Factors Influencing Bank Officers into Recommending Financial Products to SME's: A Literature Review

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Abstract: Previous literature indicates that there have been difficulties by small and medium sized enterprises as well as agricultural and mining sectors in securing funding from banks to develop their businesses. This paper aims to examine the basic determinants of bank officers intention to properly vet applicants of financial loans using the decomposed theory of planned behaviour (DTPB). It is concluded that the variables proposed in previous studies is sufficient to build the framework to study the intention to recommend financial products to SME's.

Paper type: Literature review

1. Introduction

Giving loans has been an integral part of banking operations. In 2017, CIMB, Malaysia's second largest commercial bank by assets, recorded that it's gross loans account for 64% of it's total assets. In 2018, it was 63% (CIMB Annual Report 2017 and 2018) and Maybank, Malaysia's largest commercial bank with over 20 million customers, recorded that it's gross loans in 2017 is 63.4% over it's total assets, and it's gross loans in 2018 is 62.8% over it's total assets (Maybank Annual Report 2017 and 2018; Misachi, 2017; "Top Malaysian Lenders", 2018). This shows that banks must continue its lending activities as it is the most important income generating activity for banks. Banks

rely on lending policies to help them make effective loans, and lending policies is usually seen as a statement of the bank's philosophy and concept of lending. It includes standards, guidelines and limits to help the decision-making process easier (Shamsudin, 1998; Rose, 1999). In addition, the Central Bank of Malaysia, Bank Negara Malaysia (BNM) has signalled to the banking industry that they should continue to give out more loans by reducing the Statutory Reserve Requirement (SRR) Ratio from 4% to 3.5%, effective from February 2016 (BNM Ref. 01/16/03) until further notice. Despite this policy, Malaysian banks loan growth remains low at 5% as of June 2018, due to the poor performance of working capital loans (Malaysian banks loan growth remains dismal at 5% in June, 2018) and is projected to remain flat at 5% to 6% level in 2019 (Starbiz, Dec 2018). Therefore, it is clear that anything that affects the banking sector's lending activity will adversely affect the income of the banks. The factors that may affect such activities may be divided into two types of factors, firstly, external factors like the economic climate or political climate and secondly, bank specific factors. By it's nature, external factors may not be readily controlled by the bank. However, bank specific factors like adverse selection, information asymmetry and competency of loan officers in evaluating credit worthiness of customers are factors that are worthwhile for banks to concentrate their efforts on, as these factors are within their control.

Following BNM (2017), SME's contribute one third of the country's Gross Domestic Product (GDP). This has increased to 37.1% in 2018 (BNM, 2018) and comprises 97% of all formal business establishments in Malaysia. SME's employ 66% of the Malaysian workforce as of 2018 and BNM also believes that SME's have the potential to contribute more to the Malaysian economy. It is expected that by the year 2020, SME's contribution to the Malaysian GDP will increase to 41% (The Edge Daily, 2018). Also, financial institutions like banks are the main source of financing for SME's, and lending to SME's constitute almost half of the total sum of the financial institutions lending to the business sector (BNM, 2018). In the recent past, the non-availability of financing has been cited by Malaysian SME's as their most frequently encountered problem (Harif, Hoe and Zali, 2011). Despite highlighting this issue over the years, SME's continue to encounter difficulties in obtaining financing from lending institutions due to their size, high risk of investment and the level of information asymmetry (Abdulsaleh and Worthington, 2016) and banks required extensive documentation in each and every loan application (Zairani and Zaimah, 2013). However, there has been a change in policy since then, leading to an increase in loan approval rates to SME's. The financing approval rate from financial institutions has exceeded 80% (BNM, 2017), with the financing approval rate reaching 91% in 2019 (The Star, April 2019). As of February 2018, there was still RM 3.3 billion still available to SME's to use for working capital and for buying machinery (BNM, 2018). However, the higher loan approval rates to SME's have also had some unintended consequences to financial institutions, which showed an increase in NPL's from the business sector in 2019 (BNM, 2019). Because of the importance of continued funding for SME activities so that SME's can continue to contribute to the Malaysian economy, the solution has to be that financial institutions must be more skillful during the process of recommending the right financial products to SME's, and at the same time managing it's risk of accumulating non-performing loans. This responsibilty falls first on the shoulders of bank sales officers when they analyse the potential customer and the information that is available to them when considering those decisions. Despite the knowledge of the negative effects of impaired loans, banks cannot just stop disbursing money for fear of the loans defaulting. In addition, the central bank of Malaysia, Bank Negara Malaysia (BNM) has signalled to the banking industry that they should continue to give out more loans by reducing the Statutory Reserve Requirement (SRR) Ratio from 4% to 3.5%, effective from February 2016 ("Decrease in the Statutory Reserve Requirement (SRR) Ratio", 2016). Therefore, the solution has to be that banks must be more skillful during the process of recommending the right financial

products to its clients, and this responsibilty falls on the shoulders of bank sales officers when they analyse the information that is available to them when considering those decisions.The last 50 years has seen much change in the bank officer's role in credit assessments. The role evolved from a community based local banker with family-like knowledge of his clients, changing to a technocratic banker in the 1960's, and becoming the client-oriented banker in the 1980's. Today's banker largely assumes the third role, but since then banks have grown larger. Banks that were once local and regional banks are now national and international institutions. Accordingly there is a larger number of clients from society's growing middle class. This has caused great difficulties for bank officers to maintain personal contact with their clients (Lynch, 1996). In addition, due to the changes to the nature of banking, banks now have a decreased possibility to make personal evaluations of their clients. This brought about the demand for more rules and regulations related to bank clients. In general, this led to a greater centralization of banking, for example the requirement that local bank branches get approval from their head offices before making their lending decisions. The banking industry's move towards greater computerisation has allowed faster decision making in accordance with bank policies (Rosenberg and Gleit, 1994).

Today, the process of approving financial products are mainly made based on financial and other quantitative data on the client's financial status as well as the personal relationships between the loan officers and their clients (Lynch, 1996; Udell, 2008). There are different ways in which banks assesses the risks associated with approving financial products for its clients. The use of quantitative information, for example, by analysing financial statements, the use of credit scoring as well as asset-backed lending are used (Berger & Udell, 2006). However, bank officers also have a certain leeway and discretion to recommend the "right" financial products to their prospective clients.

Just how those decisions are made is explored by an examination of the bank officers' intentions to recommend products to their clients. Further, the bank officers also have a duty to protect their banks' interests as well. The interplay between the bank officer's desire to make the best choices for their clients while balancing the requirement of agency is not commonly explored. To meet this objective, this study extended the Decomposed Theory of Planned Behavior (DTPB). Although DTPB is a frequently used model in information system research, it's use in financial services research is relatively fewer. This study therefore intends to extend the model by investigating the ability of the DTPB model to explain bank officers behavior in the context of recommending bank financial products defensively, while at the same time examining the DTPB model's limitations. This study contributes to the study of financial product sales literature by presenting a test of the full DTPB model.

## 2.   A Review of Intention-Behavior Theories

It has generally been assumed that prediction of behaviour is best achieved by the understanding and measurement of cognitive variables (Holdershaw and Gendall, 2008). Until Ajzen and Fishbein's work in 1980, the concept of attitude was thought to be central to the study of human behaviour (Krosnik, Judd, and Wittenbrink, 2005). The most fundamental assumption about the attitude concept is that attitudes in some way guides, influences, directs, shapes or predicts actual behaviour (Kraus, 1995). Many early human behaviour researchers simply accepted that attitudes would be closely related to behaviour and that there was no need to demonstrate that attitudes predicted behaviour. However, it was found that people did not behave consistently in different situations, nor acted consistently with their measured attitudes. This caused researchers to suspect that stated attitudes was not always consistent with overt behaviour (Holdershaw and Gendall, 2008).

A. Theory of reasoned action (TRA)

This led to Ajzen and Fishbein (1980) asserting that attempts to predict behaviour by just measuring attitudes will be unsuccessful, and they argued that normative beliefs are also relevant for the formation of behavioural intentions. Normative beliefs are those beliefs that occur due to other people's influence on whether an individual should or should not perform the behaviour in question. Combining the concept of attitude with the concept of subjective norms in order to predict behavioural intentions created the Theory of Reasoned Action (TRA – Figure 1), and this is the basic theory to explain human behaviour (Venkatesh, Morris, Davis and Davis, 2003).

TRA has been well accepted by researchers and used to understand human behaviour in many fields of study. For example, Ramayah, Lee and Mohamad (2010) conducted their study using TRA on intentions to purchase green products in developing countries, while a study by Lada, Harvey Tanakinjal and Amin (2009) used TRA to study intentions to choose halal products. TRA has also been used to measure intentions in the financial services industry as well (Amin, Rahim Abdul Rahman, Laison Sondoh Jr. and Magdalene Chooi Hwa, 2011; Amin and Chong, 2011).

Figure 1. Theory of reasoned action
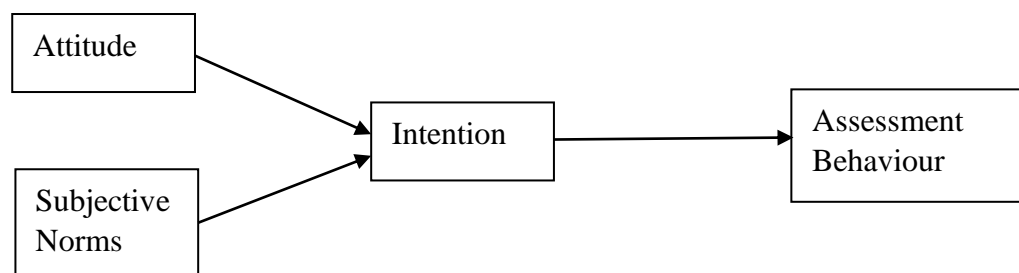
Source: Ajzen and Fishbein (1980)

However, there are some shortcomings to TRA, for example it does not explain how past behaviour affects future behaviour (Aiken, 2002). Ajzen (1985) also acknowledged that the formation of intention may also be influenced by factors that is not under a person's volitional control, for example the requirement for certain abilities as well as not having the necessary resources may affect the formation of intention to behave in a certain way. Due to this, the concept of a person's perceived ability to act, should they choose to, was later added to Ajzen and Fishbein's conceptual framework, to better account for situations where behaviour is not considered to be under a person's voluntary control (Holdershaw and Gendall, 2008).

B. Theory of planned behaviour (TPB)

In taking into account influences that is beyond one's own volitional control, Ajzen (1985) extended the TRA to become the Theory of Planned Behaviour (TPB – see Figure 2). According to Ajzen (1991), the incorporation of the independent variables of Attitudes (Att), Subjective Norms (SN) and Perceived Behaviour Controls (PBC) allowed greater accuracy in the prediction of intentions (Figure

2). In TPB, favourable or unfavourable Attitude towards the behaviour is determined by behavioural beliefs, Subjective Norms (or perceived social pressure) is explained by normative beliefs and Perceived Behavioural Control is determined by control beliefs (Ajzen, 1991). Ajzen (1991) had stated that generally a person's intention to perform a behaviour will be stronger the greater their perceived control is. This is coupled with consideration to attitudes and subjective norms, the more favorable their attitude and subjective norm towards that behaviour, the stronger the intention to perform the behaviour. Also, if there is a sufficient degree of actual control over the behaviour, then people are expected to carry out their intention of performing the behaviour in question. In addition, perceived behavioural control can serve as a proxy for actual control and contribute to the prediction of the stated behaviour.

TPB has been used in the financial services context by Haron, Ismail and Razak (2011) to study unethical behaviour by insurance agents, who found that attitude, subjective norms and perceived behavioural control has a different mediating role in determining the relationship between intention and their independent variables of sales targets, role ambiguity and supervisory influence. Siang and Weng (2011) also found that TPB constructs has a significant influence in determining intention by non-Muslims in Malaysia to buy Islamic banking products. Van der Pligt, Zeelenberg, van Dijk, de Vries and Richard (1998) used TPB in their study on anticipated regret and risky behaviour as well.

Despite its popularity, TPB is not without its critics. Chief among the criticisms by Conner and Armitage (1998), Gibbons, Gerrard, Ouelette and Burzette (1998) and Van der Pligt et al (1998) is the fact that TPB does not include emotions as a construct. However, Ajzen (2002), in responding to this criticism, has noted that emotions are included in the attitude and beliefs which are the determinants of intentions to behaviors. Despite its age, TPB has been successfully used by many researchers to study the relationship between intentions and behaviors in many applications and disciplines.

Figure 2: Theory of planned behavior
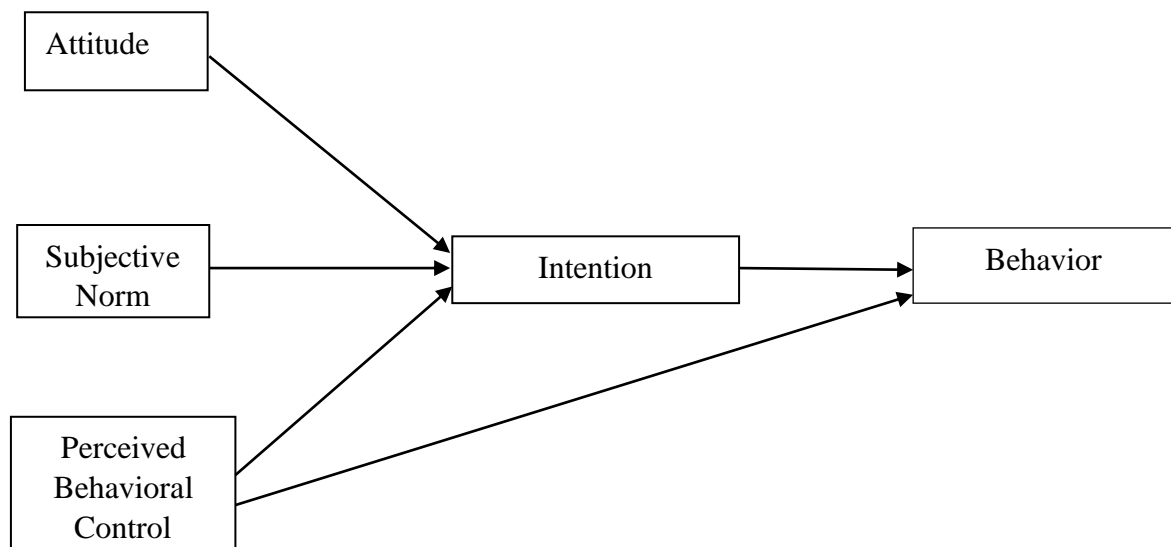
Source: Ajzen (1985)

C. ASE model

Following Steenbeek, Schellart, Mulders, Anema, Kroneman and Besseling (2011), during the period between 1970-1980, the relationship between attitudes and behaviour was explained by Fishbein and Ajzen (1980) using the Theory of Reasoned Action. TRA was developed into the TPB by Ajzen (1985) by adding perceived behavioural control (Self efficacy) as a factor that moderated behavior. It was during the second half of the 1980's that TPB was supplemented by elements of the Social Cognitive Theory (SCT) developed by Bandura (1986). The result is the Attitude/Social Norm/Self – efficacy model (ASE Model), as illustrated in Figure 3, adapted from Steenbeek et al (2011).

Figure 3. ASE model
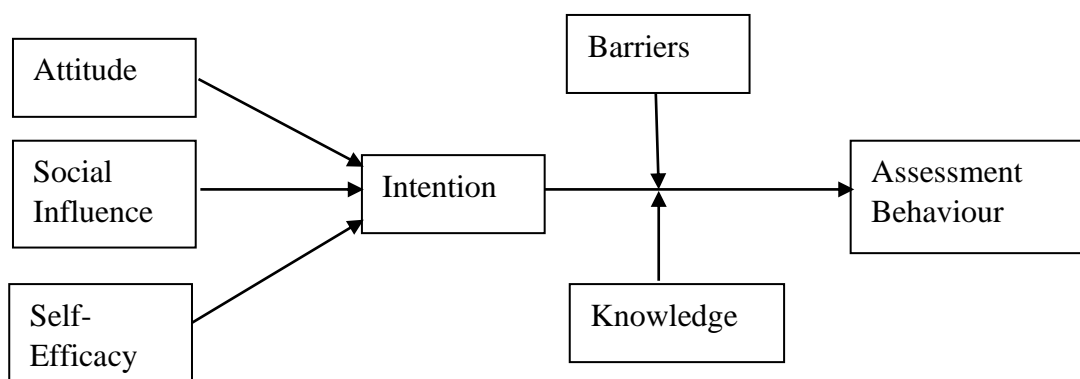


Source: Steenbeek et al (2011)

ASE is a model that explains behaviour by linking Attitude, Social influence and Self Efficacy with behaviour and behavioural intention. Also, intermediary factors of Knowledge and Barriers plays a role in behavioural assessment. ASE shows that behavior is determined by intention, and intention in turn is influenced by attitude, social influence, self-efficacy and moderated by barriers and knowledge. It is interesting to note that Attitude, Social influence and Self Efficacy in this model is among the independent variables included in the present research model.

D. The reasoned action approach (RAA)

Following Hagger, Polet and Lintunen (2018), Fishbein and Ajzen (2009) and Ajzen, Czasch and Flood (2009), RAA is a social cognitive model is used to predict and explain behaviour in different contexts and is a generalised, belief-based theory that identifies sets of personal, social, and control related factors that impact social behaviour as well as the mechanisms involved. RAA is a more comprehensive version of its precursor, the Theory of Planned Behaviour (TPB) (Hagger et al, 2018). Like TRA and TPB, Intention is also the central construct to RAA, and it also uses the same three sets of belief based constructs of attitude, subjective norms and perceived behaviour controls used in TPB. However, RAA distinguishes between specific subcomponents of TPB constructs by differentiating the attitude construct into experiential and instrumental subcomponents that reflects the affective and utilitarian functions of attitudes. Subjective norms are differentiated to injunctive (social pressures to perform the behaviour) and descriptive (beliefs in the extent to which the behaviour is typical or normal) subcomponents, and perceived behavioural controls are differentiated

into autonomy (perceptions of control over doing the behaviour) and capacity (perceived confidence in doing the behaviour) subcomponents, while Intentions mediate relations between the belief based constructs and behaviour (Hagger et al 2018). In addition, Hagger et al (2018) also incorporated the Past behaviour construct into the RAA framework. Following Hagger et al (2018), research has consistently shown that the inclusion of past behaviour as a predictor of behaviour alongside the other theory determined constructs leads to a significant increase in the amount of variance in behaviour accounted for by the model. Past behaviour also attenuates the effects of the other social cognitive variables on intentions and behaviour, and is also able to predict the other social cognitive variables in the model. In other words, past behaviour predicts behaviour (Ajzen, 2002a, Hagger, Chan, Protogerou and Chatzisarantis (2016), Hamilton, Kirkpatrick, Rebar and Hagger (2017), Brown, Hagger, Morrissey and Hamilton (2018), and Protogerou, Johnson and Hagger, 2018). The framework for the modified RAA is illustrated in Figure 4 below.

Figure 4. Reasoned action approach (RAA)
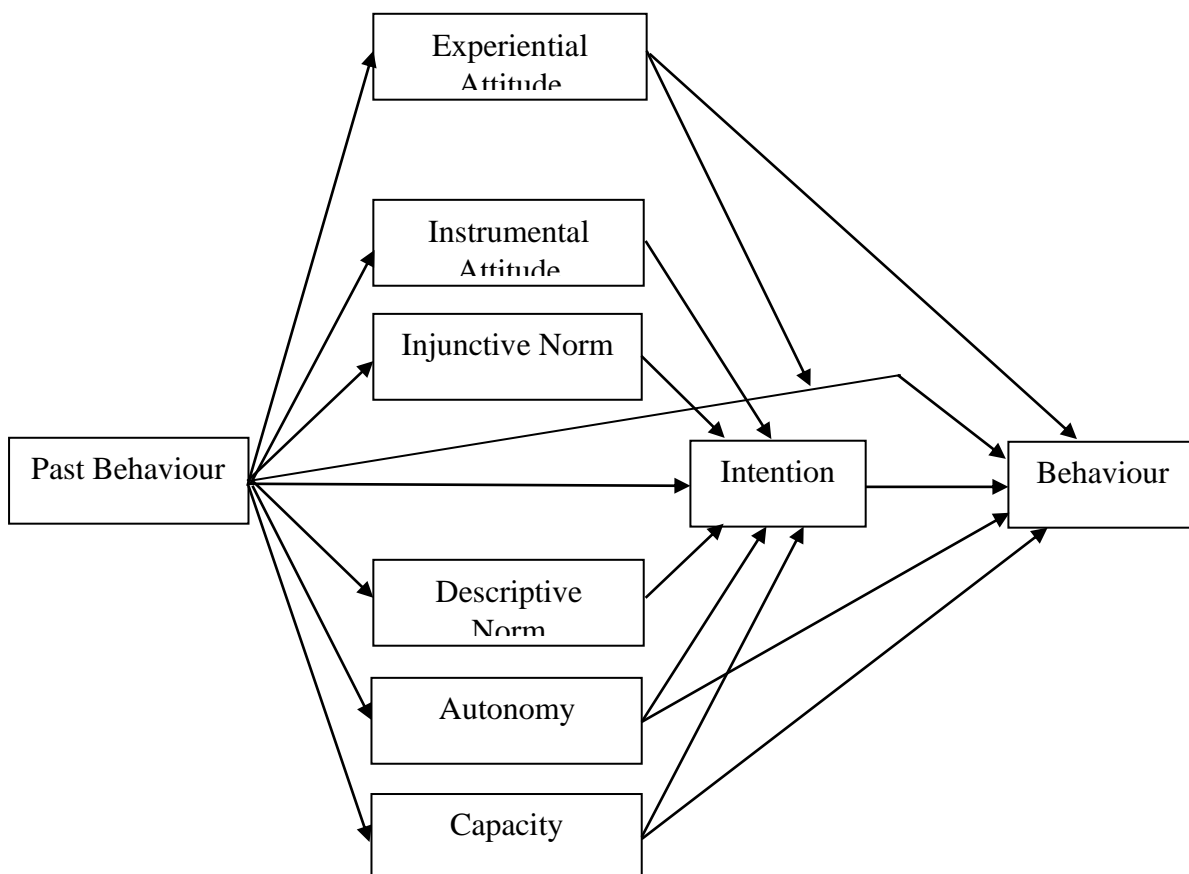
Source: Hagger et al (2018)

While there might be no necessity to further differentiate attitude, subjective norms and perceived behavioural control in this research model that is based on the decomposed Theory of Planned Behaviour (DTPB), the insights that RAA provides in the individual constructs gives a better understanding in how they can be defined in the differentiation process. In addition, the modified RAA model also illustrates the relationship between Past Behaviour and other constructs in DTPB

and how they might interact. In other words, the modified RAA provides a theoretical basis for how a DTPB research model that includes the Past Behaviour variable may be constructed.

E. Decomposed theory of planned behaviour (DTPB)

Ajzen's 1991 TPB framework states that the individual's behavioral intention is mediated by the individual's beliefs about attitude, subjective norms and perceived behavioral control. The behavioural intention so formed then becomes the most accurate predictor of nascent behavior. First proposed by Taylor and Todd (1995a), DTPB is itself a development of the Theory of Planned Behavior (TPB) by Ajzen (1991) and thus retains its main features. However, DTPB expands (decomposes) the factors that may affect a person's beliefs about attitude, subjective norms and perceived behavioral control. DTPB decomposes each of the beliefs into various determinants to further increase the predictive power of the model. Figure 4 below presents the Decomposed Theory of Planned Behavior (Taylor and Todd, 1995a).

Figure 5. Decomposed theory of planned behaviour
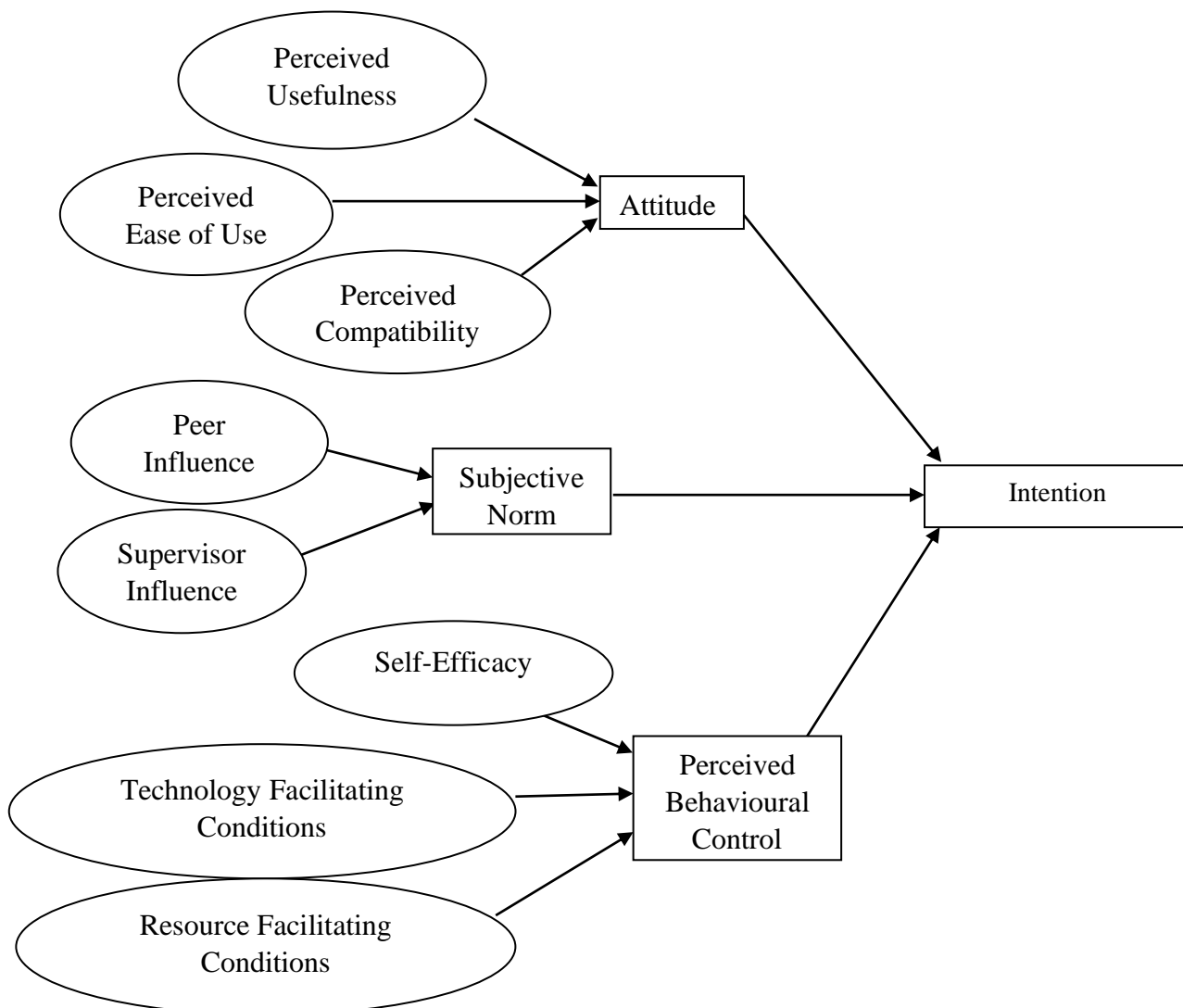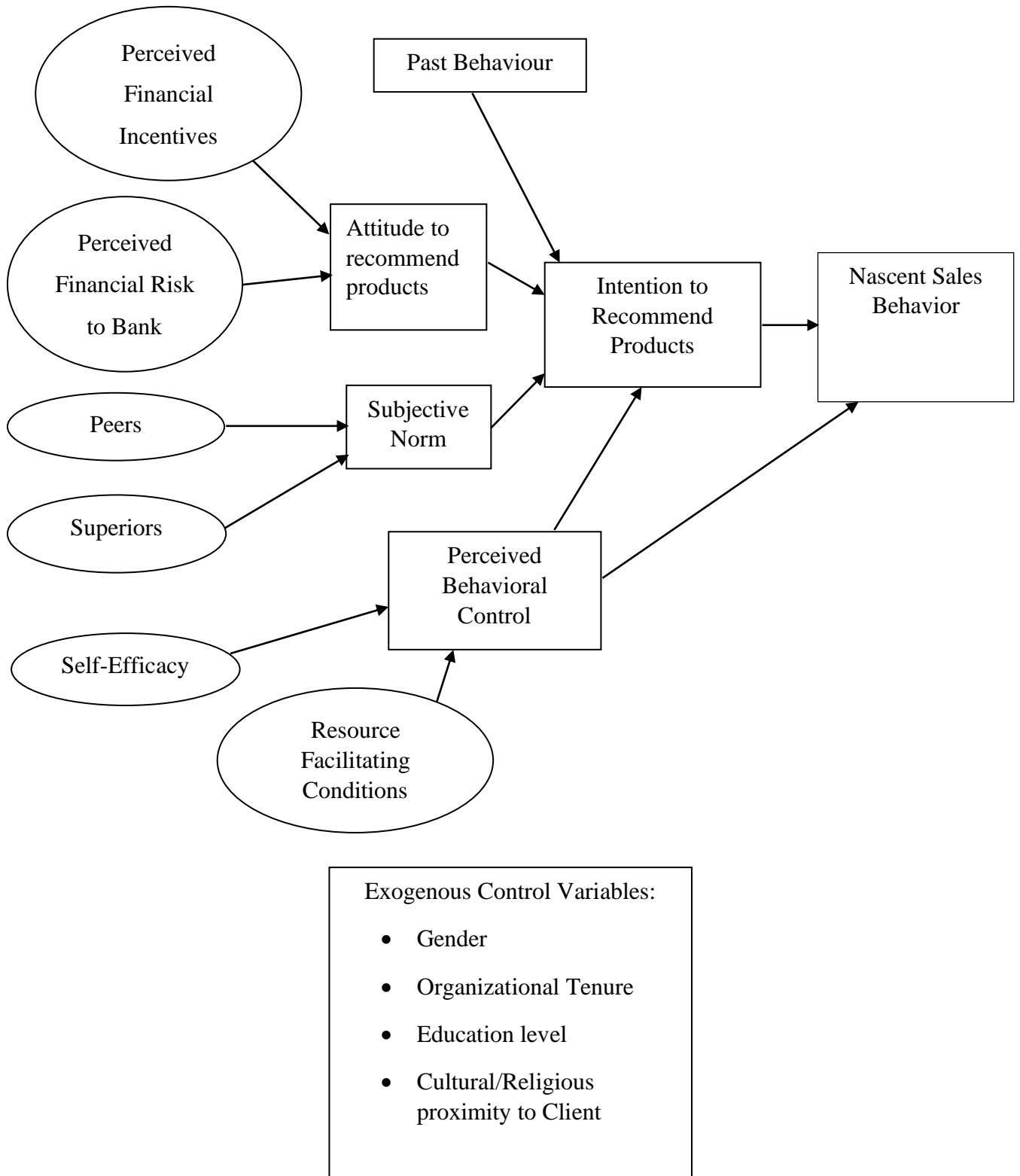
Source: Taylor and Todd (1995)

Taylor and Todd (1995a) suggested that a set of attitudinal belief variables can be derived from previous literature based on Roger's (1983) Innovation Diffusion Theory. They suggest that "Relative advantage" is analogous to "Perceived Usefulness" variable in TAM (Davis, 1989), as this variable has been defined in similar ways by both researchers. In addition, Complexity represents the degree to which an innovation is perceived to be difficult to understand, learn or operate (Rogers, 1983) and is similar to the "Ease of use" variable in TAM (Davis, 1989). Compatibility is the degree to which an innovation fits with the potential adopter's existing values, previous experiences and current needs (Rogers, 1983).

The decomposition of normative beliefs was hypothesised by Taylor and Todd (1995a) to be related to the possible difference of opinions among reference groups used by the individual in question. For example, in an organizational setting, there may be three important referent groups-peers, superiors and subordinates. As Taylor and Todd's (1995a) study involved students, they used peers (other students) and superiors (professors). The decomposition of control beliefs followed Ajzen's (1985, 1991) studies. The first variable of self-efficacy is related to perceived ability. Also, the facilitating conditions that related to control belief is further separated into two variables – "Resource facilitating conditions" that relates to resource factors like money and time, and "Technology facilitating conditions" which relates to technology compatibility issues that can constrain usage. The absence of facilitating resources becomes a barrier of usage, and may inhibit the formation of intention and usage. However, the presence of facilitating resources by itself may not encourage usage. DTPB has indeed been proven to be very flexible and used in various fields of study. In the area of banking and finance, other researchers have applied this theory to the study of internet banking adoption (Tan and Teo, 2000; Al-Majali and Nik Mat, 2010) and the study of Islamic Insurance or Takaful (Husin and Rahman, 2013).

3. Framework for Bank Officers' Intentions to Recommend Financial Products

To study the banking officer's intention to recommend financial products, the authors designed the framework as shown in Figure 6. The framework is adapted from the Decomposed Theory of Planned Behavior (DTPB) by Taylor and Todd (1995a). Even though the original framework was originally designed to understand the adoption of information technology, DTPB features factors that are useful and relevant for its adaptation into studies of financial services (Husin and Rahman, 2013). For one, DTPB provides better explanatory power when compared to TPB or the Theory of Reasoned Action (TRA). In addition, DTPB is chosen because the unidimentional beliefs constructed in TPB can cause difficulty in terms of specificity of the interpretation of results (Taylor and Todd, 1995a).

Figure 6. Theoretical model

Perceived Financial Incentives

Past Behaviour

Perceived Financial Risk to Bank

Attitude to recommend products

Intention to Recommend Products

Nascent Sales Behavior

Peers

Subjective Norm

Superiors

Perceived Behavioral Control

Self-Efficacy

Resource Facilitating Conditions

Exogenous Control Variables:

- Gender
- Organizational Tenure
- Education level
- Cultural/Religious proximity to Client

The three latent variables of a person's attitude, perceived usefulness, perceived ease of use and perceived compatibility in DTPB (Taylor and Todd, 1995a) is however not retained in this model. It is hypothesised that banking officers are required to use all possible due diligence and care when considering loans involving SME's, and at the same time balancing the need for individual work performance as agents representing the interests of their banks. This should shape their attitude towards minimising repayment risks from SME's. Consequently, the original variables that shapes attitude as proposed by Taylor and Todd (1995a) that was originally developed to understand behaviour in the context of information systems, would seem ill-fitting for this study. These variables for Attitude are more appropriately replaced by "Perceived Performance Incentives" and "Perceived Financial Risk to the Bank" for this research. This is because a banking officer must meet performance criteria and sales targets to qualify for performance bonus, in addition to meeting the requirements for minimizing or avoiding Non-performing loans (NPL's) / Impaired Loans. These variables are hypothesised to be able to shape the bank officer's attitude towards minimising repayment risk from SME's. The latent variable of "Perceived Performance Incentives" is conceptualised as "perceptions of financial rewards given by the bank in exchange for successful recommendation of SME loans" (Cole, Kanz and Clapper, 2015; Kianpour, Jusoh, Mardani, Streimikiene, Cavallaro, Md. Nor and Zavadskas, 2017). The latent variable of "Perceived Financial Risk to the Bank" is conceptualised as "perceptions of potential monetary loss to the bank due to recommendation errors by the bank sales officer or account misuse by SME's" (Lee, 2009; Kianpour et al, 2017). The DTPB model in this research also decomposed subjective norms into two latent variables, "Peer influence" and "Superior's influence". "Peer influence" is defined in the context of banking officers exerting friendly peer pressure to each other to conform to the rules and regulations and even expectations of the department or team in terms of performance. Taylor and Todd (1995a) also used the variable of "Supervisors" in their study of behaviour in an organizational setting that seems to have similarity in the context of this study, thus it is suggested that "Superior's influence" may be defined as "Immediate boss, company environment or culture, or a company management philosophy that exerts pressure on the bank sales officer to minimise repayment risks from SME's" (Haron, Ismail and Abdul Razak, 2011) in this research. In addition, DTPB identified three latent variables of Perceived Behavioral Control. They are "Self-efficacy", "Resource Facilitating Conditions" and "Technology Facilitating Condition". This research only adopted the first two latent variables. The "Technology Facilitating Condition" variable was omitted in this study because the intention to recommend financial products does not require this variable as it is assumed that the banks would already have provided these critical infrastructures to their officers to be able to compete effectively in the modern Malaysian banking sector. This study also identifies another independent variable, "Past behaviour", that may exert an influence to the formation of intention to minimise repayment risks from SME's (Han, Meng and Kim, 2017, Hagger et al, 2018). This is because research by Hagger et al (2018), Protogerou et al (2018), Brown, Hagger, Morrissey and Hamilton (2018), Hamilton, Kirkpatrick, Rebar and Hagger (2017), Hagger and Chatzisarantis (2016) and Ajzen (2002a) showed that the inclusion of past behaviour as a predictor variable allows for the prediction of intention and behaviour, as well as increasing the sensitivity of the research model to the amount of variance in behaviour. Also, per research conducted by Lee (2009), Kianpour et al (2017), Martins, Costa, Oliveira, Goncalves and Branco (2019), Hong (2019) and Norman, Webb and Millings (2019), this research will examine the relationships between all independent variables to Intention. All the variables and latent variables of the model used in this study will be discussed in greater detail in the next section.

4. Determinants of Attitude, Subjective Norm, Perceived Behaviour Control, Past Behavior, Intentions To Recommend Loans Defensively and Nascent Defensive Behaviour

A. Attitudinal construct

Ajzen (1991) defined attitude as a psychological tendency that is expressed through a favourable or unfavourable evaluation of a particular entity. According to Ajzen and Fishbein (1980), attitudes allows human behaviour to be predicted and explained, as it is an individual's favourable or unfavourable evaluation towards an action (Taylor and Todd, 1995a). Al-Majali and Nik Mat (2010) also used a similar definition of "an individual's positive or negative behaviour towards an intention".

Many studies have found a significant relationship between attitude and intention in the context of financial services (Md. Husin and Rahman, 2013; Echchabi and Olaniyi, 2012; Shih and Fang, 2004) as well as in making individual choices (Alam and Sayuti, 2011; Golnaz, Zainalabidin, Mad Nasir and Eddie Chew, 2010; Joynathsing and Ramkissoon, 2010). More recent research from Han et al (2016), Kianpour et al (2017), Protogerou et al (2018) and Norman et al (2019) all support the relationship between attitude and intention. In addition, Hagger et al (2018) even differentiated their Attitude construct into "Experiential Attitude" and "Instrumental Attitude" to reflect the affective and utilitarian functions of attitudes. Affective functions of attitudes focus on feelings such as having fun and enjoyment, while instrumental attitudes focus on benefits and functions such as health and cost (Wan, Shen and Choi, 2017; Norman et al, 2019).

However, this research have not maintained the same latent dimensions of the "attitude" construct, namely "perceived usefulness", "perceived ease of use" and "perceived compatibility" in the framework as employed by Taylor and Todd (1995a) as these variables would be more appropriate to studying the bank officer's attitude towards the usage of information technology like CTOS, CCRIS as well as their respective bank's own information technology networks to check on the financial background of the loan applicant, and not the bank officers' attitude towards minimising repayment risks from SME's.

These variables for Attitude are replaced by "Perceived Performance Incentives" and "Perceived Financial Risk to the Bank" for this research. It is hypothesised that a banking officer must meet relevant performance criteria and sales targets, in addition to meeting the requirements for minimizing or avoiding Non-performing loans (NPL's) / Impaired Loans to qualify for their annual performance bonus. These variables are hypothesised to be able to shape the bank officer's attitude towards minimising repayment risk from SME's.

An incentive is something that motivates a person to perform a certain action (Armstrong, 2013). Owusu, Adjei-Addo and Sundberg (2013) as well as Kianpour et al (2017) have found a correlation between attitudes and monetary rewards. Incentives have been found to be major predictors of consumer's responses and entail monetary benefits like discounts, coupons, gifts and other non-monetary benefits (Varnali, Yilmaz and Toker, 2012). Therefore, the latent variable of "Perceived Performance Incentives" is conceptualised as "perceptions of financial rewards given by the bank in exchange for successful recommendation of SME loans" (Cole, Kanz and Clapper, 2015; Kianpour et al, 2017). What is interesting to note is that there is insufficient evidence to recommend that banks give different incentive schemes to cater to different types of people. For many years, the compensation of small business bank officers was based on fixed salary. However, with credit expansion in the early 2000's, banks moved from fixed to variable compensation (Agarwal and Ben-David, 2013). Moving from fixed to variable compensation led bank officers in their research to pursue aggressive lending practices on both the number of loans approved (the extensive margins) and more aggressive terms for approved loans (the intensive margins).

In contrast, incentive schemes may be an important way for banks to attract workers whose personal characteristics are compatible with profitable lending (Cole et al, 2015). Thus, this variable is included in this study to increase understanding on factors that may impact bank officers' intention to minimise repayment risks from SME's.

While these effects could be viewed as consistent with the incentives provided to the bank officers, the incentive pay scheme induced bank officers to exhibit moral hazard behaviour (Agarwal and Ben-David, 2013). Indeed, these incentives encourages excessive risk taking with "other people's money" (Blinder, 2010). That the possibility of financial incentives would lead to such moral hazard behaviour led to the hypothesis in this research that the bank officers in this study could also be cognisant of their risk taking. Following Lee (2009) and Kianpour et al (2017), perceived risks have a negative effect on attitudes.

Perceived risk has been defined by Featherman and Pavlou (2003) as a possible loss when pursuing a desired result. Lee (2009) defined perceived risk as a subjectively determined expectation of loss. Therefore, the latent variable of "Perceived Financial Risk to the Bank" is conceptualised as "perceptions of potential monetary loss to the bank due to recommendation errors by the bank sales officer or account misuse by SME's" (Lee, 2009; Kianpour et al, 2017). The potential for monetary loss would also serve as indicator variables towards forming an intention to minimise the repayment risks faced by the bank, and is thus deemed very pertinent to this research.

B. Subjective norm construct

Following Ajzen and Fishbein (1980), Azjen (1991), subjective norms assesses the social pressure that may affect an individual's intention to perform or not to perform a particular behaviour. This could be due to the individual's need to receive the perceived approval of referents towards performing a behaviour (Becerra and Kargaonkar, 2009). Normative beliefs have been found to be different among different cultures and societies. For example, Scechtman and Basheer (2005) found that Arab children in Israel held normative beliefs that endorsed greater retaliation against a Jewish child than against an Arab child. Normative beliefs can also be changed by the appropriate educational intervention (Amjad and Wood, 2009). Many studies have documented the significant relationship between subjective norms and intention (Taylor and Todd, 1995; Al-Majali and Nik Mat, 2010; Aziz, Md Husin and Hussin, 2017). This relationship has also been validated in the financial services setting (Saad , Bidin, Idris and Hussain, 2010; Siang and Weng, 2011; Razak and Abduh, 2012; Hong, 2019). While Taylor and Todd (1995) had stated that subjective norms can be subjected to influence from both internal (such as family influences) and external normative beliefs (such as friends and neighbours), the context of this study essentially rules out internal normative beliefs. As for the external normative beliefs, the authors this study proposed two latent dimensions of the subjective norm, they are the influence of "Peers" and "Superiors". The "peer" referent applies to the bank officer's colleagues in the team or department. This follows that each member of the team will have a similar expectation of behaviour and a similar role, and would have received similar training and coaching in order to do their job. This would create an environment where individuals in the team would have been expected to conform to norms in their team. Following Alam and Sayuti, (2011), if social expectations is that people should perform in the behaviour in question, then the individual should be more likely to do so. Conversely, if social expectations are that people should not perform in the behaviour, then the individual should be less likely to do so. Therefore, it is postulated that peer pressure would exert an influence to the bank officer's intention towards the behaviour in question. In their study of behaviour in an organizational setting Taylor and Todd (1995a) used the latent dimension of "Superiors" in addition to "Peers" and "Subordinates". There seems to be similarity in the context of this study, as Taylor and Todd (1995a) defined "superiors" as

the professors in the university that they were researching, while this study suggest that a superior's influence may stem from the bank officer's immediate boss, company environment or culture, or a company's management philosophy, as postulated by Haron, Ismail and Abdul Razak (2011). This seems to be appropriate to this research as a banking officer must meet performance criteria and sales targets, in addition to meeting the requirements for minimizing or avoiding Non-performing loans (NPL's) / Impaired Loans. These job performance requirements are indeed fluid and must be viewed from each new loan application on a case by case basis due to the fact that, for example, banks make lending decisions to SME's under conditions of uncertainty and asymmetry of information (Berry, Faulkner, Hughes and Jarvis, 1993) and assumes high risk when doing so (Le and Nguyen, 2009). It also requires that the bank officer assess many criteria including the applicant's business plans as well as a requirement of collateral (Abdulsaleh and Worthington, 2013). Further, following Cole et al (2015), a bank officer's compensation usually consists of a fixed base salary and a performance component. The performance component may place weight on lending volume, ex-post loan performance or a combination of the two. Therefore, even though superiors may exert some influence over the bank officer's office norms, the logic here is that bank officers are guided more by their respective job description in the longer term and how well they fulfil them, as measured by their annual performance appraisals. If anything, it is thought that during the performance appraisal sessions is when one will more clearly see the influence of their superiors being exerted. This is problematic to observe however, as such meetings are almost always done behind closed doors. Thus, this study also included the concept of the company environment or culture, or a company's management philosophy, to also be able to exert an influence to the bank officer.

C. Perceived behavioural control construct

Perceived behavioural control has been related to an individual's level of confidence in performing a specific task, which will then significantly influence their behaviour whether to perform the task or not (Ajzen, 1991). Conceptually, Terry and O'Leary (1995) had proposed that perceived behaviour control reflects barriers or external aspects of behavioural control, while self-efficacy reflects a person's abilities, or internal aspects of control. Taylor and Todd (1995a) links perceived behavioural control to the personal perceptions of internal and external constraints on behaviour and reflects the actual ability to perform the behaviour. This constraint appears to be based on a person's assessment of the likelihood of success in performing the behaviour (Ajzen and Madden, 1986). Further, individuals are more likely to engage in the specific behaviour if they believe they have the requisite resources as well as confidence in themselves to perform it (Husin and Rahman 2013). However, if the individual lacks sufficient resources or information to initiate the behaviour, their intention to perform the behaviour may be lowered, even though they have favourable attitudes and/or subjective norms to perform the behaviour (Madden, Ellen and Ajzen, 1992). Studies in the financial services context, for example on internet banking adoption by Al-Majali and Nik Mat (2010) and Tan and Teo (2000), showed perceived behavioural control significantly and positively influences behavioural intention. Echchabi and Aziz (2012) found that perceived behaviour control influences the intention to use Islamic banking services. Hong (2019) also found that perceived behavioural control positively influences intention to adopt mobile banking. Therefore, the latent variables of perceived behaviour control in the Taylor and Todd (1995a) framework are adopted for this research, with the exception of technology facilitating condition. This is because in their research, Taylor and Todd (1995a) conducted a study on information technology usage, in contrast, the present study is on minimising repayment risks from SME's. Therefore, since bank officers are already provided the use of information technology as it is integral to their job, this study does not

need to consider the technology facilitating condition variable, and accordingly suggest that this latent variable be dropped. However, the latent variables of self-efficacy and resource facilitating conditions are considered pertinent for this framework. Self-efficacy is related to perceived ability and internal evaluations of competence (Taylor and Todd, 1995a, Armitage and Conner, 1999). It is the extent or strength of one's own belief in their own ability to complete tasks and achieve goals (Husin and Rahman, 2013). In addition, it is a judgement of how well one can execute a course of action required to deal with prospective situations (Bandura, 1982), as well as an individual's self-confidence in his or her ability to perform a behavior (Bandura, 1982; Compeau and Higgins, 1995; Al-Majali and Nik Mat, 2010). Self-efficacy is attained through cognitive processing and integration of experiential information (Bandura, 1997 a, b). In addition, self-efficacy can be increased in several ways, for example through gaining relevant experience with the task or job, or through watching someone else performing a task. Self-efficacy can also increase when another person convinces us that we can be successful as well as when we are "psyched up" and in an energised state (Bandura, 2015). Self-efficacy is an important part of forming behavioural intention, as it is postulated that higher levels of self-efficacy will lead to higher levels behavioural intention (Taylor and Todd, 1995a, Compeau and Higgins, 1991). Indeed, more recent studies from Tan and Teo (2000), Shih and Fang (2004), Al-Majali and Nik Mat (2010), and Aziz et al (2017) all support this conclusion.

Following Taylor and Todd (1995 a,b), resource facilitating condition was defined as having the required resources to carry out a certain task. Ajzen (1991) states that it refers to externally based resource constraints, such as time, money and resources. The key role of these factors reflects the perceived difficulty (or ease) with which the behaviour may be effected. When people lack the required resources to perform a certain behaviour, the intention to behave as such will be lower despite having favourable attitude and subjective norms (Madden et al, 1992). Therefor it is important to have the necessary resources in place to encourage the required behaviour from bank officers. However, Taylor and Todd (1995a) notes that even though the absence of facilitating resources represents a barrier to behaviour and may inhibit the formation of intention and actual behaviour, they postulate that the presence of facilitating resources may not encourage usage, per se. More recent studies (Tan and Teo, 2000 and Al-Majali and Nik Mat, 2010) have found that government support in providing the required resources will have a positive and significant influence on perceived behaviour control. Redzuan, Rahman, and Aidid (2009) has also found that financial resources, specifically income, is the most important factor for buying behaviour of family takaful (Islamic insurance). Therefore, this study suggests that facilitating resources may have a significant influence on whether bank officers will form the required perceived behavioural control in order to minimise repayment risks from SME's.

D. Past behavior construct

Ajzen and Fishbein (1980) noted that direct experience will result in stronger, more stable behavioral intention to behavior relationship. In addition, according to Bandura (1986), past experience with a behaviour is the most important source of information about behaviour control. Past experience may make low probability events more salient, ensuring that they are accounted for in the formation of intentions (Azjen and Fishbein, 1980). Ajzen (1996) had classified past experience as direct and indirect experience. The advantages of direct experience in comparison to indirect experience, is that it provides more realistic information about the behaviour's likely consequences, about the expectations of important others, and about the difficulties of performing the behaviour (Azjen, 1996). Although direct experience may produce a more stable beliefs and attitudes (thus better predictive ability) compared to indirect (or second-hand) experience, prediction of behaviour should relatively be poor following either type of experience (Ajzen, 1996). According to Ajzen (1996),

direct past experience will produce strong attitudes and the relevant attitude will become automatically activated due to the direct experience. As a result, the effect of direct experience on the attitude-behaviour relationship is less pronounced in the spontaneous mode of processing because the attitude will be retrieved directly from memory without considering past experience. Individuals in spontaneous mode uses a minimum of systematic information processing in their minds, so there is little advantage to using direct experience in the spontaneous mode. This means that the advantage of direct experience would be in situations that promoted reasoned action (Ajzen, 1996). Further, when people are not sufficiently motivated to engage in careful deliberations, or are incapable of doing so, then the salient beliefs at the time will dictate behaviour. Therefore, in general, attitudes should predict behaviour better in reasoned than in spontaneous mode of action (Ajzen, 1996). This finding has direct implications to the present study. Bank officers cannot be expected to make spontaneous decisions regarding bank loan applications due to the risks involved. Therefore, it is postulated that past experience would have a significant impact on bank officers' intention to minimise repayment risks from SME's, and should be included as part of the study's framework. At this point, it is important to consider the research conducted by Taylor and Todd (1995b), which considered past experience in their research on IT usage, and made no distinction between the term "prior experience" and "past behaviour". They noted that prior research had suggested knowledge gained from past behaviour will help shape intention, indicating that experience can fill the expectation gap. Taylor and Todd (1995b) had used the past behaviour construct in their study by applying their research model separately on experienced IT users and inexperienced IT users and found that there was a stronger link between behavioural intention and behaviour for the experienced users, and perceived usefulness (a predictor variable of Attitude) was the strongest predictor of intention for the inexperienced users. This is contrasted to experienced users placing less weightage on perceived usefulness and emphasised perceived behavioural control instead, where behavioural intention fully mediated the relationship between perceived behavioural control and behaviour. They also found that the relationship between subjective norms to behavioural intention was not significantly different between the two groups. Bearing this in mind, it has also been found that younger people would rely on their attitude and self-efficacy to form intentions because they do not have as extensive and organised past behavioural patterns as adults, or when the frequency of that particular past behaviour is low (Hagger, Chatzisarantis and Biddle, 2001; Norman, Connor and Bell, 2000).

In contrast, when individuals have past experience of a behaviour, their perceptions of control are more likely to be realistic and perceived behaviour control is better able to provide an accurate prediction of behaviour (Norman et al, 2000). Further, past behaviour has been shown to be the strongest predictor of intentions for a variety of different behaviours, being able to explain 6% to 12% of the variance in intentions over and above the standard TPB variables (Norman and Conner, 2006; Norman, 2011; Read, Brown, Thorsteinsson, Morgan and Price, 2013) and up to 13% in variance in behaviour (Conner and Armitage, 1998). Past behaviour was also found to have a direct effect on future exercise behaviour, binge drinking and predicting opposition towards wind farm developments over and above the influence of the TPB. The results highlight the need to consider the effect of past behaviour on TPB-behaviour relations (Norman et al, 2000, Norman et al, 2019). This places a greater importance for the study to include the correct variables that relates to past behaviour in order to accurately predict intentions.This is because following Azjen (1991), if all factors that determine a given behaviour is known, whether internal to the individual or external, then that behaviour can be predicted to the limit of measurement error. Further, as long as this set of factors stay unchanged, the behaviour also remains stable over time. Therefore, assuming that the determinants are stable, a measure of past behaviour can be used to test the sufficiency of any model designed to predict future behaviour. Accordingly, it stands to reason that perceived behaviour

control plays an important role in measuring the effect of past behaviour on later behaviour (Azjen, 1991). However, Ajzen (1991) argues that the addition of the past behaviour construct should not significantly improve the prediction of later behaviour, and if past behaviour is found to have a significant residual effect beyond the predictor variables contained in the model, this will suggest a presence of other factors that have not been accounted for, as attitudes, subjective norms and perceived self-efficacy are all residues of past experience. In contrast, Celuch, Goodwin and Taylor (2007) noted that the inclusion of past behaviour did substantially enhance their TPB model related to internet purchase intentions. Similar findings by other scholars like Norman and Conner (2006), Norman (2011), Read et al (2013) and Norman et al (2019) also lend credibility to the effects of past experience and its relationship with intentions. Therefore, this study decided to include this variable to investigate whether past behaviour will have a similar effect to the subjects being studied as a measure to test the accuracy of this research model. As banking officers would have received prior training and must be qualified before being allowed to sell certain financial products to the bank's customers, this study postulate that the bank officers' attitudes will be a more accurate predictor of their behaviour when they are motivated, have enough time and resources to do their work properly. As they would have had some prior experience on those products even before meeting their first customers, either acquired from sales training or similar instructional methods, these prior experience gained during training sessions would help build their self-confidence and help ensure such behaviour is repeated in real life. Per Han et al (2017), it is hypothesised that past behaviour will have an influence on behavioural intention of bank officers's to minimise repayment risk from SME's.

E. Exogenous factors

Exogenous factors are factors that can contribute to the minimisation of repayment risk intention of bank officers, in addition to the standard attitude, subjective norms, perceived behaviour control and past experience constructs. It is hypothesised that these exogenous factors will add additional explanatory factors that will enhance the predictive power of this DTPB model and facilitate its application to understanding the minimisation of repayment risk intention by bank officers. The exogenous factors are discussed below.

5. Demographic variables – Organizational Tenure, Educational Levels, Gender, Cultural / Religious Proximity

Following Ajzen (1991), demographic variables are able to modify behavioural intentions through their influence on the major attitudinal, social and situational constraints. It is also the basis of segmenting markets and customers (Kotler and Armstrong, 2016). Among the important demographic variables associated with behaviours are age, educational level, incomes and gender. Studies in Malaysia have found that age is unrelated to work engagement (Othman and Nasurdin, 2019), however organizational tenure is significantly correlated to job satisfaction (Karim, 2008). Further, it must be noted that most of the studies on understanding the effects of demographics in banking or financial services tended to concentrate on understanding consumer behaviour and consumer intentions to purchase (Aziz et al, 2017; Md Husin and Rahman, 2013; Al-Majali and Nik Mat, 2010; Phau and Woo, 2008; Wan, Luk, and Chow, 2005; Tan and Teo, 2000). In contrast, this study investigates how demographics affect the behavioural intentions of bank officers as employees and agents representing their banking institutions, not consumers. Here, previous studies by Cole et al (2015), Beck, Behr and Guettler (2013), Agarwal and Ben-David (2013), Landier and Thesmar (2008) as well as Djankov, Qian, Roland and Zhuravskaya (2007) about behaviour has indicated that

age, rank seniority, education level and gender are good predictors of behaviour. In general, as one gets older, they are assumed to be more experienced and better educated, which leads to greater awareness (Lo, Cheung and Law, 2011; Sherrick, Barry, Ellinger and Schnitkey, 2004). Often, being older also brings with it seniority or being more tenured at the workplace (Agarwal and Ben-David, 2013). Cole et al (2015) also noted that older and higher ranking officers tend to behave differently compared to their younger colleagues. Both studies noted that the older the bank officer and the more higher ranking they are, the more risk they will be willing to take. Educational levels have also been found to be a predictor of behaviour. Studies conducted by Landier and Thesmar (2008) as well as Djankov et al (2007) found that formal educational levels of entrepreneurs were a predictor of entrepreneurial behaviour. Even though these studies were in the context of entrepreneurship, the concept is not too far removed from ties to bank officers. The cornerstone of Islamic banking, for example, is founded on interest free banking and profit and loss sharing, treating any potential borrower like a business partner, while the bank takes a controlling share in the enterprise it is funding, much like a co-partner and entrepreneur (Doraisamy, Shanmugam and Raman, 2011). Further, in addition to formal educational requirements during the initial employee selection process ("How To Be A Bank Branch Manager", 2015), banks have in-house training courses and bank officers would have been given professional training as well (Groysberg, Nanda, and Nohria, 2004). In addition, it does appear that differences in gender also impacts bank officer behaviour. Beck et al (2013) found that women made better bank officers because statistically and economically, they have lower arrear probabilities as they manage their loans better. In addition, female bank officers are better at building trust relationships with both male and female customers (Agarwal and Ben-David, 2013). However, it has also been found that men and women respond differently to incentives. When offered originating bonuses, for example, men will rate loans higher, while women will inflate ratings significantly more and increase their acceptance rates more than men (Cole et al, 2015). Findings by Agarwal and Ben-David (2013) also noted that male bank officers are more willing to take risks, which may expose their banks to greater chances of NPL's/ Impaired Loans. Also of note is the study by Fisman, Paravisini and Vig (2017), which indicated that cultural proximity between the banker and client can influence bank officer behaviour. Religious beliefs have also been found to play a role in bank officer behaviour too (Fisman, Paravisini and Vig, 2017).

6. Conclusion

Several intention behaviour theories were discussed in this paper, for example the Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB). These models are valuable because they provide a universal model of phenomena and would be of interest to theoreticians (Taylor and Todd, 1995d). The ASE model is a combination of Theory of Reasoned Action with Social Cognitive Theory, and showed that Intention can be moderated by Barriers and Knowledge (Steenbeek et al, 2011). Innovation Diffusion Theory (IDT) was also discussed regarding how innovations are adopted by different cultures. Lastly, the Decomposed Theory of Planned Behavior (DTPB) was discussed which is a combination of the Technology Acceptance Model and the Theory of Planned Behavior. DTPB as presented by Taylor and Todd (1995a,d) decomposed the attitude, subjective norms and perceived behaviour control constructs in TPB. These unidimensional belief structures exert independent influences on the determinants of Intention, and they provide specific guidance on how to influence Intention (Taylor and Todd, 1995d).

Following Taylor and Todd (1995d), the decomposed model of TPB (ie DTPB) provided the best guidance for managers seeking to alter behaviors. As an example, they noted that modifying existing elements of the marketing mix like pricing can be aimed to change Facilitating Conditions, and

advertising can be manipulated to affect perceived Relative Advantages. Perceived Complexity can be reduced by making features of the product easier to use. DTPB is more complex and is considered superior for determining human intentions to adopt certain behaviours (Aziz et al, 2017).

Despite being initially envisaged to study information technology usage, the DTPB model has been successfully adapted to studying consumer behaviour in the financial services sector from internet banking adoption to the acceptance of Islamic financial products. However, there has been limited application of this theory in SME financing literature in understanding the behaviour of banking officers, and this study seeks to fill that gap.

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