest average mean value in these factors. Although process is the lowest average mean value at this study, the process's mean value is not too much different with other factors. As per men value,

KBZ bank needs to improve at responsiveness of service provider of home loan product. Servicer provider (People) is really important factor for customer satisfaction as per Service Marketing Mix. Responsiveness of service provider includes timely responses to queries, clear communication regarding application processes, interest rates, and terms, as well as providing assistance throughout the loan approval and disbursement stages.

In this study, trustworthy is related with customer satisfaction in 1% significant, KBZ Bank loan customer are satisfied on KBZ loan product due to trust on corporate governance image of KBZ. Responsiveness of Service provider is related with customer satisfaction in 1% significant and loan customers are satisfied quick response of staff in applied loan. Another 1% of significant on customer satisfaction is Convenience Location because customer can easy to apply home loan at nearest branches and can easy to pay back loan installment amount at any branches. Process is also related with customer satisfaction in 1% significant, KBZ home loan customer are satisfied on loan product due to easy to collect the needed document, easy to know process flow and customer know in advance finish time.

Communication is related with customer satisfaction in 5% significant, KBZ loan customer are satisfied on home loan product because customer can use verity of channel and loan officer also keep in touch to customer when they applied the home loan. 10% significant level on customer satisfaction is Promotion and Customer satisfaction is relative with Promotion because they can get discount on service charges and interest, and other interested tenor but as per significant level, customers want to get more interested promotion plan for them.

5.2   Suggestions and Recommendations

Based on the survey respondents' feedback, several proposals and suggestions have been formulated to enhance service quality and bolster customer satisfaction. Of notable significance is the positive correlation between trustworthy and customer satisfaction, underscoring the need for KBZ Bank to fortify its reputation and image. To this end, a comprehensive communication strategy for all products and services should be established, accompanied by unwavering commitment to safeguarding customer information through non-disclosure protocols.

KBZ bank needs to improve demonstrated track record of honesty, transparency, and ethical behavior in all dealings related to home loan product. Bank

ensures that all terms, conditions, and fees associated with the home loan are clearly communicated to borrowers, without hidden agendas. Furthermore, an imperative lies in the meticulous training of bank employees to ensure the delivery of a consistently professional caliber of service. Such a commitment to service quality stands as a cornerstone in nurturing and upholding customer trust.

The responsiveness of the service provider constitutes another impactful and positive contributor to customer satisfaction in relation to KBZ Bank home loan product. To reinforce this aspect, KBZ Bank should consider implementing comprehensive training programs for its employees, particularly focusing on enhancing their understanding of the home loan product. Moreover, it is crucial for the Mortgage Business Unit to actively disseminate up-to-date information about the home loan product across all KBZ branches. This practice will ensure uniform knowledge and understanding among the personnel of bank, further enhancing their ability to address customer queries and needs.

To gain deeper insights into the actual responsiveness of service quality provided by the branches, KBZ Bank should consider conducting mystery calls specifically pertaining to the home loan product. This approach will provide valuable information about the level of service provided and allow the bank to make informed improvements where necessary.

Another significantly positive impact on customer satisfaction is convenience location. Customer always thought easy to use and convenience to do work. Although announced the home loan product can apply at all KBZ Bank, customer easy to apply the home loan at business cities. KBZ Bank make sure to realize the actual problems and situation of the town. To maintain the current positive impact, KBZ bank need to provide more convenience to apply the home loan product any branches.

Among the notably influential factors, Process emerges as a prominent positive driver. KBZ Bank should exercise careful management over the home loan process. In this realm, the bank must streamline procedures by minimizing extraneous documentation, trimming the number of approval stages, and shortening estimated processing durations.

Communication similarly exerts a positive effect on customer satisfaction, albeit without marked significance. KBZ Bank should enhance the dissemination of comprehensive home loan product information through diverse channels. Regular

updates regarding the product or service offerings should be communicated via platforms such as Facebook or Viber to maintain customer engagement.

The influence of customer satisfaction on the home loan product promotion factor is minimal, requiring KBZ Bank to take proactive steps in enhancing its promotion strategy. KBZ Bank should place greater emphasis on promoting the features of its home loan product and conduct thorough market research to refine its promotional efforts. The mortgage business unit should also engage in collaborative brainstorming sessions to devise effective promotion plans and concepts.

According to the outcomes of the Multiple Linear Regression Model, both payment and interest rate do not significantly impact customer satisfaction regarding the home loan product. This aspect holds little appeal for customers, and its benefits are comparable to those offered by competitors. Therefore, KBZ Bank is advised to deprioritize this factor and divert its focus away from it.

5.3   Needs for Further Studies

This study centers on investigating the determinants of customer satisfaction regarding KBZ Bank home loan product. The data was gathered through a questionnaire administered to a sample of 1120 customers residing in the Yangon Division. Notably, this research is confined to analyzing customer satisfaction exclusively within the context of the home loan product and does not encompass other products or the entirety of the banking sector. Subsequent studies are advised to comprehensively examine the influencing factors on customer satisfaction across the entire banking industry. Moreover, a more detailed investigation into the influencing factors that shape customer perceptions of KBZ Bank SME loan product and overdraft facility is recommended.

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APPENDIX A

CSUTOMER SATISAFACTION ON HOME LOAN PRODCUT OF
KANBAWZABANK (QUESTIONNAIRE)

Dear Sir/Madam,

The purpose of this questionnaire is to collect data for the research title "Customer Satisfaction of KANBAWZA BANK Home Loan Product" as part of my academic. I appreciate your valuable time in responding to the questions and your responses will be treated confidentially.

Yours sincerely,

Part (A)

Demographic Information

(1) Gender

- o Male
- o Female
- o Other

(2) Education Level

- o Under Graduate
- o Graduate
- o Post Graduate
- o Other

(3) Marital Status

- o Single
- o Married
- o Other

(4) Type of Credit

- o Individual Credit
- o Joined Credit

(5) Age Range

- o Under 30
- o 31 to 40
- o 41 to 50
- o 51 to 60
- o 60 and above

(6) Type of Job

- o Company Employee
- o Government Employee
- o Shareholder of Company
- o Owner of SME
- o Seafarer
- o Oversea Worker
- o Other

(7) (Work/Business Experience)

- o Under 1 year
- o 1 to 5 years
- o 6 to 10 years
- o 10 to 20 years
- o Above 20 years

(8) How long have you use KBZ Bank Home Loan Services?

- o Under 2 years
- o 2 to 3 years
- o 3 to 4 years
- o Above 4 years

(9) How long did you take the Loan Period?

- o 3 to 5 years
- o 5 to 10 years
- o 10 to 15 years
- o Above 15 years

Part (B)

(1) Payment and Interest Rate

Index

1 (Strongly Disagreed)

2 (Disagreed)

3 (Neutral)

4 (Agreed)

5 (Strongly Disagreed)

No.	Survey Questions	1	2	3	4	5
1	KBZ Bank recognizes the benefits of EMI payments in providing flexibility and ease of repayment for its home loan customers.					
2	KBZ Bank offers a preferable payment tenor of 3 to 25 years for customers seeking a home loan.					
3	KBZ Bank commitment to providing a steady and easily memorable equated monthly installment (EMI) amount reflects its dedication to customer convenience and satisfaction.					
4	KBZ Bank offers customers the convenience of paying their installment amounts easily through both branch and mobile banking channels.					
5	Customer can pay back partial or full amount before maturity date.					
6	Customers receive adequate information about the breakdown of their principle & monthly interest.					
7	The current annual interest rate offered on customers' home loans is deemed satisfactory by the customers themselves.					
8	Customers have the flexibility to select the annual interest rate for their Home Loan based on the down payment amount					

(2) Promotion

Index

1 (Strongly Disagreed)

2 (Disagreed)

3 (Neutral)

4 (Agreed)

5 (Strongly Disagreed)

No.	Survey Questions	1	2	3	4	5
1	The customer is pleased with the discount provided for the service charges on credit amount.					
2	The Home Loan Event offers a convenient platform that simplifies property search, ensuring customers can easily find suitable properties.					
3	The 14-day processing time provided by KBZ Bank emerged as a preferred choice for customers seeking a home loan due to its expedited nature.					
4	Home loan customers express a desire to avail themselves of promotions offering discounts or reduced interest rates.					
5	The customer expressed satisfaction with the increased death to income ratio.					
6	Please do rate the effectiveness of promotions when you take the home loan.					

(3) Process

Index

1 (Strongly Disagreed)

2 (Disagreed)

3 (Neutral)

4 (Agreed)

5 (Strongly Disagreed)

No.	Survey Questions	1	2	3	4	5
1	The customer expressed satisfaction with the one-month processing time.					
2	The customer found the home loan process easy to understand.					
3	Having consistency of the required information and documentation for the customer of KBZ Bank.					
4	Maintaining high level of satisfaction on home loan process with timeliness, necessary documentation, other services provided by KBZ Bank.					
5	Meeting customer expect with home loan services and generating in timely and efficiently.					

(4) Convenience Location

Index

1 (Strongly Disagreed)

2 (Disagreed)

3 (Neutral)

4 (Agreed)

5 (Strongly Disagreed)

No.	Survey Questions	1	2	3	4	5
1	Customer easy to deposit the installment amount at every branches.					
2	Customers can conveniently check and repay their loans using online banking.					
3	The KBZ Home Loan website allows customers to calculate their credit amount.					
4	Customers have the flexibility to use any local KBZ Bank account for loan repayment.					
5	Customers are welcome to apply for a home loan at any of our branches for their convenience.					
6	Customers are provided with the opportunity to apply for a home loan through a trusted Real Estate Agency.					

(5) Responsiveness of Service Provider

Index

1 (Strongly Disagreed)

2 (Disagreed)

3 (Neutral)

4 (Agreed)

5 (Strongly Disagreed)

No.	Survey Questions	1	2	3	4	5
1	The Home Loan Specialist is available to provide detailed explanations when you visit for the first time.					
2	The Home Loan Specialist is dedicated to offering service that is both professional and empathetic.					
3	Home Loan Specialist to provide swift and accurate answers when querying about home loans.					
4	The Home Loan Specialist efficiently contacts and explains the home loan details to customers listed from various communication channels.					
5	Customers express high levels of satisfaction with the responsiveness of the service providers.					

(6) Communication

Index

1 (Strongly Disagreed)

2 (Disagreed)

3 (Neutral)

4 (Agreed)

5 (Strongly Disagreed)

No.	Survey Questions	1	2	3	4	5
1	After applying for a home loan, applicants receive regular updates from the Home Loan Specialist regarding the status and stages of the process.					
2	Once the approval was obtained, the Home Loan Specialist was contacted to initiate the final contract.					
3	Customers can conveniently access home loan information through various communication channels.					
4	The customers can easily understand the terms and conditions of home loan.					
5	Home loan specialists expertly consult with customers to determine the most suitable loan types and properties based on individual needs and circumstances.					

(7) Trustworthy

Index

1 (Strongly Disagreed)

2 (Disagreed)

3 (Neutral)

4 (Agreed)

5 (Strongly Disagreed)

No.	Survey Questions	1	2	3	4	5
1	KBZ Bank has good reputation for the Home Loan Products.					
2	KBZ Bank proactively protects customer data against unauthorized access or disclosure.					
3	KBZ Bank has recently acquired a significant number of shares in the Home Loan Market.					
4	Home Loan Specialist provide honest and transparent information about the home loan process and requirements.					
5	Customer trust the service providers associated with your home loan.					
6	KBZ Bank has earned a reputation for providing trustworthy home loan solutions to its customers.					

(8) Customer Satisfaction on Home Loan Product

Index

1 (Strongly Disagreed)

2 (Disagreed)

3 (Neutral)

4 (Agreed)

5 (Strongly Disagreed)

No.	Survey Questions	1	2	3	4	5
1	You are satisfied with the Payment and Interest Rate of your KBZ Bank Home Loan.					
2	You are satisfied on the Promotion of your KBZ Bank Home Loan.					
3	You are satisfied about the process of your KBZ Bank Home Loan.					
4	Your feedback on the convenience of the location for your KBZ Bank Home Loan is highly appreciated.					
5	You are satisfied with the responsiveness of the service provider for your home loan.					
6	You are satisfied with the communication from the bank regarding your home loan?					
7	You recommend KBZ Bank to others based on the level of trustworthiness they demonstrated throughout your home loan experience.					

APPENDIX B

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934[a]	0.873	0.870	0.22704
a. Predictors: (Constant), Mean_Trust, Mean_Process, Mean_Location, Mean_Promo, mean_Payment_Interest, Mean_Resp, Mean_Comm				

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	98.731	7	14.104	273.635	.000[b]
	Residual	14.381	279	0.052		
	Total	113.112	286			
a. Dependent Variable: Mean_Sats						
b. Predictors: (Constant), Mean_Trust, Mean_Process, Mean_Location, Mean_Promo, Mean_Payment_Interest, Mean_Resp, Mean_Comm						

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.229	0.112		-2.040	0.042
	mean_Payment_ Interest	0.057	0.042	0.051	1.342	0.181
	Mean_Promo	0.062	0.037	0.064	1.681	0.094
	Mean_Process	0.088	0.031	0.096	2.799	0.005
	Mean_Location	0.115	0.043	0.103	2.701	0.007
	Mean_Resp	0.189	0.040	0.209	4.732	0.000
	Mean_Comm	0.126	0.050	0.124	2.533	0.012
	Mean_Trust	0.405	0.049	0.392	8.226	0.000
a. Dependent Variable: Mean_Sats						