How Does Maybank Build Long-term Customer Relationships?

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ABSTRACT

Instituted in 1960, Maybank's is now the greatest bank in Malaysia by the market value of its shares and total assets. The banking system has become a relationship-driven business worldwide, so customers are important as they drive a company's revenues. The main aim of this paper is to identify the determinants of Maybank's long-term relationship with its customers. This study identifies the relationship between the independent variables (relationship marketing, service quality, price of services, corporate image, perceived value, and customer satisfaction) and the dependent variables (long-term relationships between Maybank and its customers). The data was collected from 150 Maybank customers through the online survey. This paper explores the contribution of relationship marketing, service quality, price of services, corporate image, perceived value, and customer satisfaction on Maybank's long-term relationship with its customers and to better understand its correlations.

Keywords: Corporate Image, Customer Relationship, Maybank, Perceived Value, Price of Services, Relationship Marketing, Service Quality

INTRODUCTION

Founded in 1960, Maybank has established itself as the number one bank in Malaysia. It was founded by Tan Sri Khoo Teck Puat in Kuala Lumpur and now operates in all ASEAN countries and other global countries. Maybank has also acquired many subsidiaries throughout the years, which includes Takaful Nasional Sdn Bhd and Maybank Islamic Berhad. Maybank is a well-accredited company, proven by its many awards and recognitions. These include The Best Malaysian Organization 2018 and The Most Valuable Bank Brand in Malaysia 2018.

A major contributor to Maybank's success is their customers. Therefore, it is imperative for Maybank to maintain a good relationship with its customers. According to Kumar (2013), the future business opportunities and the development of banks are determined by how their customers are entertained. To ensure its longevity, Maybank has to maintain its customers for a long period. This will ultimately bring Maybank to establish long-term relationships with its customers. The banking industry is competitive. Thus, it is important for Maybank to retain its customers to maintain its success. Building a good relationship with these customers with a view to maintaining them for the long term will be useful for continuous success. A good customer relationship is a key to a

business's success (Mishra & Mishra, 2009). In our study, we explored six variables that we identified as a factor that would contribute to customer's long-term relationship with Maybank. These are relationship marketing, service quality, price of services, corporate image, perceived value, and customer satisfaction.

Service quality is a measure of how good the service received is compared to the customer's expectations of the service (Ramya, Kowsalya, & Dharanipriya, 2019). In our study, we will examine the impact service quality has on the customer's long-term relationship with Maybank. Corporate image can be defined as "the mental picture" the customers have of a firm (Gray & Balmer, 1998). In this study, we will look at how the perception Maybank's customers have on Maybank will affect their decision to maintain a long-term relationship with Maybank.

The definition of perceived value is the general judgment customers have of a product based on what they expected to receive versus what they received (Zeithaml, 1998). Through our research, we aim to identify the effect perceived value has on customer's long-term relationship with Maybank. Price of services is the prices organizations charge for the services they offer. According to Wirtz and Lovelock (2022), the prices should be charged such that it is capable of generating profit for the company and, at the same time, does not burden the customers too much. In our research, we will look at the relationship price of services charged by Maybank has with customer's long-term relationship with Maybank.

Relationship marketing is defined as the creation of a relationship between the organization and its customers to create profits for the organization and value for the customers (Paliwal & Indu, 2013). In this study, we will identify the importance of relationship marketing in establishing a long-term relationships between Maybank and its customers. Finally, customer satisfaction is defined by Guido (2015) as the customer's assessment of their fulfillment based on the choices they have made regarding a product or service. Kee et al. (2021) have looked at the use of cashless payment by Maybank during the pandemic, while Nair et al. (2020) have examined the winning steps of Maybank to sustain their customers. This paper intends to examine how Maybank maintains a long-term relationship with its customers.

Service Quality
According to Nair et al. (2020), convenience appears to be the most important factor in attracting more customers to use a bank account. Yo et al. (2021) reported that perceived convenience positively relates to customer satisfaction. That is because people like to keep things simple. For example, Maybank Berhad ensures that consumers find it more convenient during the transaction process as they do not have to queue at branches for small transactions. Therefore, more customers will choose Maybank as their preferred bank. Pérez-Morón et al. (2022) emphasized a significant link between service quality, customer satisfaction and customer loyalty. The following hypotheses have been formulated for our research on Maybank.
H1: Service quality is positively related to long-term customer relationships.
H7: Service quality is positively related to customer satisfaction.

Corporate Image

Corporate image is "a person's mental image of a particular organization" based on past experience of customers (Aydin & Özer, 2005; Foroudi, Melewar, & Gupta, 2014).

Virvilaite and Daubaraite (2011) stated that corporate image can be explained as a competitive advantage that is difficult to emulate because the organization exclusively forms it in the long term. As a consequence, sustaining a positive corporate image is crucially important as it tremendously influences the decision of whether customers will buy the product again. The following hypotheses are proposed.

H2: Corporate image is positively related to customer long-term relationship.
H8: Corporate image is positively related to customer satisfaction.

Perceived Value

Banking is the financial industry's best part and contributes to the country's progress. These items act as intermediaries and disintermediaries through customers. Therefore, customers are the key to the industry doing its job well. At the same time, bankers should assess clients' needs to optimize perceived value. Perceived value is what customers expect from a company. Generally, promotions enable online banking technology that helps effectively and efficiently improve their operations by reducing the cost of conducting day-to-day transactions through online banking channels. It becomes easier for customers by reducing their visits to the bank and transacting through the internet or ATMs instead of going to a bank in person. The following hypotheses have been made for our research on Maybank.

H3: Perceived value is positively related to long-term customer relationship.
H9: Perceived value is positively related to customer satisfaction.

Price of Services

Price of services is the price charged for the services given so that it is fair to the customers. The users expected good quality services according to the service fee they pay. Therefore, firms need to strategically decide the retail price, product quality, and service price to maximize their profit while not burdening the users at the same time. Maybank only charges RM8.00 per annum for their services of debit cards. It is a way to build a long-term relationship because high service pricing will make users alternate their choices to banks with a lower charge. The following hypotheses have been made for our paper.

H4: Price of services is positively related to long-term customer relationships.
H10: Price of services is positively related to customer satisfaction.

Relationship Marketing

Relationship marketing is a good strategy for maintaining a relationship with customers. It is beneficial to ensure that the satisfaction, value, and retention of customers are focused on by the company. Time, intensity, trust, and reciprocity are the four basic elements to lengthen the relationship with the consumers (Wu, 2011). Human Capital Management of Maybank stated that they had trained their staff to increase their product knowledge so that they could react better when their customers need help. Customer relationship can be best established for a service that is crucial to the public, for example, the banking sector (Panda, 2003). The following hypotheses have been made for our research on Maybank.

H5: Relationship marketing is positively related to long-term customer relationships.

H11: Relationship marketing is positively related to customer satisfaction.

Customer Satisfaction
Customer satisfaction is the feeling customers have about the quality of services and capabilities of a company. Digital banking and fintech have already become a trend in

the banking sector. Thus, Maybank released its new application, MAE (Maybank Anytime, Everyone), in 2020. The users of Maybank can use the application to transfer money in saving accounts, pay their bills, and check their balances. To enhance the satisfaction of users, Maybank also launches a new function in the application which is "Tabung". The users can use the "Tabung" function to save their money not only for the individual but also in groups. This feature can help the users to achieve their financial goals (Malayan Banking Berhad, 2022). This application will increase the satisfaction of users because they do not need to wait in a long queue physically in the bank. Customer satisfaction is helpful in retaining customers because they will not keep using the products with low-quality services (Szyndlar, 2021).

The research framework model is shown in Figure 1. A total of 11 hypotheses were formed based on past literature reviews.
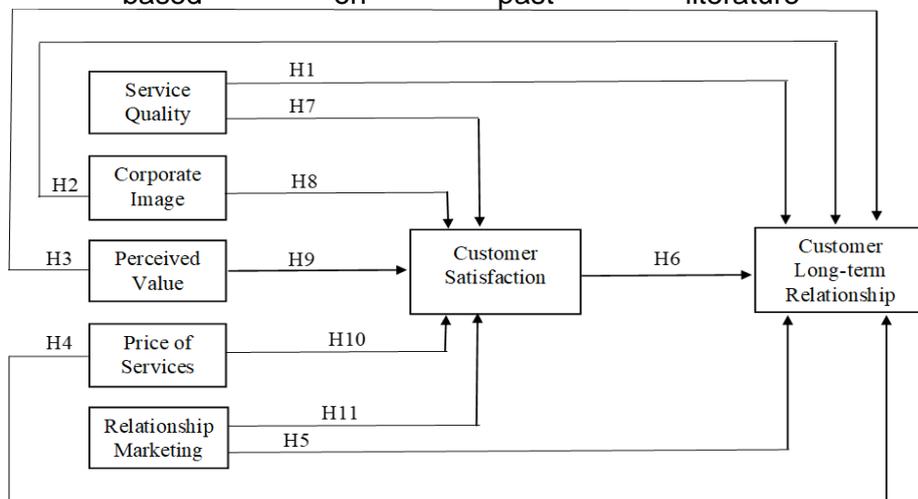

Figure 1. Research Framework

RESEARCH METHOD

To gather information about Maybank building long-term relationships with their customers, we have conducted an online survey using Google Forms. Our target respondents were the customers of Maybank in Malaysia. The Likert scale is given with responses ranging from 1 (strongly disagree) to 5 (strongly agree). We have collected responses from 151 Maybank customers by distributing our online survey via WhatsApp and Telegram.

Table 1 summarizes the respondent's profile. More than half of our respondents were female (62.9%). Besides, most of their ages range from 10 to 25 years old, which is considered Gen Z (64.9%). Based on ethnicity, most of them are Indian which occupied

37.1% of our respondents. Also, 62.9% of the respondents are still students. Next, 53.6% of our respondents are living in the city. By usage frequency, 47% of our

respondents use Maybank's services once a week, while 33.8% of them use Maybank's services once a month.

Table 1. Summary of Respondent's Profile (N=151)

Response	Frequency	Percentage (%)
Gender		
Female	95	62.9
Male	56	37.1
Age Category		
Gen Z (Born 1997-2012)	98	64.9
Millennials (Born 1981- 1996)	30	19.9
Gen X (Born 1965-1980)	21	13.9
Boomers (Born 1946-1964)	2	1.3
Ethnicity		
Malay	32	21.2
Chinese	55	36.4
Indian	56	37.1
Other	8	5.3
Occupation		
Student	95	62.9
Self-employed	15	9.9
Employed	33	21.9
Unemployed	8	5.3
Living Area		
City	81	53.6
Town	59	39.1
Rural	11	7.3
Frequency of using Maybank's Service		
Only used once	5	3.3
Once a year	8	5.3
Once a quarter	16	10.6
Once a month	51	33.8
Once a week	71	47.0

Measures

This study is to identify the relationship Maybank's long-term customer relationship has with relationship marketing, service quality, price of services, corporate image, perceived value, and customer satisfaction. We used a total of 21 items, such as "I am satisfied with the quality of service offered by Maybank", "Maybank meets my needs and expectations", and "I find that the fee charged by Maybank for its service is adequate" to measure customer's opinion on Maybank. Each item was structured

according to a 5-point Likert scale, from 1 (strongly disagree) to 5 (strongly agree). Cronbach's alpha was 0.845, 0.872, 0.863, 0.866, 0.857, 0.884 and 0.893.

In our research, we also used one multiple-choice question to gather the respondents' opinions on what they believe is the most important factor for Maybank to build long-term customer relationships. The item is "Out of all these options, which one do you think is the most important for Maybank to build long-term customer relationships (relationship marketing, service quality, price of services, corporate image, perceived value and customer satisfaction)."

RESULTS AND DISCUSSION

Table 2. Descriptive Statistics, Zero-order Correlations of All Study Variables and Cronbach's Coefficient Alpha

Variables	1	2	3	4	5	6	7
1. Service Quality	**.845**						
2. Corporate Image	.767**	**.872**					
3. Perceived Value	.797**	.783**	**.863**				
4. Price of service	.634**	767**	.741**	**.866**			
5. Relationship Marketing	. 688**	.739**	.751**	.794**	**.857**		
6. Customer Satisfaction	.705**	.677**	.748**	.751**	.843**	**.884**	
Long-Term Customer Relationship	.778**	.752**	.817**	.743**	.825**	.874**	**.893**
Mean	4.355	4.327	4.344	4.340	4.344	4.395	4.362
Standard Deviation	2.065	2.131	2.207	2.168	2.222	2.127	2.274
No. of items	3	3	3	3	3	3	3

*Note: N=151; *p<.05, **p<.01, ***p<.001. Diagonal entries in bold indicate Cronbach's Coefficient Alpha.*

Table 2 presents the descriptive statistics and correlations of alpha, and zero-order correlation of all study variables. Our findings revealed that the seven variables show acceptable internal consistency reliability with a coefficient alpha range from 0.85 to 0.89.

Table 3. Multiple Regression Analysis

Variables	Long-Term Customer Relationship Beta	Customer Satisfaction Beta
Service Quality	.148*	.193*
Corporate Image	.078	-.139
Perceived Value	.201**	.151
Price of service	-.015	.182*
Relationship Marketing	.135	.555**
Customer Satisfaction	.465***	
R^2	.838	.752
F Value	130.082	91.790
Durbin-Watson Statistic	1.859	1.904

*Note: N= 151; *p <.05; **p <.01; ***p <.001*

Table 3 indicates that the independent variables were relationship marketing, service quality, price of services, corporate image, perceived value, and customer satisfaction, whereas the dependent variable was customer long-term relationship. The findings revealed that long-term customer relationship was positively connected with service quality, perceived value, and customer satisfaction. Customer long-term relationship was positively connected with service quality, perceived value, and customer satisfaction with beta (β) values of 0.148, 0.201, and 0.465, respectively. Thus, H1, H3, and H6 were supported. Corporate image, price of services, and relationship marketing did not significantly affect the customer's long-term relationship with Maybank. Thus, H2, H4, and H5 are not supported. The value of R² was 0.838, which means 83.8% of the variations in the long-term customer relationship are explained by service quality, perceived value, and customer satisfaction. With a β value of 0.465, we discovered that the most crucial element impacting long-term customer relationship with Maybank in Malaysia is customer satisfaction, followed by perceived value with a β value of 0.201 and service quality with a β value of 0.148.

The findings also suggested that customer satisfaction was positively connected with service quality, price of service, and relationship marketing, with beta (β) values of 0.193, 0.182, and 0.555, respectively. Thus, H7, H10 and H11 were supported. The value of R^2 was 0.752, meaning 75.2% of the variation in customer satisfaction is explained by service quality, price of service, and relationship marketing. Separately, corporate image and perceived value did not significantly affect customer satisfaction. Thus, H8 and H9 are not supported. The summary of our hypothesized model is illustrated in Figure 2.
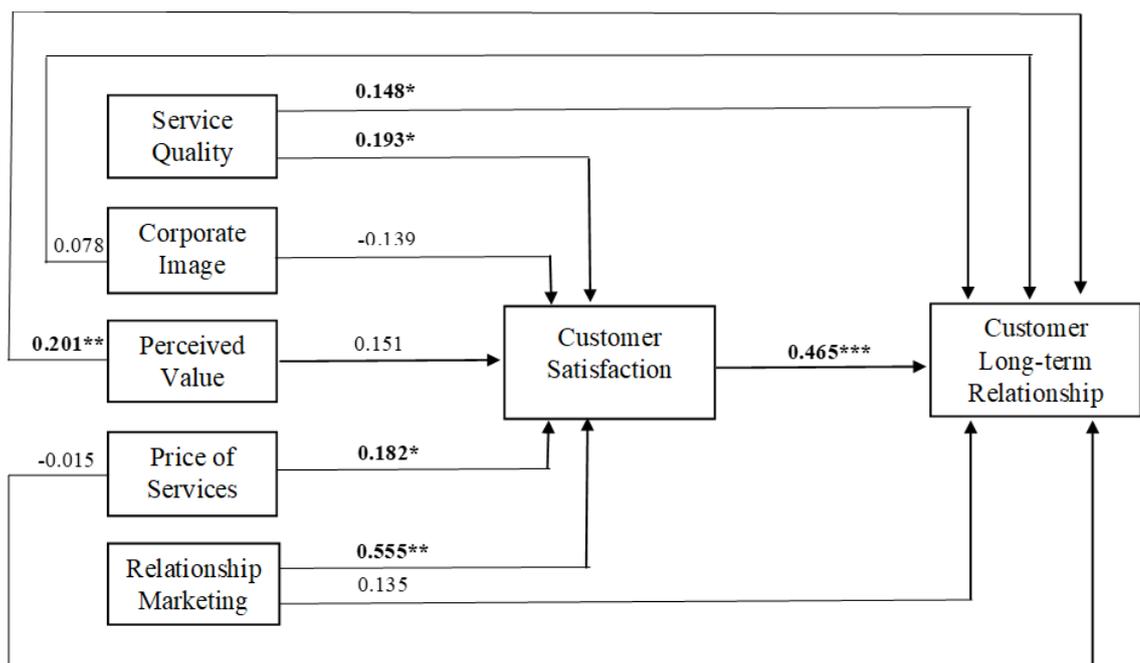

Figure 2. Hypothesized Model
Note: *p < 0.05; **p < 0.01; ***p < 0.001

Service quality is positively related to long-term customer relationships and customer satisfaction. The Maybank customer evaluated the service quality as an important factor in deriving long-term relationships and satisfaction. Our respondents are satisfied and will retain customership of Maybank when the service of Maybank is convenient, and the online banking application is efficient.

Corporate image in our findings showed that it is not related to long-term customer relationships and satisfaction. This result may indicate that the respondents disregarded the external review about Maybank. They did not take into account the corporate image of Maybank when evaluating their satisfaction level and retaining their customership in Maybank. However, this variable should not be dismissed as the corporate image can attract potential customers.

There is an interesting finding that perceived value is positively related to long-term customer relationships while it is not positively related to customer satisfaction. The possible explanation could be that although Maybank has met our respondents' expectations, its services do not delight our respondents, which exceeds the

expectation creating less satisfaction; however, the respondents will choose to retain the customership in Maybank.

The price of services is not positively related to long-term customer relationships; nevertheless, it has a mediating effect on long-term relationships via customer satisfaction. This may be explained by our respondents being willing to pay more for greater and more reliable banking services. Therefore, the price of services is not a consideration when choosing to retain customership in one banking institution. On the other hand, the respondents also will feel happier when paying less for the high-quality services offered by Maybank.

Relationship marketing is not positively related to long-term customer relationships directly. Nevertheless, it has a mediating effect on long-term relationships via customer satisfaction. The respondents are not taking into account timely information and promotion by Maybank when deciding whether to retain customership in Maybank; however, the respondents were satisfied when Maybank took care and personalized useful information to the respondents.

Customer satisfaction is positively related to long-term customer relationships, and it is the most significant variable. This finding has shown that only the satisfied respondents will choose to retain the customership in Maybank. Customer satisfaction decides the loyalty of the customers.

CONCLUSION

This research revealed the relationship between the independent variables (relationship marketing, service quality, price of services, corporate image, perceived value, and customer satisfaction) and the dependent variables (long-term customer relationship). The findings indicated that customer satisfaction, perceived value, and service quality are positively related to long-term customer relationships. Customer satisfaction is the variable prioritized by Maybank customers, followed by perceived value and service quality.

Furthermore, our study has shown the mediating effect of customer satisfaction variables on the relationship between relationship marketing, service quality, price of services, corporate image, perceived value, and customer satisfaction toward long-term customer relationships. We have discovered that Service Quality, Price of service, and Relationship Marketing can affect long-term customer relationships via customer satisfaction.

Maybank is advised to develop services and products that pay attention to customer satisfaction to maximize the long-term customer relationship in the future. After that, Maybank may conduct a marketing survey to explore customers' different needs and expectations to sustain the perceived value level. In addition, Maybank may make an effort to improve its service quality. Security of online banking applications is most important since there are many fraud cases day to day. Maybank will attract more customers from other banks if its online banking application can secure customers'

assets. Moreover, to improve customer satisfaction, Maybank should pay more attention to improving service quality with reasonable service prices and maintaining a good relationship with the customers.

LIMITATION

However, there is a limitation in this study. Most of the respondents are students from Generation Z since the data were collected using Google Form distributed via social media platforms such as Telegram, WhatsApp, and Instagram. This limitation may cause the possibility that our respondent does not represent the whole Maybank customer population.

We would recommend that further researcher create a larger population from different demographic characteristics and include the different independent variables that may relate to the long-term customer relationship, which is important for the company's sustainability.

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