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Improving Deposit Mobilization of Vietnam Bank for Investment and Development (BIDV), BAC Giang Branch, Vietnam

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Abstract:

This paper assessed the status of deposit mobilization of Vietnam bank for Investment and Development, BAC Giang branch through perception of depositors, creditors and employees. Based on the results of survey, author proposed some solutions to enhance deposit mobilization for Vietnam bank for Investment and Development in general and BAC Giang branch in particular.

Keywords: Perception, deposit mobilization, BIDV, BAC Giang branch

1. Introduction

Vietnam Bank for investment and development, Bac Giang Branch is the one in BIDV system located on Bac Giang city. The BIDV brand is not only popular within the country but also famous globally with agents all over the world. BIDV has 114 branches and 500 transaction offices, thousands of ATMs and POS transactions in 63 provinces and cities nationwide. Currently, capital mobilization operation is one of the most important activities of the Bank besides lending and payment. Commercial banks mobilize capital for credit or investment in profitable business of the Bank. However, in past years, capital structure has never covered loans and had to receive controlling capital from higher level, even the Branch has many favorable conditions to mobilize capital such as infrastructure, humans and autonomy to issue deposit rates. The problem is the network has not fully covered the area, mostly based in the central not rural area or industrial parks. Besides is the severe and increasing competition among joint stock banks within the province, therefore it is the first mission for the Branch that mobilize as much as possible because the cost for controlling capital is high, the difference between controlling capital and credit is almost nil and creates no profits. How to increase deposit based on current conditions is the question raised for years without any really effective and feasible solution. There is a strong competition between banks and other financial entities like Insurance, Financial Companies, Stock Market... in capital mobilization. Therefore, the bank needs to control current deposit sources and to increase their sources by taking advantage of its strengths as well as mitigating the weaknesses at the same time. In this study, the researcher focus on reviewing current situation of capital mobilization in previous years of the branch, stating the success and failures of bank based on perceived by clients and employees then propose some solutions to increase the deposits mobilization.

2. Methodology

2.1. Research Model

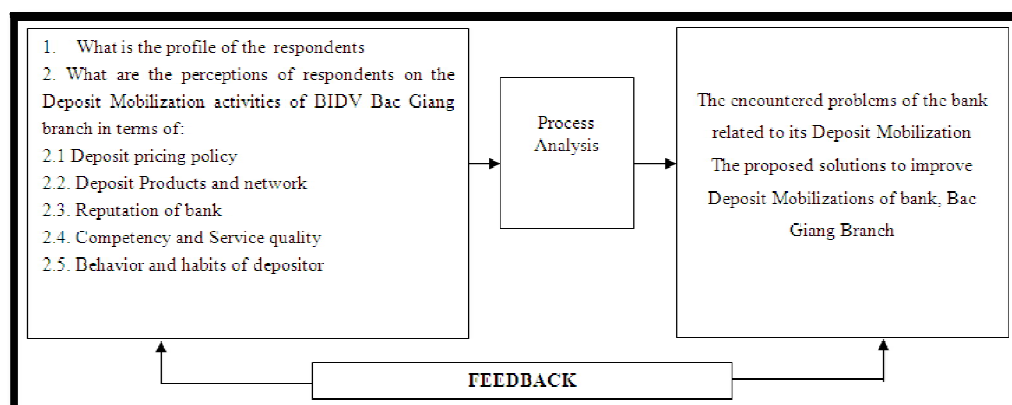


Figure 1: Research Model

Deposit pricing policy is policy that related to deposit interest rate of bank for customers. This policy affects strongly to attract customer come to bank to make deposit.

Products and network: Products in bank are services that bank provide customer. In this study, products only focus on deposit mobilization of bank. Network is a group of two or more transaction offices of bank linked together.

Competency is the ability of staffs to do a job properly. A competency is a set of defined behaviors that provide a structured guide enabling the identification, evaluation and development of the behaviors in individual employees.

Service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service: reliability, responsiveness, assurance, Empathy, tangibles. Satisfaction, on other hand, is more inclusive: it is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal fact.

2.2. Method Of Collecting Information

Primary data collection: Using raw data from directly investigated depositors, creditors and employees. The respondents of the study were depositors, creditors and employees of the bank. They were chosen because the depositors and creditors can express the perspective on the services of the bank from the clients and customers point of view. The depositors are the sources of the capital and the creditors are the users of the capital. Last group were the employees/staffs of the bank because they are the service providers and can contribute issues from an insider viewpoint. Total of sample is 90, 30 depositors, 30 creditors and 30 employees.

The instrument used is a self made questionnaire consisting of two parts, the Profile of the respondents and the survey questions for respondents perceptions on the Deposit mobilization of the BIDV. The questions was answered using the five-point Likert scale responses on the following categories; Present deposit mobilization system in terms of Deposit pricing policy, Products and network, Reputation of bank, Competency and service quality and Behavior and habits of depositor.

The responses was presented and computed by taking the weighted mean. Then it was ranked and verbal interpretation will be made. The differences in the responses were treated using one-way Analysis of Variance (ANOVA) at 0.05 level of significant.

Interval	Equivalent	Description
4.20 – 5.00	Always	100% Satisfaction/acceptance
3.40 – 4.10	Often	80% Satisfaction/acceptance
2.60 – 3.30	Sometimes	50% Satisfaction/acceptance
1.80 -- 2.50	Seldom	20% Satisfaction/acceptance
1.00 – 1.70	Never	0% Satisfaction/acceptance

Table 1

The above description explained that as to perceptions, the problem areas can be identified when the level of satisfaction is below 3.4.

3.Result and Discussion

Perceptions of the Respondents on the present Deposit Mobilization Systems of BIDV Bac Giang province

Items	Depositors			Creditors			Staff, Employees			Overall		
	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI
1. Deposit interest rate is high in BIDV comparing to other credit institutions.	3.4	4	0	2.9	6	S	4.13	4	0	3.5	6	0
2. Procedures for deposit in BIDV is simple and quick	3.6	3	0	3.3	4	S	4.33	2	A	3.7	3	0
3. Working time in Bac Giang BIDV very convenient for the transaction.	3.8	2	0	3.8	1	O	4.27	3	A	4.0	1	0
4. All activities in Bac Giang BIDV using modern computers, is fast and convenient.	3.4	6	0	3.2	5	S	4.03	6	0	3.6	5	0
5. Customer obtained confidence in BIDV with higher level than other credit organizations.	3.9	1	0	3.4	2	O	4.13	4	0	3.8	2	0
6. BIDV use many ways to mobilize capital (a term deposit, money deposits, savings deposits)	3.4	4	0	3.3	3	S	4.37	1	A	3.7	4	0
Overall	3.6		0	3.3		S	4.2		A	3.7		0

Table 2: Perceptions of the Respondents on the Present Deposit Mobilization Systems of BIDV BAC Giang Province in Terms of Deposit Pricing Policies

Source: The Calculation of Author

There is a significant difference on the respondents' perceptions on the present condition of deposit mobilization Systems of BIDV Bac Giang in terms of Deposit pricing policies. The highest average is with the employees, in which they perceived that the Deposit pricing policies of the bank is highly acceptable and/or /satisfying. Whereas the depositors and the Creditor gave lower acceptance/satisfaction average of 3.6 and 3.3 respectively both falling under the "Often" category.

Therefore the two sectors perception must be improved further as to Deposit pricing policies is concern most specially the creditors. Focus on improving the Deposit interest rates and the modernizations of transaction processing. With regards to perception of depositors, they evaluated all items of Deposit pricing policies with mean of 3,6 corresponding to level O. The item No5 "customer obtained confidence in BIDV with higher level than other credit organizations" verbally interpreted as highest mean of 3,9 equivalent to level O, first rank. The item No4 "all activities in Bac Giang BIDV using modern computers which are fast and convenient" verbally interpreted as lowest mean of 3,4 equivalent to level O, last rank. With regards to perception of creditors, they evaluated all items with mean of 3,3 equivalent to level S. The item No3 "working time in Bac Giang BIDV very convenient for transaction" verbally interpreted as highest mean of 3,8 equivalent to level O and first rank. While, the item No1 "deposit interest rate is high in BIDV comparing to other credit institutions" verbally interpreted as lowest mean of 2,9 equivalent to level S and last rank. With regards to perception of staff/employees, they evaluated all items with mean of 4,2 equivalent to level A. The item No. 6 "BIDV used many ways to mobilize capital (a term deposits, savings deposits...)" verbally interpreted as highest mean of 4,37 equivalent to level A and first rank. While, the item No4 "all activities in Bac Giang BIDV using modern computers which are fast and convenient" verbally interpreted as lowest mean of 4,03 equivalent to level O and last rank. The overall perception of the three groups of respondents, all respondents evaluated whole items with mean of 3,7 equivalent to level O. The item No3 "working time in Bac Giang BIDV is very convenient for the transaction" verbally interpreted as highest mean of 4,0 equivalent to level O and first rank. While, the item No1 "deposit interest rate is high in BIDV comparing to other credit institutions" verbally interpreted as lowest mean of 3,5 equivalent to level O and last rank.

Items	Depositors			Creditors			Staff, employees			Overall		
	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI
1. Bac Giang BIDV meet demand for loans.	3.5	2.5	O	3.8	2	O	4.4	1	A	3.9	1	O
2. The capital of Bac Giang BIDV is large, especially the medium- and long-term capital, it's easy to lend.	3.5	2.5	O	3.8	1	O	4.2	4	A	3.8	2	O
3. Loan interest rates at the Bac Giang BIDV is reasonable compared to the affordability of the borrower,	3.4	4	O	3.5	3	O	4.1	5	O	3.6	5	O
4. There are policies to increase the level of currency circulation in the market.	3.3	5	S	3.4	4	O	4.4	1	A	3.7	4	O
5. Lending procedures quickly and conveniently.	3.5	1	O	3.4	5	O	4.4	1	A	3.8	3	O
Overall	3.4		O	3.6		O	4.3		A	3.8		O

*Table 3: Assessment of the Respondents on Perception on the Present Deposit Mobilization Systems of BIDV BAC Giang Province in Terms Product and Network
Source: The Calculation of Author*

Table 3 shows the perceptions of the three groups of respondents on the present Deposit Mobilization Systems of BIDV Bac Giang province in terms of product and network.

Regarding the perception of depositors, they evaluated all items of investment with mean of 3,4 equivalent to level O. The item No5 "lending procedures quickly and conveniently" verbally interpreted as highest mean of 3,5 equivalent to level O and first rank. While, the item No4 "there are policies to increase the level of currency circulation in the market" verbally interpreted as lowest mean of 3,3 equivalent to level S and last rank.

Regarding the perception of creditors, they evaluated all items with mean of 3,6 equivalent to level O. The item No2 "the capital of Bac Giang BIDV is large, especially the medium- and long-term capital, its easy to lend" verbally interpreted as highest mean of 3,8 equivalent to level O and first rank. While, the item No5 "lending procedures quickly and conveniently" verbally interpreted as lowest mean equivalent to level S and last rank. Whereas the perception of staff/employees they evaluated all items with mean of 4,3 equivalent to level A. The items No4,5 "lending procedures quickly and conveniently and there are policies to increase the level of currency circulation in the market" verbally interpreted as highest same mean of 4,4 equivalent to level A and first rank. While, the item No3 "loan interest rates at the Bac Giang BIDV is reasonable compared to the affordability of the borrower" verbally interpreted as lowest mean of 4,1 equivalent to level O and last rank.

The overall perception of the three groups of respondents, they evaluated all items with mean of 3,8 equivalent to level O and last rank. The item No1 "Bac Giang BIDV meet demand for loans" verbally interpreted as highest mean of 3,9 equivalent to level O and first rank. While, the item No5 "loan interest rates at the Bac Giang BIDV is reasonable compared to the affordability of the borrower" verbally interpreted as lowest mean of 3,6 equivalent to level O and last rank. There is a significant difference on the perceptions of the two groups of respondents. The employees had an average of 4.3, whereas the depositors and creditor have 3.4 and 3.6 respectively.

Therefore the two sectors perception must be improved further as Product and Network systems is concern most specially the depositors. Focus on improving the loan interest rates and on the policies to increase the level of currency circulations.

Items	Depositors			Creditors			Staff, employees			Overall		
	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI
1. BIDV have policies on deposits and good loans	3.5	5	O	3.3	4	S	4.3	4	A	3.7	4	O
2. The banking system has many places of transaction for depositors and lenders.	3.7	4	O	3.4	3	O	4.4	2	A	3.9	3	O
3. Diverse range of products and goods for deposits, loans	3.3	6	S	3.3	5	S	3.6	7	O	3.4	7	S
4. The bank's reputation BIDV larger than other credit organizations.	4.1	1	O	3.8	1	O	4.3	3	A	4.1	1	O
5. Managers of BIDV is very professional, cheerful attitude, very convenient in the transaction.	4.0	2	O	3.6	2	O	4.5	1	A	4.0	2	O
6. Service quality of banking staff in high BIDV.	3.8	3	O	2.7	7	S	4.1	5	O	3.5	5	O
7. The level of scientific and technological applications to operate new deposit and lending at banks.	3.2	7	S	3.3	5	S	3.8	6	O	3.4	6	O
Overall	3.6		O	3.3		S	4.1		O	3.7		O

Table 4: Assessment of the Respondents on Perception on the Deposit Mobilization Systems of BIDV BAC Giang Province in Terms of Reputation

Source: The Calculation of Author

Table 4 shows the perceptions of the three groups of respondents on the Deposit mobilization systems of BIDV Bac Giang province in terms of Reputation of bank. Regarding perception of depositors, they evaluated all items with mean of 3,6 equivalent to level O. The item No4 "the bank's reputation BIDV larger than other credit organizations" verbally as highest mean of 4,1 equivalent to level O and first rank. While, the item No7 "the level of scientific and technological applications to operate new deposit and lending at banks" verbally as lowest mean of 3,2 equivalent to level S and last rank.

Regarding perception of creditors, they evaluated all items with a mean of 3,3 equivalent to level S. The item No4 "the bank's reputation BIDV larger than other credit organizations" verbally interpreted as highest mean of 3,8 equivalent to level O and first rank. While, the item No6 "service quality of banking staff is high in BIDV" verbally interpreted as a lowest mean of 2,7 equivalent to level S and last rank.

Regarding perception of staff/employees, they evaluated all items with a mean of 4,1 equivalent to level O. The item No5 "managers of BIDV is very professional, cheerful attitude, very convenient in the transaction" verbally interpreted as highest mean of 4,5 equivalent to level A and first rank. While, the item No3 "diverse range of products and goods for deposits, loans" verbally interpreted as a lowest mean of 3,7 equivalent to level O and last rank.

Regarding overall perception of three groups of respondents, they evaluated all items with mean of 3,7 equivalent to level O. The item No1 "The bank's reputation BIDV larger than other credit organizations" verbally interpreted as highest mean of 4,1 equivalent to level O and first rank. While, the item No3 "diverse range of products and goods for deposits, loans" verbally interpreted as lowest mean of 3,4 equivalent to level S and last rank.

Items	Depositors			Creditors			Staff, employees			Overall		
	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI
1. Political conditions are stable	3.6	5	O	4.1	3	O	4.5	1	A	4.1	3	O
2. The interest rate of state bank is suitable for BIDV	3.7	4	O	3.1	5	S	2.8	6	S	3.2	5	S
3. The province of Bac Giang policy favorable to the bank to raise capital.	3.5	6	O	2.5	6	R	3.6	4	O	3.2	6	S
4. Market fluctuations in relatively large	4.4	1	A	4.3	2	A	4.3	2	A	4.3	1	A
5. High rate difference between the domestic currency and foreign currency.	4.3	2	A	4.4	1	A	3.9	3	O	4.2	2	A
6. Habit of Depositor to places with higher interest rates.	3.9	3	O	3.8	4	O	3.6	4	O	3.7	4	O
Overall	3.9		O	3.7		O	3.8		O	3.8		O

*Table 5: Assessment of the Respondents on Perception on the Deposit Mobilization Systems of BIDV BAC Giang Province in Terms of Competency and Service Quality
Source: The Calculation of Author*

Table 5 shows us Assessment of the Respondents on perception on the Deposit Mobilization Systems of BIDV Bac Giang province In Terms of Competency and Service quality

Regarding the perception of depositors, they evaluated all items with mean of 3,9 equivalent to level O. The item No4 "market fluctuations in relatively large" verbally interpreted as highest mean of 4,4 equivalent to level A and first rank. While, the item No3 "the province of Bac Giang policy favorable to the bank to raise capital" verbally interpreted as lowest mean of 3,5 equivalent to level O and last rank. Regarding perception of creditors, they evaluated all items with mean of 3,7 equivalent to level O. The item No 5" high rate difference between the domestic currency and foreign currency" verbally with highest mean of 4,4 equivalent to level A and first rank. While, the No6 "the province of Bac Giang policy favourable to the bank to raise capital" verbally interpreted as lowest mean of 2,5 equivalent to level R and last rank.

Regarding perception of staffs/employees, they evaluated all items with mean of 3,8 equivalent to level O. The item No1 "political conditions are stable" verbally interpreted as highest mean of 4,5 equivalent to level A and first rank. While, the item No2 "the interest rate of state bank is suitable for BIDV" verbally interpreted as lowest mean of 2,8 equivalent to level S and last rank. Regarding overall perception of three groups of respondents, they evaluated all items with mean of 3,8 equivalent to level O. The item No4 "market fluctuations in relatively large" verbally interpreted as highest mean of 4,3 equivalent to level A and first rank. While, the item No3 "the province of Bac Giang policy favorable to the bank to raise capital" verbally interpreted as lowest mean of 3,2 equivalent to level S and last rank.

Items	Depositors			Creditors			Staff, Employees			Overall		
	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI
1. Political conditions are stable	3.6	5	O	4.1	3	O	4.5	1	A	4.1	3	O
2. The interest rate of state bank is suitable for BIDV	3.7	4	O	3.1	5	S	2.8	6	S	3.2	5	S
3. The province of Bac Giang policy favorable to the bank to raise capital.	3.5	6	O	2.5	6	R	3.6	4	O	3.2	6	S
4. Market fluctuations in relatively large	4.4	1	A	4.3	2	A	4.3	2	A	4.3	1	A
5. High rate difference between the domestic currency and foreign currency.	4.3	2	A	4.4	1	A	3.9	3	O	4.2	2	A
6. Habit of Depositor to places with higher interest rates.	3.9	3	O	3.8	4	O	3.6	4	O	3.7	4	O
Overall	3.9		O	3.7		O	3.8		O	3.8		O

*Table 6: Assessment of the Respondents on Perception on the Deposit Mobilization Systems of BIDV BAC Giang Province in Terms of Behavior and Service Quality
Source: The Calculation of Author*

Strategies	Depositors			Creditors			Staff, employees			Overall		
	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI	Mean	Rank	VI
1. Deposit pricing policies	3.6	3	O	3.3	4	S	4.2	2	A	3.7	4	O
2. Product and network	3.4	4	O	3.6	2	O	4.3	1	A	3.8	2	O
3. Reputation of bank	3.6	2	O	3.3	3	S	4.1	3	O	3.7	3	O
4. Competency and service quality	3.9	1	O	3.7	1	O	3.8	4	O	3.8	1	O
5. Behavior and habits of depositors	3.9	1	O	3.7	1	O	3.8	4	O	3.8	1	O
Overall	3.6		O	3.5		O	4.1		O	3.7		O

Table 7: Composite Table of General Weighted Mean of Respondents' Perception on the Present Deposit Mobilization Systems of BIDV BAC Giang Branch

Source: The Calculation of Author

Table 7 shows the Composite table of General Weighted Mean of Respondents' Perception on Deposit Mobilization Systems of BIDV Bac Giang branch. Regarding perception of depositors, they evaluated all items with a mean of 3,6 equivalent to level O. The item "Competency and Service quality" as verbally interpreted as highest mean of 3,9 equivalent to level O and first rank. While, the item "Product and network" verbally interpreted as lowest mean of 3,4 equivalent to level O and last rank.

Regarding perception of creditors, they evaluated all items with mean of 3,5 equivalent to level O. The item No 4 "Competency and Service quality" verbally interpreted as highest mean of 3,7 equivalent to level O and first rank. While, the item No 1 "Deposit pricing policies" verbally interpreted as lowest mean of 3,3 equivalent to level S and last rank.

Regarding perception of staffs or employees, they evaluated all items with mean of 4,1 equivalent to level O. The item No 2 "Deposit pricing policies" verbally interpreted as highest mean of 4,3 equivalent to level A and first rank. While, the item No 4 "Competency and Service quality" verbally interpreted as lowest mean of 3,8 equivalent to level O and last rank.

Regarding overall perception of three groups of respondents, they evaluated all items with mean of 3,7 equivalent to level O. The item No 4 "Competency and Service quality" verbally interpreted as highest mean of 3,8 equivalent to level O and first rank. While, the item No 1 "Deposit pricing policies" verbally interpreted as lowest mean of 3,7 equivalent to level O and last rank.

Computed F_value on One-Way ANOVA of the significance Difference between three group of the Respondents on the Deposit Mobilization Systems of BIDV Bac Giang branch was conducted in term of variables with values of Sig. >0,05 allow us to accept all hypotheses Ho. It means that there are no significance differences of perception among three group of the respondents.

4. Conclusion and Recommendation

The present deposit mobilization systems of BIDV in Bac Giang Province were generally acceptable to all groups of respondents, both for deposit pricing policies and product and network. It falls under the often category with a description of 80% satisfaction and/or acceptability from the respondents. Some problems as perceived were higher interest of borrowing compared with other banks, and limited services offered. BIDV has good reputations; However, they lack diverse range of products and goods for deposits and loan. Generally depositor respondents and staffs of BIDV often satisfied with the internal qualities of the bank. But the creditors were only 50% satisfied with the items in the internal, meaning there was an indicator of problems with creditor groups. The financial policy of Bac Giang province of was rarely favorable to bank in order to raise capital as perceived by the creditors. Sometimes the interest rate of the state bank is affecting BIDV unfavorably. In order to develop, the bank needs to carefully consider the market fluctuations. At the same time, it needs to establish appropriate policies to raise capital. The BIDV Bac Giang Branch must consider reviewing elements comprising deposit interest rate to define attractive rates for mobilizing deposits and be of competitive advantage. The bank managers must continue to maintain and improve the high reputations of BIDV.

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