

# CUSTOMERS' SATISFACTION TOWARDS SERVICE QUALITY OF LOAN MORATORIUM IN MALAYSIA

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**ABSTRACT:** This research investigates the impact of service quality on customer satisfaction in the financial service industry. Although there is the service quality in the financial service industry is good but there are still some parts of service quality that have to improve when employees deliver to their customers. This is due to the COVID -19 pandemic financial service industry's struggle to keep customer satisfaction on the service quality. Here is the highlight of the loan moratorium during the pandemic and its impacts on customer satisfaction. Thus, the study will focus on the reliability, responsiveness, assurance and tangibility impact that will influence customer satisfaction in the financial service industry. Regression and correlation analysis is used to determine the relationship of service quality that leads to customer satisfaction. The result highlighted that responsiveness does not give an impact on customer satisfaction. Furthermore, the remaining variable has a significant relationship where assurance leads to customer satisfaction the most with the implementation of the loan moratorium. At the end of the research, it allows the researchers to have a further understanding of the impact of service quality on customer satisfaction in the financial service industry.

**Keywords:** service quality, customer satisfaction and loan moratorium

## 1. INTRODUCTION

Customer satisfaction has been the principal goal and key idea of all business activities. A large amount of evidence supports the important relationship between customer satisfaction and a company's financial performance [1]. Customer satisfaction improves the good behavior intentions of relevant service providers. The impact on customer satisfaction has been investigated rarely in recent years. Besides that, loan moratoriums have become an important key goal in Malaysia during MCO. When the loan moratorium has been implemented in Malaysia it may improve financial performance and customer satisfaction [2]. Hence, this research will be discussing customer satisfaction towards service quality with the implementation of loan moratorium in the financial service industry. Therefore, studying the performance of public sector commercial banks in such an economic environment may be a very important thing in order to provide empirical knowledge for required development issues, such as consumer behavioral views on service-related performance. As per the insights, a sum of 7.7 million Malaysians got the advantage, with a given loan moratorium of RM59 billion. By definition, a moratorium is a timeframe during which borrowers are not relied upon to pay their monthly scheduled payment as indicated by their current timetable [3]. Nonetheless, the loan moratorium to Malaysia was a short-dated, compared to what the Indonesian government-endorsed to the Kingdom of Saudi Arabia (KSA). There will be a huge impact if the government refuses to implement a loan moratorium. Without implementing a loan moratorium in the MCO period, the borrower's credit score will decrease due to not working and having no salary to pay the loan [4]. Aside from that, this circumstance additionally gave alleviation to individuals, particularly the bank clients to make advance reimbursements because of the pressure of life in the MCO period that limited bank clients from working and procuring pay to cover their life consumption that included bank debt that affects service quality on customer satisfaction in the financial service industry.

## 2. LITERATURE REVIEW

Customer satisfaction is defined as the apparent execution amount of the item reaching the level of the buyer's hypothesis [5]. It also believes that customer satisfaction depends on the perceived performance of the product relative to the buyer's expectations. According to Kazmi [6], perceived value is basically based on the perception of the product offered, received, and the value of the product by the customer. The most mainstream view in academia on customer satisfaction is that the judgment of customer satisfaction depends on the examination of the project or management experience evaluation between pre-purchase assumptions and post-purchase insights [7]. A moratorium is a transitory suspension of action or law until future thought warrants lifting the suspension. A moratorium might be forced by an administration, by controllers, or by a business. Moratoriums are regularly forced in light of transitory monetary difficulties. A moratorium is regularly, however not generally, a reaction to a momentary emergency that upsets the ordinary everyday practice of a business [8]. Bank Negara Malaysia declared a progression of regulatory and administrative activities on 25 March 2020, to work with financial industry endeavors by supporting individuals, small and medium-sized enterprises, and organizations in relieving the COVID-19 situation suggestions with a six-month moratorium on loan or financing reimbursements for customer cash flow management that gives satisfaction on service quality. Reliability is known as the ability to reliably and accurately perform assured management which can be defined as the company fulfilling its commitments regarding delivery, problem-solving, pricing, and service provision [9]. Reliability refers to the ability to ensure continuous and accurate execution of expected management tasks to customers. In the financial service industry, reliability can be interpreted as delivering service on time. The organization ensures that maintenance and unrecorded time waste are the reliability of the quality of the organization, which has a substantial impact on the reliability of buyers [10] and [11]. Customers' service quality dimensions encompassed reliability by differentiating themselves from rivals based on price, quality, availability, selection,

functionality, a partnership where service influence customer performance.

Responsiveness implies the willingness or readiness to provide various types of assistance with the timeliness which providing the services [12]. Responsiveness is one of the service quality factors applied by the organizations such as banks to improve their customer satisfaction, it is defined as the interests that appeared in giving brief administration to clients when needed. Moreover, it is examined that eagerness or status of representatives to give the wanted customers benefit with no wasting time or bother whenever will affect positively on the level of customer satisfaction and thus will also affect positively on the level of customer loyalty [13]. The service quality measured by is using promptness and helpfulness. Moratorium on the loan can be very helpful to the customer to overcome responsiveness on service quality during the COVID-19 pandemic while leading to customer satisfaction.

Furthermore, assurance is an important element to keep customers [14], and based on research [15], assurance requires workers' information and civilization are just like their ability to convey trust and certainty. It had involved courtesy, safety, competence and credibility. Employees have to make customers feel safe and comfortable when dealing with the organization's service they will repeat purchases. According to Fida et al. [16], employees have to be polite and capable of instilling confidence in customers. Assurance is characterized as the learning and great behavior or affectionateness of managers and employees. The banking sector provides the services to their customer, certification suggests providing monetary assistance with an obliging and agreeable path, ease in the transparency of record purposes of premium, comfortability or convenience inside the banking institution and overall experienced and capable organization gathering and will have awesome results on buyer reliability [17].

Customers can gain an opinion on the quality of services by comparing the tangible assets related to the services provided [18]. The moratorium on the loan can gain customer satisfaction based on the service of repayment after six-month which leads to some extent of service and quality of the financial industry. According to the research from Vencataya et al. [19], tangibility is involved in employee appearance and equipment, physical facilities and appearance. Moreover, tangibility is an important advantage to help customers, especially workers preparing for work [7]. The directness of its detectable quality and the easy work it makes in making leaflets, coordinators, information brochures and other materials will make buyers reliable. Further, it is moreover portrayed as the straightforwardness in detectable quality of advantages essential for giving the help of customers [11].

### 3. RESEARCH METHODOLOGY

The sampling frame is a true list of people from whom the examples are extracted. Preferably, it should include the entire target population. In view of the following reason, this research adopts a quantitative method through a questionnaire survey. The questionnaire is defined as any text-based tool that provides survey participants with a series of statements or questions. In this study, the most suitable way to collect data from adults is through questionnaires. The questionnaire will be conducted in the Klang Valley area. There will be 150 sets of a

questionnaire sent to the respondents. In addition, all tests are generated through the Statistical Package for the Social Science (SPSS) system.

Independent variable

Dependent Variable

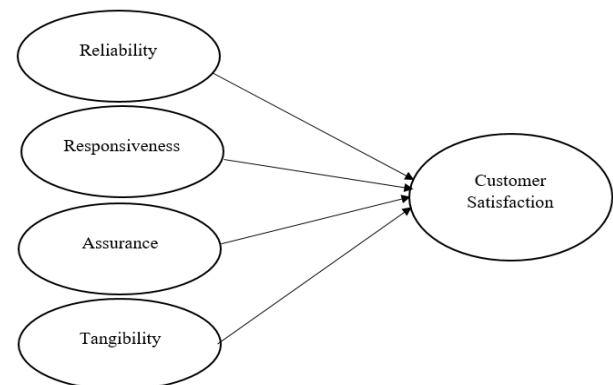


Figure 1. Framework of service quality

### 4. DATA ANALYSIS

Data analysis will include reliability test, normality test, descriptive analysis, linearity test, multiple regression analysis and Pearson correlation analysis. The hypothetical results to check the relationship between the dependent variable (DV) and the independent variable (IV). The data shows that the independent implemented with the dependent variable as Cronbach's Alpha value is lower than 0.880, which is greater than the minimum requirement of 0.7. This can indicate that the variable is reliable. The Z-score is used in this study, it shows that the result of the z-score is 0.0959, which is considered acceptable and normal distribution since it is between -3.29 and 3.29.

The relationship can be tested by correlation analysis. The Pearson's correlation results in Table 1 data between customer satisfaction and reliability, responsiveness, assurance and tangibility is 0.612, 0.538, 0.715 and 0.689 respectively. The relationship between customer satisfaction and all the independent variable are moderately correlated. The impact of the moratorium on loan has shown that reliability, responsiveness, assurance and tangibility has a significant positive correlation on customer satisfaction based on the service quality provided in the financial industry.

Table1. Correlation

		CS	REL	RES	ASS	TAN
CS	r	1	.612**	.538**	.715**	.689**
	Sig.		.000	.000	.000	.000
	N	150	150	150	150	150
REL	r	.612**	1	.538**	.652**	.540**
	Sig.	.000		.000	.000	.000
	N	150	150	150	150	150
RES	r	.538**	.538**	1	.654**	.576**
	Sig.	.000	.000		.000	.000
	N	150	150	150	150	150
ASS	r	.715**	.652**	.654**	1	.692**
	Sig.	.000	.000	.000		.000
	N	150	150	150	150	150
TAN	r	.689**	.540**	.576**	.692**	1
	Sig.	.000	.000	.000	.000	
	N	150	150	150	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Table 2. Regression Analysis outcome**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.779 <sup>a</sup>	.606	.595	.28293	1.811

a. Predictors: (Constant), Tangibility, Reliability, Responsiveness, Assurance

b. Dependent Variable: Customer Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.536	.238		2.252	.026		
	Reliability	.200	.071	.200	2.837	.005	.545	1.835
	Responsiveness	.009	.060	.011	.155	.877	.529	1.892
	Assurance	.339	.085	.344	3.988	.000	.365	2.738
	Tangibility	.325	.072	.337	4.506	.000	.486	2.056

a. Dependent Variable: Customer Satisfaction

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.878	4	4.470	55.836	.000 <sup>b</sup>
	Residual	11.607	145	.080		
	Total	29.485	149			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Tangibility, Reliability, Responsiveness, Assurance

Further analysis is carried out based on regression analysis shown in Table 2. The correlation among all the variables is 0.779 which gives the coefficient of determination (R Square) as 0.606. It means 60.6% represents the proportion of the variance for customer satisfaction that's explained by reliability, responsiveness, assurance and tangibility. Therefore, the above independent variables cannot explain the 39.4% remaining unexplained about customer satisfaction. The study for significant value can be seen is 0.000 which is less than 0.05. Therefore, this model is fit to use for further analysis.

The coefficient explains the positive relationship between reliability and customer satisfaction with 0.200 when one unit increase in reliability. When there is assurance and tangibility increase by one unit the customer satisfaction increases by 0.339 and 0.325 respectively. Besides that, customer satisfaction will increase by 0.009 when one unit increase in responsiveness but it is insignificant while other are significant in the model. There is no multicollinearity exist among the independent and dependent variables in this study. Here is the regression model proposed from the study:

$$CS = 0.536 + 0.200 REL + 0.339 ASS + 0.325 TAN + \varepsilon$$

Customer satisfaction is derived largely from the quality and reliability, responsiveness, assurance and tangibility of your products and services. A moratorium scheme is a place where the borrower isn't expected to make any reimbursement. It is a holding up period before which reimbursement starts. Client's credit reliability is a fundamental subject in the advance cycle which assists with getting to the candidate's income, capacity, conduct references and financial soundness of the candidate. This

credit unwavering quality isn't only pertinent for people and furthermore for businesses and associations. In the conclusion of workplaces and ventures, there is a vulnerability in the financial business which is prompting questions about the Customer's credit reliability service quality that influence customer satisfaction with the moratorium on loans.

## 5. CONCLUSIONS

In a conclusion, the research output contributes evidence to the financial service industry about the impact of service quality in the financial service industry. Throughout the research process, the financial services industry has a better understanding of customer expectations and the needs of the services provided by financial services companies. These expectations are related to the quality of the entire customer's service. Financial services companies should determine the gap between perceived service quality and actual service quality of financial services provided to customers. Besides that, there is a moratorium on the loan is one of the effective ways to improve customer satisfaction based on service quality characteristics provided during the COVID-19 pandemic. Financial services companies can use the results of this research to deepen their understanding of which service quality dimensions have the strongest correlation with overall customer satisfaction. From the table of gap analysis, financial service companies can find out the maximum gap score under the sympathy dimension. Furthermore, the management of a financial services company must ensure that first-hand things are done correctly and must make sure to keep the promise.

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