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Assess the Quality of Savings Deposit Services at the National Citizen Commercial Joint Stock Bank, Thai Nguyen Branch, Vietnam

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Abstract:

For customers, the service quality is still rated as one of the top important factors to attract customers to save money. Therefore, it is extremely important to evaluate the quality of this service at commercial banks in general, and National Citizen Joint Stock Commercial Bank (hereinafter referred to as NCB) in particular, in order to better serve for the customers, hereby, helping the Bank develop.

Keywords: *Quality, savings deposits, banking, NCB*

1. Introduction

The current commercial banking system in Vietnam is constantly improving its service quality, expanding its operation network, racing interest rates and modernizing the bank, in order to attract capital and satisfy maximum satisfaction of customers. In that context, the proposed question is how banks can mobilize idle capital from existing customers and attract savings from new customers is always a top concern of all the banks. Recently, banks have constantly expanded their network in Thai Nguyen province. This is really an ongoing competition of the banking system in general and National citizen commercial Joint Stock Bank (NCB) - Thai Nguyen Branch in particular in the financial market.

2. Literature Review

Bahia and Nantel (2000) conducted a study on banking service quality in Canada of 115 customers aged 18 - 60. This study is based on the SERQUAL model of 10 components but adjusted to 6 components (including: Performance and assurance; access; price; tangible facilities; portfolio; reliability) to measure customer satisfaction on the quality of banking services. Research results have identified banking service quality including 6 components with 31 observed variables. These components have different levels of importance in service quality. In particular, efficiency and assurance are the most important, followed by access, ranked third was the price, followed by the portfolio and the lowest was the reliability level.

Rajalrfan Sabir *et al.* (2014), studied factors affecting to customer satisfaction in banking industry in Pakistan to find the relationship between service quality, customer satisfaction and loyalty. The research results showed that 54% of customer loyalty changes were due to service quality and customer satisfaction. The study concluded that service quality affects customer satisfaction and satisfaction affect customer loyalty. In today's competitive market, banks can gain a competitive advantage by providing quality services that meet their customer needs.

In Vietnam, Le My Linh (2014) focused on accrediting service quality factors that affect to satisfaction and loyalty. In particular, accrediting a number of impacts regulating customer satisfaction - loyalty relationship with banking services in Hau Giang province. Based on a sample of 333 customers, Cronbach's Alpha accrediting methods, factor analysis, affirmative factor analysis and structural equation model were used for analysis. The results showed that the empathy, price were the factors that strongly affect customer satisfaction.

Meanwhile, Nguyen Thi Gam (2011) surveyed 200 customers using banking products and services, showed that there was a positive relationship between customer satisfaction and factors of reliability, responsiveness, accessibility, service ability and quality of products and services. No correlation was found between information and customer satisfaction. Based on the research results, a few recommendations have been proposed, in order to improve individual customer satisfaction with Vietin bank at Hanoi Eastern branch in particular and other commercial banks in general.

Nguyen Thi Thuy Trinh (2018), studied factors affecting individual customer satisfaction on deposit products at Lien Viet Post Joint Stock Commercial Bank - Soc Trang Branch. The research results have found 5 factors affecting the satisfaction of savings customers at this bank: reliability; tangible facilities; assurance; sympathy; transaction office network. In

particular, tangible facilities, assurance, sympathy, network of transaction offices are factors that strongly impact on the satisfaction of the customers.

Phan Dinh Khoi et al. (2015) conducted a study on factors affecting customer satisfaction with savings service at Agribank Binh Minh, Vinh Long province. Research results showed that four main factors affecting customer satisfaction including satisfaction, facilities, service capacity and peace of mind. The relationship between service quality and customer satisfaction level of transactions is very important for retail banking operations.

3. Model and Methodology

Based on the model of Gronroos (1984) and Parasuraman et al (1985 and 1988), the quality of savings deposit services, the authors have built a model for the study, including 07 factors with 29 scales regarding the quality of savings deposit services as shown:

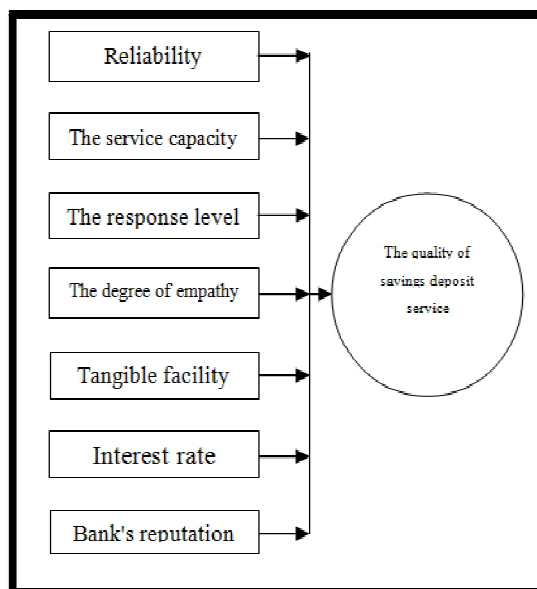


Figure 1: Proposed Research Model

Based on the proposed model, the author formulated the expected regression equation of the study as follows:

$$CLDV = \beta_0 + \beta_1 \times F_1 + \beta_2 \times F_2 + \beta_3 \times F_3 + \beta_4 \times F_4 + \beta_5 \times F_5 + \beta_6 \times F_6 + \beta_7 \times F_7 + \varepsilon \quad (1)$$

In which: CLDV is the quality of savings deposit service; F1 is reliability; F2 is the service capacity; F3 is the response level; F4 is the degree of empathy; F5 is a tangible facility; F6 is the interest rate; F7 is the bank's reputation.

The study used survey questionnaires which were used for employees and customers came to transact at National Citizen Bank of Thai Nguyen branch in the period from October to December in 2019. There were 300 questionnaires issued, after cleaning, the remaining 201 standard samples were entered into SPSS program for processing (The article used the method of writing decimals according to international standards).

4. Research Results

4.1. Analysis of Cronbach's Alpha Coefficients

The accrediting results after eliminating invalid observation variables showed that the scales have Cronbach's Alpha coefficient greater than 0.6, the correlation coefficient - the sum between the observed variables in the scale and the overall. The scale was above 0.3, which showed that the observed variables were correlated with the scale and the scale was understood by visitors through the observed variables of that scale. The Cronbach's Alpha coefficient if the variable type of the observed variables in each scale is lower than the current Cronbach's Alpha coefficient, so it can be seen that there are no observed variables as garbage variables and are not removed from the scale.

4.2. Explore Factor Analysis (EFA)

The EFA analysis aimed to identify the factors that represented the observed variables in the analysis model. Therefore, EFA analysis was conducted with 29 variables measuring the factors affecting the quality of savings deposit services at commercial banks.

	Factor				
	1	2	3	4	5
NL2	.726				
DU2	.673				
DC1	.658				
DU4	.658				
NL4	.637				
NL3	.630				
DU3	.614				
DU1	.570				
DC2					
PT4					
NL1					
TC2		.802			
TC1		.784			
TC3		.629			
TC4					
PT2			.853		
PT3			.773		
PT1			.755		
PT5					
UT3				.769	
UT2				.762	
UT1				.586	
LS2					.757
LS1					.747
LS3					.594
DC3					
KMO = 0.912					
Bartlett's: Sig = 0.000					
Variance = 63.819					
Eigenvalues = 1.141					

Table 1: Factor Rotation Matrix

Analyzing the results of 29 significant observational variables has been grouped into 7 factors as follows:

Factor 1 - Reliability: TC2, TC1, TC3, TC4

Factor 2 - Service capacity: NL2, NL4, NL3, NL1

Factor 3 - Response level: DU2, DU4, DU3, DU1

Factor 4 - Level of empathy: DC1, DC2, DC3

Factor 5 - Tangible facility: PT2, PT3, PT1, PT5,

Factor 6 - Interest rate: LS2, LS1, LS3

Factor 7 - Bank's reputation: UT3, UT2, UT1

The results of factor analysis showed that KMO coefficient was 0.912 satisfied condition $0.5 < KMO < 1$ demonstrated that EFA analysis is suitable for real data. The accrediting Bartlett's results have Sig. < 0.05 , indicating that the observed variables are linearly correlated with the representative factors. The EFA analysis results extracted 5 factors: service capacity and level of bank response, tangible bank facilities, bank credibility, bank interest rates and value of extracted variance was 63.82% (Table 1).

This means 63.82% of the change in representative factors is explained by the observed variables. The results showed that the observed variables had Factor loading greater than 0.55. There were five factors that represent the quality of the savings deposit service with observed variables different from the original proposed research model.

Analyzing the factors and accreditations needed to ensure meaningful regression. Through the accrediting steps, 2 factors and 3 observed variables were removed. Thus, from 7 factors and 29 observed variables (collected in the analysis step) only 5 factors and 26 observed variables. The EFA analysis showed that there are still 5 factors, so the names of the factors have to be changed accordingly. Testing multi-collinear phenomena ... did not occur.

4.3. Accrediting Regression Coefficients

Sig significance level column showed that all factors F1, F3, F4, F5 have Sig. < 0.01 . Thus, the regression coefficients of the variables F1, F3, F4, F5 were statistically significant or factors of service capacity and the level of bank response, the tangible facility, the prestige and interest rates affected to the quality of savings deposit services for use by individual customers at NCB (Table 2).

		Non-standardized Regression coefficient		Standardized Regression coefficient	t	Sig.	Collinearity Statistics	
		Coefficient	Standard error	Beta			Tolerance	VIF
Constant		-1.852x10 ⁻¹⁶	.029		.000	1.000	1.000	1.000
F ₁		.741	.029	.741	25.454	.000	1.000	1.000
F ₂		.020	.029	.020	.695	.488	1.000	1.000
F ₃		.481	.029	.481	16.526	.000	1.000	1.000
F ₄		.212	.029	.212	7.268	.000	1.000	1.000
F ₅		-.091	.029	-.091	-3.141	.002	1.000	1.000
Adjusted R ² = 0.830								
F = 196.836								
Sig = 0.000								
Durbin-Watson = 1.772								

Table 2: Regression Coefficients

The adjusted R² was 0.830. Thus, 83% change of the dependent variable is explained by the independent variables of the model or in other hand, 83% change the assessment of the savings deposit service quality for use by individual customers at NCB was explained by the factors of service capacity and the level of bank response, tangible bank facilities, bank reputation, and interest rates.

Sig coefficient was 0.000 < 0.01, indicating the given model is in accordance with the actual data. In other words, the independent variables are linearly correlated with the dependent variables at the 99% confidence level.

Thus, from the model regression results we have seen that the factors: service capacity and the level of bank response (F₁), tangible facilities of the bank (F₃), bank reputation (F₄), the bank's interest rate (F₅) has an effect on the quality of savings deposit service for use by individual customers at NCB.

From Table 2, we have the following regression equation:

$$CLDV = -1.852 \times 10^{-16} + 0.741 F_1 + 0.481 F_3 + 0.212 F_4 + 0.091 F_5 + \varepsilon \quad (2)$$

Beta regression coefficient is not standardized, it is understood that if one unit of independent variable is increased, the dependent variable increases by β unit. From the regression equation (2), the factor of service capacity and responsiveness of the bank has a non-standardized Beta coefficient was 0.741. This ratio is the highest, so based on the regression model, this is the standardization factor that most affects the quality of bank savings services. The bank's tangible means factor has the second highest 0.481 non-standardized beta, this is the second strongest factor affecting the quality of bank savings services. The reputation factor of a bank with a non-standardized Beta of 0.212 is the third most powerful factor. Finally, the interest rate factor of the bank is the weakest factor as it has a non-standard Beta coefficient of 0.091.

5. Conclusion and Some Suggestions

The research results show that factors affecting the quality of savings deposit service include service capacity and responsiveness, tangible facilities, prestige and interest rates. However, the level of influence is clearly still mixed, such as having factors that act according to its reality but others that are completely opposite. Specifically, factors of service capacity and level of response, tangible and reputable facilities are positively related to the variable evaluating the quality of savings deposit services.

On that basis, in our opinion, in order to improve the quality of savings deposit services, NCB should pay attention to a number of issues as follows:

Firstly, accelerate the modernization of banking technology and banking information system according to the process of integration and efficient exploitation of technology. At the same time, NCB should choose advanced technology solutions and equipment to bridge the gap in technological level with developed countries. To formulate software application programs rationally, with international standards and suitable to the conditions that Vietnam can connect and expand in a high-tech environment and international economic integration.

Secondly, strengthening the linkage and cooperation between NCB and banks together as well as cooperation with other economic organizations at home and abroad to take advantage of financial and technical support to modernize technology. banking, expanding e-banking services, innovating customer service, developing banking services in accordance with international practices and standards.

Thirdly, training human resources with professional and technical qualifications to access new technologies. Fourthly, it is necessary to invest in technical network systems with securities companies, compatible technologies, to build sub-transmission lines when incidents occur between securities companies and banks to monitor and ensure operations effective because commercial banks are extending the service of holding money to securities companies. Fifth, continue to promote marketing. Strengthen marketing, expand communication, promote brand actively propagandize and expand new gadgets, products and services through reputable websites.

Sixth, improving the quality and developing human resources for the staff of the banking system in order to better meet the requirements of the market and international standards both in terms of qualifications and professional ethics.

Seventh, implement preferential policies for customers. The Bank's capital source is largely from people's deposits. Therefore, the Bank has to offer preferential policies, many attractive promotions to attract deposits from residents, such as: every year on birthdays or major holidays, the bank can send flowers to wish. Happy with traditional customers, this will create a more friendly feeling between customers and the Bank. Corresponding to each level of deposit that customers deposit at the Bank will receive the corresponding gifts, such as cash gifts, plus interest bonuses ... In addition, there are other programs, such as: savings and bonus savings, rake home win...

Eighth, develop diversified deposit products. The Bank's customers are diverse and their deposit needs are also very diverse. Therefore, factors affecting the dynamics and decisions of customers to deposit money are also plentiful. Some people say that safety is important, while others say that convenience is important and others think that employee service is important. While most customers say that the interest rate factor is important. Standing in front of customers with such diverse and diverse needs, the appropriate way to attract them is commercial banks in general; NCB in particular must develop and provide diverse products so that they have the opportunity to choose.

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