FACTORS INFLUENCING DECISION ON HOUSING LOAN SERVICE SELECTION OF KRUNG THAI BANK IN SAKON NAKHON PROVINCE.

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ABSTRACT

Housing Loan is a complex financial product because customer experiences various factors influencing the selection of the bank. Customer psychological factors and housing loan service marketing mix factors have affected on housing loan service quality and housing loan selection. This research explored factors influencing decision on housing loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand. The research was a quantitative research with the samples of 280 housing loan customers in Sakon Nakhon Province determined by purposive sampling based on Taro Yamane formula. Data were collected through 5-point Likert scale questionnaires. Cronbach's alpha coefficient of psychological factors, marketing mix factors, service quality, and decision on housing loan service selection of Krung Thai Bank in Sakon Nakhon Province were 0.930, 0.945, 0.965 and 0.878, respectively. Data were analyzed by descriptive statistics and inferential statistics including Pearson Product-Moment Correlation and Multiple Regression Analysis.

The research results found that customers' opinion on psychological factors, marketing mix factors, service quality, and decision on housing loan service selection were at the high levels with mean scores of 4.09, 4.06, 4.12, and 3.98, respectively. The research results from hypotheses testing revealed that psychological factors, marketing mix factors, and service quality can predict decision on housing loan service selection up to 48.80% (Adjusted R-Square 0.488) at 0.05 significant level. Service quality has varied according to different demographic factors.Psychological factors had statistically significant direct influenced on service quality with standardized coefficients (β) of 0.742. Marketing mix factors had statistically significant direct influenced on service quality with standardized coefficients (β) of 0.840. Service quality had a statistically significant direct influenced on decision on housing loan service selection with standardized coefficients (β) of 0.667. In conclusion, psychological factors and marketing mix factors had significantly influenced on service quality and service quality had significantly influenced on decision on housing loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand proposing financial institutions should focus on these important factors in order to provide excellent service quality and enhance housing loan service selection of customers.

Keywords: Psychological factors, Marketing mix factors, Service quality, Housing loan service selection

INTRODUCTION

An important basis for human life is housing. Most humans want to have their own housing, but buying a home with cash is difficult because housing is a high-priced asset. Most financial institutions provide housing loan service and need to assure that their service providing is compatible with the demands of the 21st century customer. Consequently, Krung Thai Bank provides services to support citizens' housing needs as nowadays, the demand for housing is continuously increasing because of the increasing population, coupled with the housing market condition that is expanding and has a better direction. Krung Thai Bank has set a goal to expand the number of housing loan customers. To maintain existing customers and to build confidence in the value of credit services, Krung Thai Bank responds to customer's needs in order to build customer decision in making transaction with the bank.

The objectives of this research study are as follows. (1) To investigate the levels ofpsychological factors, marketing mix factors, service quality, and decision on housing loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand. (2) To investigate the difference of service quality varied according to different demographic factorsof Krung Thai Bank in Sakon Nakhon Province, Thailand. (3) To explore the influence of psychological factors and marketing mix factors on service quality of Krung Thai Bank in Sakon Nakhon Province, Thailand.(4) To explore the influence of service quality on decision on housing loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand. In addition, the research applies the results of the study as management guidelines in determining the strategies for increasing housing loan customerand keep targeted bank customer in the long run.The paper begins with a review of the concepts related to psychological factors, marketing mix factors, service quality and decision on housing loan service selection in order to conceptualize the model and test the hypotheses. Next, the research methodology, analysis of data and findings are described. Finally, conclusion and discussion of the research results as well as suggestions for future research are presented.

LITERATURE REVIEW

Psychological Factors

Psychological factors are the science of the study of the mind, the process of the mind, the process of thinking and behavior of humans, such as perception, emotions, person as stated byKotler, P. [1]. It's significant to understand consumer psychological factors and having the well-known of consumer needs as it's essential for making key decisions on housing loan granting. Schiffman, L. G., and Kanuk, L. L. [2] described that the psychological elements within a person will stimulate until the occurrence of awareness and understand the problems and needs.The financial institutions that are adapting strategies and the way to deliver financial services to the customer needs, can attract potential customers and to retain existing customers as stated by Westerman, G. et al. [3]. The conceptual model of this research was used psychological factors analyzed from many previous researches in which characterized by five components as follows; attitude, intention, self-confidence, perceived trust, and past experience. From the previous study of concepts and theories about various psychological factors, these factors have great influence on service quality and eventually the decision on housing loan service selection. As there are some relationship among psychological factors, service quality, and decision making, this research further investigates and conceptualizes in the conceptual model with hypotheses development.

Marketing Mix Factors

Marketing theories and concepts have been enormously applied by many business sectors and previous researches continue to focus on the implementation of original four dimensions of marketing mix factors. Theories and concepts of marketing mix are very important role in business marketing. It is important to understand consumer behavior and meet the needs of the target market. Moriarty, J. *et al.* [4], Kotler, P. and Keller, K.L. [5] stated that all marketing mixes are interrelated depending on which strategy will be put in place, which marketing mix components will be applied. Marketing theories concentrate on marketing activities and the implementation of the marketing mix, the "4Ps" (product, price, place, promotion) that require resources as specified by Kotler, P. et al. [6]. However, as in the 21st century business environment, there are the expansions of marketing mix from the conventional model (4Ps) to the 7Ps model in order to include more important dimensions (people, process, physical evidence). Marketing Mix is the heart of management to make the business successful and Jobber, D. [7] stated that having good marketing mix will influence the service quality and the decision on the service selection.As many research studies show that there are the relationship between marketing mix factors, service quality, and decision on service selection as stated by Kotler, P. and Keller, K.L. [5]. Consequently, this study aimed to investigate such relationship.

Service Quality

Excellent service quality is critically significant in providing a competitive advantage to the financial institution, a service-based firm, as it is effect on key factor such as customer satisfaction stated by Amin, M. *et al.* [8] and customer value perceptions by Wu, H.C. [9]. Zeithaml, V.A. *et al.* [10], stated that the quality of service is the concept and practice in the assessment of customers by comparing between service expecting to service providing, which is a real perception from service providers. Truly stated that if the service provider give a consistent service to meet the needs of the customer; or the service delivery builds a higher level of pleasure, it will make customer great satisfaction with the service received. Parasuraman, A. *et al.*[11]defined service quality as the perception of the customer after the act of purchasing or the expectation achieving while another researcher, Grönroos, C. [12] studying on service quality as focuses on a comparison between customer expectations of the current service and their experience of the service delivery they have received before. This model is named "total perceived service quality". It can be seen that many researchers emphasize the service quality based on what customer is really looking for and what they actually receive. Thus, service quality is one of the most important factors to promote customer satisfaction and housing loan purchase decision. Several instruments from various researches have been developed to measure and explain service quality dimensions. Service quality model (SERVQUAL) developed by Zeithaml, V.A. *et al.* [10] is the most commonly used instrument which links the customer perception of service quality receiving to the customer expectations stated in many researches such as Ali, J.F. and Amin, M. [13] and Ali, J.F. *et al.* [14]. The conceptual framework of this research study was applied service quality model (SERVQUAL) based on Zeithaml, V.A. *et al.* [10] which including five dimensions; tangible, reliability, responsiveness, assurance and empathy.

Decision on Housing Loan Service Selection

Hoy, W.K. and Miskel, C.G. [15] have defined the meaning of decision making as a significant tool in business operation by using the information to determine among alternatives. Customer decision making in the purchase of products or use of customer services are the result of alternatives evaluating and service selecting. Customer decision making process in choosing to use the service or choosing to buy the products will be

reasonable consideration with the most appropriate and suitable things.There are three main conceptualizations of customer decision making by Bowen, J. and Chen, S. [16]; a behavioral perspective, an attitude perspective, and composite construct combining both dimensions. Many researchers have attempted to analyze several aspects and factors influencing on decision on housing loan service selection in order to understand relevant factors affecting it and eventually enhance decision making.To conclude, from the literature reviews cited above, it can be seen that there are some relationships among these four variables to further explore and conceptualize in the conceptual model with hypotheses development.

CONCEPTUAL MODEL AND HYPOTHESES

From the reviewof the literature, the conceptual framework of this study presented in Figure 1. in which describesfactors influencing decision on Housing Loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand. The conceptual framework has been tested on the basis of the bodies of literature includingpsychologicalfactors, marketing mixfactors, service quality, and decision on housing loan service selection, cited above, as well as the researcher's own context about the relationship among variables. The hypotheses suggested by the conceptual framework can be presented as follows:

H_1: Service quality had varied according to different demographic factors of Krung Thai Bank in Sakon Nakhon Province,Thailand.

H_2: Psychological factors had significantly positive influenced on service quality of Krung Thai Bank in Sakon Nakhon Province, Thailand.

H_3: Marketing mix factors had significantly positive influenced on service quality of Krung Thai Bank in Sakon Nakhon Province, Thailand.

H_4: Service qualityhad significantly positive influenced on decision on housing loan service selection of Krung Thai Bank inSakon Nakhon Province, Thailand.

Figure 1
Research Conceptual Framework
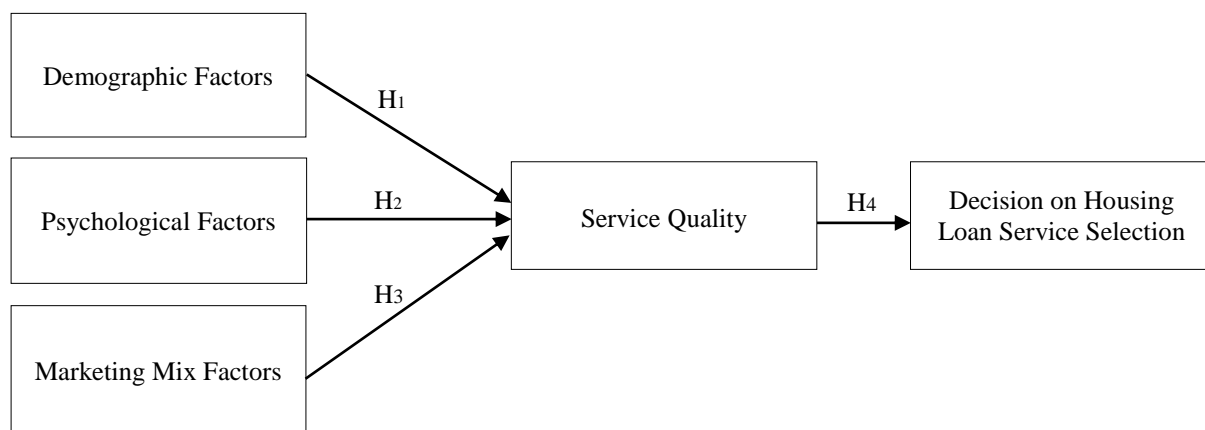
The research hypotheses can be presented in the forms of structural equations in order to describe the relationship among variables and predict the dependent variable for hypotheses testing. The symbols used to represent the variables stated as follows:

DEMO	=	Demographic Factors
PSY	=	Psychological Factors
MMF	=	Marketing Mix Factors
SER	=	Service Quality
DEC	=	Decision on Housing Loan Service Selection

The structural equation can be explained asfollows:

SER	=	β_1 PSY	.... (1)
SER	=	β_2 MMF	.... (2)
DEC	=	β_3SER	.... (3)

RESULT

This research study was designed to investigate factors influencing decision on Housing Loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand. The research study used a quantitative research method. The population of this research was Housing Loan customers of Krung Thai Bank in Sakon Nakhon Province with the samples of 280 respondents determined by purposive sampling based on Taro Yamane formula [17]. Data were collected through 5-point Likert scale questionnaires. Cronbach's alpha coefficient of psychological factors, marketing mix factors, service quality, decision on housing loan service selection of Housing Loan customers in Sakon Nakhon Province were 0.930, 0.945, 0.965 and 0.878, respectively as shown in Table 1. The cronbach's alpha value of the scale of all variables is greater than 0.700, so it shows that the scale has very good reliability. Data were analyzed by descriptive statistics including frequency, percentage, mean, standard deviation; and inferential statistics including the Pearson's Product-Moment Correlation and Multiple Regression Analysis. The research results can be significantly analyzed with 95% confidence interval.

Table 1
Cronbach's Alpha Coefficient of Variables

Variables	Cronbach's Alpha
Psychological Factors	0.930
Marketing Mix Factors	0.945
Service Quality of Krung Thai Bank	0.965
Housing Loan Purchase Decision of Krung Thai Bank	0.878

The research results were analyzed by using the statistical package for social science. The research findings and the hypotheses testing in this research were described as follows.

For description of the respondents, the research finding revealed that the survey data of Housing Loan customers of Krung Thai Bank in Sakon Nakhon Province were made up of 51.43% female. The average age of the bank Housing Loan customers were in between 30-39 years up to 36.43%. In terms of the marital status, the bank Housing Loan customers were marriedup to64.64%. For occupation, the bank Housing Loan customers were state enterprise officer up to 28.57%. For the education, the bank Housing Loan customers had earned Bachelor's Degree of 71.43%. They havefamily size in between 3-4 people up to 59.64%. The annual family income is in between 25,001- 45,000 Bath up to 43.21%as stated in Table2.

For descriptive statistics, the collected data were analyzed by using means and standard deviation. The means score of Housing Loan customers' opinion on psychological factors, marketing mix factors, service quality, and decision on housing loan service selection of Housing Loan customers in Sakon Nakhon Province were at the high levels; mean scores of 4.09, 4.06, 4.12 and 3.98, respectively. To explain in details; attitude, intentions, self-confidence, perceived trust, and past experience mean scores were at 4.05, 3.97, 4.24, 4.02, and 4.14, respectively.To explain in details; product, price, place, promotion, process, physical evidence and people mean scores were at 4.15, 3.86, 3.99, 4.04, 4.05, 4.16, and 4.17,

respectively.In addition, tangible, reliability, responsiveness, assurance, and empathy mean scores were at 4.10, 4.16, 4.03, 4.16 and 4.15, respectively.

For inferential statistics, the analysis of the correlation coefficient between the two independent variables was explored. Pearson's Product-Moment Correlation was used to determine the relationship of the independent variables. The objective was to find the magnitude of correlation among the variables and to test for multi-collinearity. As Hair et al. [18] described the relationship between the variables that must be less than 0.800 otherwise it may cause multi-collinearity. Thus, correlation analysis between the independent variables was shown in Table 3. This research shown that the relationship between the independent variables with the highest value of 0.840, which was exceed 0.800, accordingly the test for collinearity statistics of tolerance and VIF should be performed. The tolerance value was more than 0.200 and the VIF value was less than 10, thus multi-collinearity problem was not found. Therefore, it can be tested by using Multiple Regression Analysis.

The research results from hypotheses testing on factors influencing decision on housing loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand were presented in Table 4.The hypotheses testing found that psychological factors, marketing mix factors, and service quality can predict decision on housing loan service selection up to 48.80% (Adjusted R-Square 0.488) at 0.05 significant levels. In addition, the hypotheses testing shown that service quality had not varied according to different demographic factors of Krung Thai Bank in Sakon Nakhon Province, Thailand.

Table 2
Description of the Respondents

n = 280

Demographic Information		Numbers of Respondents (NR)	Percentage of NR to Number of TR*
Gender	Male	136	48.57%
	Female	144	51.43%
Age	20 - 29 Years	37	13.21%
	30 - 39Years	102	36.43%
	40 - 49 Years	91	32.50%
	50 - 59 Years	44	15.72%
	60 Years or Above	6	2.14%
Marital Status	Single	85	30.36%
	Married	181	64.64%
	Divorce	14	5.00%
Occupation	Owners / Traders	51	18.21%
	Employee	79	28.21%
	Government	67	23.93%
	State Enterprise Officer	80	28.57%
	Others	3	1.08%
Education	Below Bachelor's Degree	22	7.86%
	Bachelor's Degree	200	71.43%
	Master Degree	55	19.64%
	Doctoral Degree	3	1.07%
Family Size	1Person	7	2.50%
	2People	39	13.93%

	3 - 4 People	167	59.64%
	5 - 6 People	59	21.07%
	7 - 8 People	6	2.14%
	9 People or Above	2	0.72%
Annual Family Income	25,000 Bath or Below	11	3.93%
	25,001–45,000 Bath	121	43.21%
	45001–65,000 Bath	78	27.86%
	65,001 Bath or Above	70	25.00%
Total		280	100.00%

* TR denotes total respondents.

Table 3
Correlation Analysis between Independent Variables

	PSY	MMF	SER	DEC
MEAN	4.09	4.06	4.12	3.98
S.D.	0.542	0.518	0.521	0.687
PSY	1			
MMF	0.762**	1		
SER	0.742**	0.840**	1	
DEC	0.642**	0.613**	0.667**	1

**. Correlation is significant at the 0.01 level

Table 4
Research Results from Hypotheses Testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	Beta	Std. Error	Beta			Tolerance	VIF
H_2:PSY→SER	0.714	0.039	0.742	18.444	0.000***	0.384	2.602
H_3: MMF→SER	0.844	0.033	0.840	25.803	0.000***	0.252	3.973
H_4: SER→DEC	0.880	0.059	0.667	14.919	0.000***	0.270	3.707
Adjusted R2 = 48.80%	**S.E.E = 0.492**			**F = 89.498**			

***. Predictor is significant at the 0.000 level

In addition, the research results from hypotheses testing can be described in the structural equations as presented below:

$$SER = 0.742PSY \qquad ....(4)$$
$$(18.444)$$

$$SER = 0.840\ MMF \qquad ....(5)$$
$$(25.803)$$

$$DEC = 0.667\ SER \qquad ....(6)$$
$$(14.919)$$

The psychological factors had statistically significant direct influenced on service quality of Krung Thai Bankwith standardized coefficients (β) of 0.742. The marketing mix

factors had statistically significant direct influenced on service quality of Krung Thai Bankwith standardized coefficients (β) of 0.840.The service quality of Krung Thai Bank had statistically significant direct influenced on housing loan purchase decision of Krung Thai Bank with standardized coefficients (β) of 0.667. In conclusion, according to hypotheses testing, psychological factors and marketing mix factors had significantly influenced on service quality and service quality had significantly influenced on decision on housing loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand proposing financial institutions should concentrate on these important factors in order to provide excellent service quality and enhance housing loan service selection of customers.

CONCLUSIONS

The research results revealed that psychological factors, marketing mix factors, service qualityhad significantly influenced on decision on housing loan service selection of Krung Thai Bank. Thus, the following suggestions from the research results can be applied as management guidelines for proposing financial institutions to focus on these important factors in order to provide excellent service quality and enhance housing loan service selection of housing loan customers in Thailand. Firstly, excellent service quality; especially for assurance, empathy, and tangibility, seems to be very critical success factors to raise customer satisfaction and keep targeted bank customer in the long run for financial institution in Thailand. To increase housing loan customer for the bank, system security, customer care service, and system consistency should be strengthening. As the marketing mixfactors dimensions of promotion, physical evidence and process had statistically significant direct influenced on decision on housing loan service selection of Krung Thai Bank. The housing loan customer in Thailand should concentrate on attractive promotion, good staffs, and reliable process in order to make appropriate housing loan decision. To conclude, psychological factors, marketing mix factors, service qualityhad significantly influenced on decision on housing loan service selection of Krung Thai Bank in Sakon Nakhon Province, Thailand leading enterprises prudently consider on such important factors in order to increasehousing loan decision. However, there are many other factors that can be expected to enhance decision making of housing loan service selection of Krung Thai Bank such as new technology, service environment, or customer motivation for further research.

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