



Research Article


# Optimizing Financial Decisions with My e-Credit Banking Apps Version 3 (Mecba) v3


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**Abstract:** Commercial banks are the principal players in the banking system as they constitute the largest and most significant providers of funds. Their core function is to provide retail banking services, including accepting deposits, granting loans and advances, and financial guarantees. Customers are offered a variety of bank credit or loan options, which include Simple Interest, Simple Interest with Compensating Balance, Discount Interest, and Discount Interest with Compensating Balance. However, customers are not always cognizant of the best available option. The most economical alternative is the one that offers the lowest annual interest cost, which is referred to as the effective annual rate (EAR). Unfortunately, not all customers are proficient in calculating EAR, which is where My eCredit Banking Apps Version 3 (MECBA V3) comes into play. This innovative application assists borrowers in determining the most suitable interest rate and financial alternatives offered by commercial banks in Malaysia. By employing MECBA V3, customers can save both time and money in selecting the optimal alternative, as these calculations can be laborious and complicated. Selecting the appropriate option is critical, as loans can have extended repayment periods, resulting in a considerable amount of money being repaid. Therefore, My eCredit Banking Apps Version 3 (MECBA V3) is the optimal solution for making well-informed credit banking choices.

**Keywords:** Banking Apps, Financial Decisions, Credit Banking.

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## 1. INTRODUCTION

Financial decisions play a critical role in determining the economic well-being of individuals, households, and firms. One of the most important financial decisions for individuals is to select an appropriate financing option. Selecting the optimal financing alternative is critical, given the high cost of borrowing and the long-term financial commitment associated with it. Numerous factors influence the financing decision-making process, and it is crucial to consider these factors to make an informed decision. One of the most important factors that influence financing decision-making is the interest rate. The interest rate determines the cost of borrowing and the total amount to be paid over the financing

period. Individuals must consider the interest rate of various financing options and select the one with the lowest rate to minimize their borrowing costs. Another essential factor to consider is the credit amount. The credit amount required varies from one individual to another, and it is crucial to determine the amount required before selecting a financing option. Inadequate financing may lead to financial instability, while excess financing may result in over-indebtedness. The duration of the financing is another critical factor that influences financing decisions. Individuals must consider the duration of the financing and select an appropriate financing option that matches their financial goals and objectives. The type of financing is another important factor that must be considered when making financing decisions. The type of financing available includes car loans, housing loans, personal loans, and business loans. Individuals must select the most appropriate financing type based on their needs and objectives.

Moreover, the processing cost of financing is another factor that must be considered. Processing cost includes fees charged by the financing institution to process the financing application. The processing cost varies across different financing institutions, and it is essential to compare the processing cost of different financing options. Finally, the reputation and reliability of the financing institution must be considered when making financing decisions. Individuals must select a financing institution with a good reputation and reliability to ensure the safety of their investment. In conclusion, financing decision-making is a complex process that requires careful consideration of numerous factors. These factors include interest rate, credit amount, duration, type of financing, processing cost, and the reputation and reliability of the financing institution. Individuals must consider these factors and make an informed decision to avoid over-indebtedness and financial instability.

A comprehensive review of the literature reveals a multitude of factors that influence customers' bank selection decisions in different countries. Previous research conducted by various scholars has shed light on these factors, offering valuable insights into consumer behavior within the banking industry. Arora & Kaur, (2019) conducted a rigorous study aimed at understanding the factors influencing bank selection decisions in India. The results of their study revealed that service delivery and cost/price considerations emerged as significant determinants of consumers' bank selection decisions. This suggests that customers in India prioritize high-quality service and favorable cost factors when making their choice of a bank. In another study focused on commercial banks in Jimma Town, Ethiopia, Tesfaye et al., (2019) identified five key factors that significantly influenced bank selection decisions. These factors included technology, service quality, bank image and reputation, and convenience. The study revealed a positive and noteworthy relationship between these non-financial factors and customers' decisions when selecting a bank. Surprisingly, the financial factor was found to have an insignificant impact on bank selection decisions.

Ara & Begum, (2018) conducted an insightful investigation into the factors influencing bank selection. By analyzing various attributes, they identified the five most important factors that influenced customers' bank selection decisions. These factors encompassed modern equipment and technologies, security arrangements, a sense of security in financial transactions, staff honesty and trustworthiness, and confidentiality of account information. Conversely, factors such as extended operating hours, parking facilities, recommendations from friends or relatives, sponsorships for extracurricular activities, and remittance services were considered less influential. Dao et al., (2021) conducted a study examining the factors influencing customers' choice of a bank for deposit decisions in Vietnam. Customer policy was found to have a positive effect on customers' deposit decisions, providing a novel perspective on customer behavior. Moreover, factors such as employee image, brand reputation, interest rate, relative influencing, and transaction time were identified as influential factors affecting customers' bank selection for deposit decisions. Interestingly, the study revealed that the bank's promotion strategies did not significantly impact customers' deposit decisions. Notably, the study highlighted the significant influence of employee image, followed by the bank's brand and interest rate, in determining customers' deposit decisions. These studies collectively contribute to the

existing literature on bank selection by providing valuable insights into the factors that influence customers' decision-making processes in different countries.

## 2. METHOD & MATERIAL

Commercial banks are the primary providers of funds in the banking system, offering retail banking services that include deposit-taking, lending, and financial guarantees. Customers are presented with several credit or loan options, such as Simple Interest, Simple Interest with Compensating Balance, Discount Interest, and Discount Interest with Compensating Balance. However, selecting the optimal alternative can be challenging, as it requires knowledge of the effective annual rate (EAR), which is the most cost-effective option. My eCredit Banking Apps Version 3 (MECBA V3) is a new application designed to assist borrowers in identifying the most suitable interest rates and financial alternatives offered by commercial banks in Malaysia. By using MECBA V3, customers can simplify the calculation process and make well-informed credit banking decisions, ultimately saving time and money.

The pivotal role of commercial banks in the banking system lies in their ability to provide funds to individuals and businesses through retail banking services such as deposit-taking, lending, and financial guarantees. A range of credit or loan options, including Simple Interest, Simple Interest with Compensating Balance, Discount Interest, and Discount Interest with Compensating Balance, are available to customers. However, the process of selecting the most cost-effective option may be complicated, and customers may not be aware of the effective annual rate (EAR). To assist borrowers in identifying the most suitable interest rates and financial alternatives provided by commercial banks in Malaysia, My eCredit Banking Apps Version 3 (MECBA V3) has been developed. MECBA V3 streamlines the calculation process, enabling customers to make well-informed credit banking decisions and save time and money.

A comprehensive literature review on the bank selection criteria followed by the distribution of a questionnaire to gather empirical data on the credit banking financing selection process. To ensure the questionnaire's validity and reliability, a pilot test questionnaire was developed and distributed via a Google Form to gather feedback from respondents. The final questionnaire comprised questions that elicited information on the selection process of credit banking financing, including the factors or tools customers utilized in deciding the best financing options available in the capital market. A total of 150 respondents completed the questionnaire, and the data collected were analyzed to develop a problem statement. From this, a system was developed to assist commercial bank customers in calculating the Effective Annual Rate (EAR) and choosing the best financing alternatives available to them. Overall, the research methodology employed in this study aimed to gather reliable and valid empirical data on customers' decision-making process when selecting credit banking financing and used this data to develop an effective tool to assist customers in making informed financing decisions.

## 3. FINDINGS

The data gathered from the questionnaires indicated that a significant percentage of the respondents (45.80%) encountered difficulties in selecting the optimal bank credit financing available in the market. Specifically, they lacked knowledge and expertise in determining and comparing the effective annual rates (EARs) offered by different commercial banks in Malaysia. Moreover, several respondents found it time-consuming and burdensome to visit each bank to inquire about the financing terms, including the interest rates, credit amount, duration, types of credit, and processing costs. To overcome these challenges, most of the respondents preferred an app or a system that would enable them to calculate the EARs and select the best credit financing option with the most favorable offer. Interestingly, only a small fraction (12.80%) of the respondents reported using internet-based apps such as iMoney and Loanstreet to assist them in decision-making.

Table 1 presents the factors that influence customers' decisions when selecting financing options. The results indicate that a substantial proportion of respondents rely on various sources of information to assist them in making their decisions. Notably, 34.40% of respondents reported relying on their agents to guide them in choosing the best financing alternatives in the market. Meanwhile, 42.70% of respondents rely on bank officers to provide them with expert advice on the available options. In addition, 38.50% of respondents relied on their knowledge and expertise in selecting the most appropriate financing options. Interestingly, only a minority of respondents (31.30%) sought guidance from their relatives and friends when making such decisions. The significance of making informed financing decisions, particularly given the wide range of financing options offered by commercial banks, has led to the development of My eCredit Banking Apps Version 3 (MECBA V3). This innovation facilitates borrowers in calculating the optimal interest rates and financing options available through the commercial banking system in Malaysia. By serving as a comprehensive resource for borrowers, MECBA V3 enables customers to select the most suitable type of bank credit and the most appropriate commercial bank before borrowing.

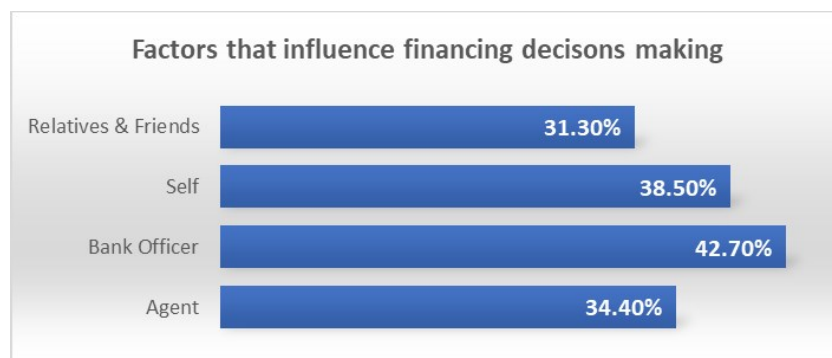


Figure 1.: Factors that influence financing decisions making.

### 3.1 Uniqueness

The innovation of MECBA V3 as presented in Figure 2 lies in its ability to provide borrowers with first-hand information on the cost of borrowing, including the effective annual rate (EAR), for a range of bank credit options such as car loans, housing loans, and personal loans. Furthermore, MECBA V3 empowers potential borrowers to make informed decisions when selecting bank credit by providing accurate calculations through the application. By utilizing MECBA V3, customers can save both time and money when selecting the best financing option, as the calculations involved are often tedious and complex.

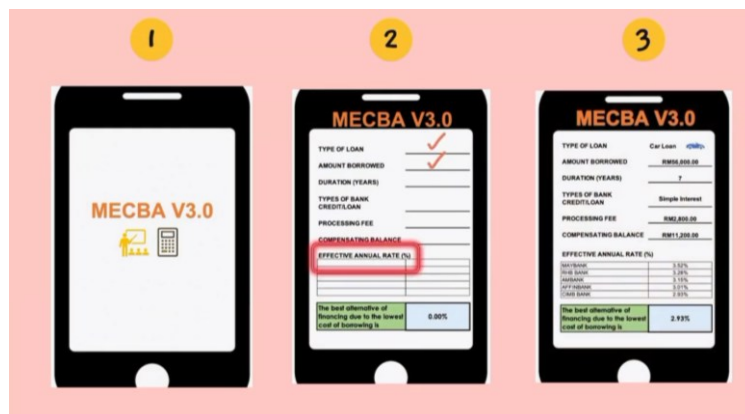


Figure 2: The interface of MECBA V3

One of the key benefits of the MECBA V3 application is that it provides borrowers with detailed information on the various bank credit options available to them. By using the application, borrowers can obtain a comprehensive analysis of the cost of borrowing, including the effective annual rate (EAR) and other relevant information. The application is designed to be user-friendly, allowing borrowers to easily navigate and understand the calculations and other data provided.

Another benefit of the MECBA V3 innovation is that it can help borrowers save time and money in the long run. The application eliminates the need for borrowers to manually calculate the effective annual rate (EAR) and other important data. This can be particularly time-consuming and tedious, particularly for individuals who are not familiar with the banking system. By automating the process, MECBA V3 simplifies the process of analyzing credit banking facilities, enabling borrowers to make informed decisions quickly and easily.

### *3.2 Novelty*

Given that loans can sometimes take an extended period to repay, resulting in substantial sums of money being paid overtime, MECBA V3 represents a viable solution for individuals seeking to make optimal credit banking choices. Thus, MECBA V3 can be viewed as an essential tool for borrowers to make well-informed decisions regarding their credit banking choices. The MECBA V3 innovation is significant in that it can potentially have a positive impact on the financial well-being of individuals and businesses in Malaysia. By providing borrowers with a clear understanding of the true cost of borrowing, MECBA V3 can help individuals and businesses make better financial decisions. The application can also help borrowers in selecting the best financing options offered by different financial institutions in Malaysia, enabling them to save money and make the most of their financial resources

### *3.3 Commercialization*

This innovative MECBA V3 has a great potential to be marketed to the public. This apps will be released soon on Apple Store and Play Store at an affordable price.

## **4. DISCUSSION**

To address the need to make the best financing decision, the My eCredit Banking Apps (MECBA) V3 innovation has been developed to help borrowers calculate the best interest rates and financing options provided by the commercial banking system in Malaysia. MECBA V3 is a one-stop center for potential borrowers to obtain first-hand information on the cost of borrowing (EAR) for bank credit, including car loans, housing loans, and personal loans. The MECBA V3 application is designed to assist potential borrowers in making informed decisions by providing calculations for various commercial banks and types of bank credit, thereby saving them time and money. The application helps potential borrowers in analyzing credit banking facilities offered by financial institutions in Malaysia, enabling them to make an informed decision when choosing the best alternative. By using MECBA V3, borrowers can avoid the tedious and complicated calculations involved in choosing the best bank credit option for their needs.

## **5. CONCLUSION**

In conclusion, the My eCredit Banking Apps (MECBA V3) innovation is an essential tool for individuals and businesses in Malaysia to make the right financing decisions. By providing detailed information on the cost of borrowing and offering an automated analysis of credit banking facilities, the application can help borrowers make informed financing decisions. The app is easy to use, saves time, and provides users with valuable information to help them make informed decisions. As such, MECBA V3 is a valuable addition to the financial services industry and has the potential to revolutionize the way borrowers make financing decisions in Malaysia.

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