



**FACTORS INFLUENCING THE CHOICE OF COMMERCIAL
BANK BY CUSTOMERS: CASE OF VIETINBANK,
BINH DUONG BRANCH, VIETNAM.**

By

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PANEL OF EXAMINERS APPROVAL SHEET

The Panel of Examiners declare that the skripsi entitle “Factors influencing the choice of commercial bank by customers. Case study of Vietinbank’ customers, Binh Duong branch, Vietnam” that was submitted by Le Thi Thanh Tuyen majoring in Banking and Finance from the Faculty of Business was assessed and approved to have passed the Oral Examiners on January, 2014.

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Skripsi entitled “Factors Influencing The Choice of Commercial Bank by Customers: Case Of Vietinbank, Binh Duong Branch, Vietnam.” prepared and submitted by Le Thi Thanh Tuyen in partial fulfillment of the requirements for the degree of Bachelor in the Faculty of Business has been reviewed and found to have satisfied the requirements for the skripsi fit to examined. Therefore, I recommend this skripsi for Oral Defense.

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DECLARATION OF ORIGINALITY

I declare that this skripsi, entitled “Factors influencing the choice of commercial banks by customers. Case study of Vietinbank, Binh Duong branch, Vietnam” is to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia,, 2014

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ABSTRACT

This research investigates the factors influencing the choice of commercial bank in Vietnam. A survey was conducted on 360 individual clients who are using the Vietinbank's service in Binh Duong Province, Vietnam. This research used factor analysis to find the factor influence the choice of commercial bank by customers. There are nine selection criteria as financial benefit, reputation, recommendation, marketing, reliability, tangible, empathy, assurance, and responsiveness. The Result of this research, there are three factors accept include reliability, tangible, and financial benefit. From varimax rotation matrix it is reliability is the most important factor influence to customers' decision when select a bank. The research aims to bridge the existing gap in nationwide banking literature and give some suggestions which are expected to have an impact on marketing efforts of Vietinbank (Binh Duong branch) in particular and Vietnamese banks in general.

Key words: Financial benefit, Reputation, marketing, and Recommendation, reliability, tangible, assurance, empathy, and responsiveness.

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LIST OF ACROMYMS / ABBREVIATIONS

Agribank:	Bank for Agriculture and Rural Development
ACB:	Asia Commercial Bank
BIDV:	Bank for Investment and Development
CTG:	Vietnam Bank for Industry and Trade (Vietinbank)
VCB:	Bank for Foreign Trade (Vietcombank)
EIB:	Saigon Thuong Tin Bank (Sacombank)
MB:	Military Bank
HBB:	Hanoi Building Bank (Habubank)
NVB:	Nam Viet Bank
SBV:	State Bank of Vietnam
ATMs:	Automated Teller Machines
SPSS:	Statistical Package for the Social Sciences
et al.:	et alii (and other people / things)

CHAPTER I

INTRODUCTION

1.1 Background of Study

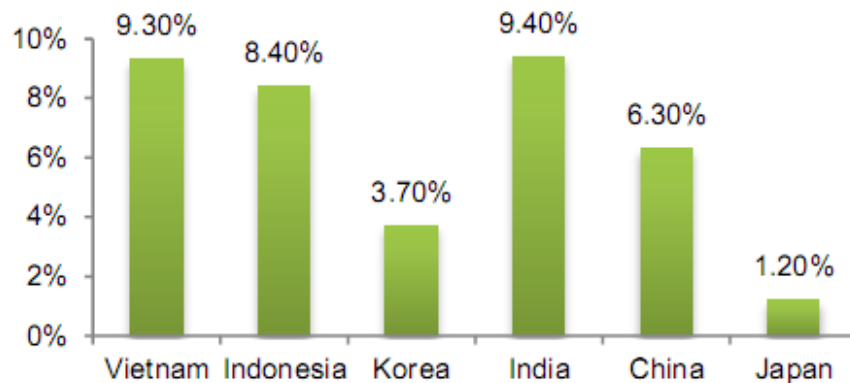
The recent global financial crisis has highlighted the intense competition between banks for attracting customer; thus research on selection criteria used by customers to choose a bank for doing business has been enriched with new methodologies, findings and recommendation for both bank and customers. This is even more important when we take into account that bank and generally the financial institutions have lost certain finance transactions which brought the economic crisis.

Hence, the banking industry appears as one of the most rapidly emerging sectors needing to identify the main factor that lead to maintain of existing customers and ways to attract new ones. According to Karatepe (2005) *and* Rao and Sharma (2010), total customer satisfaction is accurately achieved when bank managers search and identify exactly what customer want. The issue of “how customers select a bank” has been addressed broadly in the literature by researcher. Current literature review has given much consideration and attention to investigate bank selection criteria from different segments (Omo Aregbeyen, 2011). Customer demographic characteristics, and mainly age group, are one of the most significant factors, which have been investigated by several studies (Almossawi, 2001).

Vietnam is a country of which the economy is growing rapidly with GDP in 2008 of 5.32% and in 2009 of 6.78%. Although the banking system in Vietnam is still regarded as one of the youngest system in the world, Vietnam has been considered a great potential market for finance and banking. Along with the GDP growth, Vietnam banking industry is now growing very fast. Until June, 2011 Vietnam has 6 state-owned commercial banks (SOCBs), 37 Joint stock commercial banks (JSCBs), 5 Joint venture bank, and 5 wholly foreign- owned bank (Anne Ho and Baxter, 2011)

According IMF's (2010) data, the total asset of banking sectors have double from VND 1097 trillion (USD52.4 billion) in 2007 to VND 2690 trillion (USD128.7 billion) in 2010. It is forecasted that the total asset might reach VND 3667 trillion (USD 175.4 billion) by the end of 2012.

Figure 1. 1. Banking sector's asset forecast during 2010 – 2050



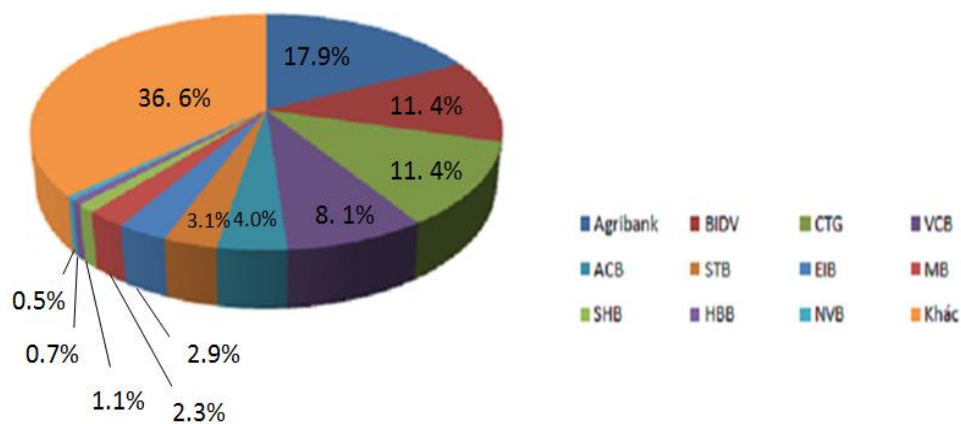
Source: PWC Forecast, 2010

According to PWC's forecast (2010), the proportion of Vietnam banking sector's assets in the world's will increase from 0.2% in 2009 to 1.4% in 2050 and the average growth rate was 9.3% during this period, which is much higher than that of Indonesia, Korea, China, Japan and the same as India. The fast growing pace shows good prospects of the sector on one hand but requires higher quality of asset management to achieve an equivalent level of profitability on the other hand.

In a global climate characterized by financial apprehension after the shock of the global financial melt-down, banks would have to pay the most critical attention to their customer in order to build trust and foster new customer loyalty bonds (Hinson et al, 2010). Nowadays, along with the appearance of many more commercial banks, the traditional ones have to face a fierce competition. In fact, they have lost a considerable market share to those newly established banks. Most people think that all the banks are the same, so it is unable to create difference among them. However, with a view to history, it is easy to recognize that every kind of goods can become unique or special, and become customer's favorites. For example, in Vietnam,

longtime ago, sugar sold in packets without label, which made it the same among different sugar manufactories. However, in the last two decades, those manufactories inside and outside Vietnam have started to pack their product in their own designed packets and label. Then it has become easier for customer to distinguish the packet of Bien Hoa sugar manufacturer from the other ones. Therefore, with growing competitiveness in the banking industry and similarity of service offered by banks, it has become increasingly important that banks identify the factors that determine the basic upon which customers choose between providers of financial services.

Figure 1. 2. Credit Market share in 2011

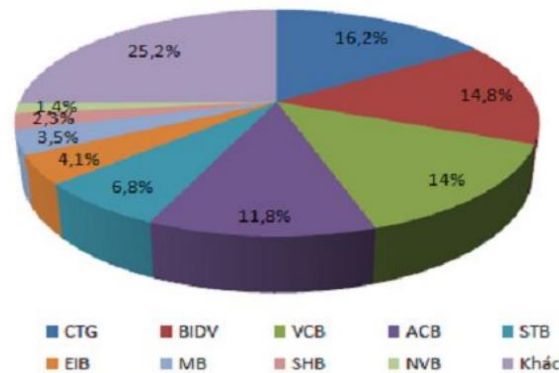


(Unit: trillion VNDs)

Source: Bank's financial statement in 2010, 2011 /GAFIN

In Vietnam, Vietinbank is the second bank on the top of ten commercial banks that leading in credit market share and deposits market share by the end of 2011 as showed in **Figure 1.2** and **figure 1.3**. After nearly 30 years of construction and development, Vietinbank has made important contribution to stability and economic development of the country, and bring into full play the role of a major foreign bank, efficient service for economic development in the country. Vietinbank has affirmed its position as the leading bank providing a wide range of financial services in international trade and traditional services such as credit, treasury, card business, e-banking, and etc.

Figure 1. 3. Deposit Market Share in 2011



Source: Banks' consolidated financial report in 2010, 2011

Consequently, it can be concluded that although the goods are completely the same in term of components, customers can still recognize the difference. Then their recognition will affect their decision of purchasing. This case is true for the banks product and service, too. That mean, in terms providing product and service to the customers, if any bank can create any difference, that bank can unique more success.

Currently, all the banks in Vietnam are trying to meet the need of their customers and satisfy them with their product and their service as well. Additionally, they have to accept the fact that no bank can supply customer with all kind of product and that in the view of banking customers, no banking is complete perfect.

In this research the author will focus on investigating the determinants of commercial banks in Vietnam to comprehend more about the perception of Vietnamese customers' bank selection.

1.2 Problem Identify

Consequently the issue of “how customers select banks” has been given considerable attention by researchers Mokhlis, 2009; Rehman et al., (2008); Olawale et al. (2011); Steve et al. (2012); Mamunur Rashid (June, 2009). However, a review of literature also indicates that studies related to bank selection criteria have been mainly conducted in some European countries. This paper will investigate the

determinants of commercial banks selection criteria by banking and business customers in Vietnam.

To the best of the researcher’s knowledge, there exist previous researches worked in Vietnam concerning the banking selection criteria of customer such as “The Factors influencing on the tendency of personal customer’s bank selection: case study in Da Lat city, Vietnam” by Pham Thi Tam and Pham Ngoc Thuy, (2012). Being the one of four oldest commercial bank in Vietnam, Vietinbank nowadays has always been the top choice of corporations, big business and of more than five 5 million individual customers.

According the data of Vietinbank in 2013, it shows on the table 1.2 below, number of customer in Vietinbank, Binh Duong branch were decrease in 2012.

Table1. 1. Number of customers In Vietinbank, Binh Duong branch. Year 2009-2012

Month	Year			
	2009	2010	2011	2012
January	18,253	18,530	18,255	18,565
February	18,616	18,530	18,560	17,787
March	19,520	17,655	17,287	18,659
April	17,321	22,999	18,524	17,625
May	18,131	16,435	19,230	17,987
June	18,436	17,895	18,980	16,485
July	16,616	17,263	18,784	16,573
August	19,541	18,249	17,575	17,624
September	18,823	18,720	17,680	18,625
October	18,131	18,254	19,537	17,657
November	19,814	18,541	18,639	18,630
December	20,253	21,789	20,587	19,254
Total	223,455	224,860	223,638	215,471

Source: Vietinbank. Binh Duong branch. 2013

Hence the researcher decided to make study scrutinizing the determinants of customers' bank selection in Vietinbank, Binh Duong branch, in Vietnam. The researcher wanted to contribute to the sources of research for the latter researcher as well as helping the bank identifying the factor influencing customers choosing a bank.

1.3 Statement of Problem

Essentially, this research is to investigate the factors affecting to customer's decision when select a bank.

To answer this research problem, the following questions are being researched:

To what extent factors influence customers' decision selecting a bank?

1.4 Research Objective

To find out what extent factors influence customers' decision selecting a bank.

1.5 Research Limitation

Firstly, the research focuses on bank but because of geographical distance matter, the research has to make online survey so that research may have limitations about sample size such as age level. The adults are from forty and above spending less time on internet than the youth those are from around twenties years old. The second limitation is about occupations such as almost the respondents are students and employees using bank service. This has a bit reduced the sample size. Another problem is some distributed questionnaires are left unreturned.

Certainly, there are many factors that influence Vietnamese customers' decision when select a bank but this study will discuss deeply to the main factors have high important level based on the review of literatures.

1.6 Definition of Terms

Service quality is a type of economic activity that produces intangible goods. Besides, it is not stored, doesn't result in ownership. Examples of services include

the transfer of goods, such as the postal service delivering mail, and the use of expertise or experience, such as a person visiting a doctor.

Recommendation is a suggestion that something is good or suitable for particular purpose or job.

Reputation: recognition by other people of some characteristic or ability.

Financial benefit: benefits relate to or involve money.

Marketing: the total of activities involved in the transfer of good from the producer or seller to consumer or buyer, including advertising, shipping and storing.

Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.

1.7 Significance of the Study

The significance of this research is aimed to give a valuable knowledge for:

1.7.1 For The Researcher

Give better and deeper understanding about the research topic. In the future, the researcher expects this research could give valuable knowledge in the working field after being graduated from the university.

1.7.2 For Other Researcher

Commercial bank issue may not a strange topic. This paper provides some information about the choice of commercial banks in Vietnam in particular. Researcher hopes that this research gives reference to conduct a study or research in similar field.

1.7.3 For President University

This research gives a new thought about the factors which might affect the customers' decision when select a bank in Vietnam. The result of this research also can be seen a resource for another research that takes same field of study.

1.7.4 For Vietnamese banks and finance Institutions.

“The customer is King” was fixed thinking of businessman. In any business field, the customer expectation and satisfaction must be put on the top. Banks and finance institutions must pay attention particularly in this issue keep the customer’s belief and loyalty.

Only by catching the desire and thought of the customers can banks and finance institution achieve their goals, maintain ongoing client relationship that are key to continuing revenue.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Definition of Bank

Banking is the oldest form of financial service. *Linguistics* (the science of language) and *etymology* (the study of word origins) tell us the French word *banque* and the *Italian banca* were used centuries ago to refer to “bench” or “money changer’s table”. This describes quite well what historians have observed about the first bankers more than 2000 years ago. They were money changers, situated usually at a table in the commercial district, aiding travelers by exchanging foreign coins for local money or replacing commercial notes for cash for a fee (Ross & Hudgins, 2008).

The banking industry gradually spread from the classical civilization in 15th, 16th and 17th centuries gradually shifted the center of the world commerce from the Mediterranean toward Europe and the British Isles.

The early banks in Europe were places for safekeeping of wealth (such as gold and silver) for a fee as people came to fear loss of their assets due to war, theft, or expropriation by government.

When colonies were established in America, Old World banking practices entered the New World. At the first colonists dealt primarily with established bank in the countries from which they had come. The U.S Federal government became a major force in banking industry during the Civil War. The office of the Comptroller of the currency (OCC) was established in 1864, created by the U.S Congress to charter nation banks. This bank regulatory system, in which both the federal government and the states play key roles in the supervision of banking activity, still exists in the United States to the present day. Nowadays, the nation has greatest

number of commercial bank in the world id The Unites States with about 7500 commercial banks, and followed by Germany with close to 2500.

2.1.2 Customer Satisfaction

Attempting to offer all things to all people is difficult, if not impracticable in a competitive marketplace. Many financial institution are selecting a few key target marketis and concentrating on trying to servce them better than their competitors (Haque et al, 2009).

Molina, Consuegra and Esteban (2007) investigated the impact of relational benefits on customer satisfaction in retail banking in Spain. Based on the theoretical framework regarding the relationship between relational benefits and customer satisfaction, an empirical study using a sample of 204 bank customers was conducted, and the theoretical model was tested. Confirmatory factor analysis was used to test the relational benefit and customer satisfaction. The results showed that trust and confidence in good service rendered by a given bank was the key to a good long-term relationship with the customer.

A study carried out by Haque et al (2009) found that customer satisfactions arbitrates the effect of bank service quality on financial performance. Hence, customer satisfaction can be considered as the key construct to successful of bank financial performance. However, this research found that internet service quality had no significant relationship with customer satisfaction, improvement in the quality aspects of this dimension could enhance overall satisfaction and this financial performance.

Another study by Khattak et al (May, 2010), it analyzed the customer's satisfaction and awareness level towards the Islamic banking sytem and investigated the relationship between different demographic variables and the satisfaction and awareness of customers. They are taking a sample of 156 customers. They go to the point that the major factors were management proficiency, bank's personal

knowledge, cost of services, efficiency of transactions, and facilities of parking. In contrast, advertising campaign, working hours and financial counseling were selected by the customers as least important factors in choosing banks.

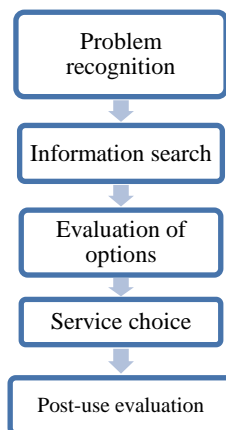
Munusamy et al (2010) conducted a study on service quality delivery and its impact on customer satisfaction in the banking sector in Malaysia. They found that assurances, tangibles, understanding and responsiveness are the most important factors that generate customers' satisfaction. Besides, these factors have a positive relationship with customer satisfaction. Their finding also indicated that measuring the level of performance and satisfaction when it comes to the intangible expectations are the most difficult things for the customers.

2.1.3 Customer Behavior

2.1.3.1 Step in the customer decision process

According to (Goiteom, June 2011), previous research realized that decision makers actually possess a set of approaches ranging from painstaking analysis to pure whim, depending on the importance of what they are utilizing and how much effort the personal is willing to put into the decision.

Figure 2. 1. The Customer Decision – making Process



Source: Adopted from Sell n. d., Consumer behavior, pp. 157

2.1.3.2 Influence of Customer's Decision

There are three main categories that influence in customers' decisions including: Internal, situational and social influences.

A. Internal Influencing on Customers' decision

Perception of a customer about the quality service or called as ideal treatment can be quite different from that of another customer's. for example, which was showed proof in thesis of Goiteom Wmariam, you may think the idea treatment is a vigorous internet banking, while your best friend dreams of a typical faster customer service and your father is set on having a friendliness of the staff in the organization.

Perception is concluded that is the process by which people select, organize and interpret information from the outside world. (Sell n.d).

B. Situational influencing on customers' decision

The factors are this category can effect what, where and how customer utilize their choices from different organizations. It is sure that people's moods and behaviors are strongly influenced by their physical surrounding such as advertising. There is one motto by the advertising archives: "as customers are exposed to more and more advertising, advertisers must work harder than ever to get their attention."

Time is another situation factor. Time indicated is one of consumers' most limited resources. How much time and the time of day one has to make a utilize affect decision making. Organizations should provide fast service for their customers.

C. Social Influencing on Customers' decisions

Each customer is each individual but all belong to groups that influence each people's utilizing decisions. Families, friends, classmates and even people surround us often have influence on our decisions.

2.1.4 Customer Bank Selection Criteria

2.1.4.1 Financial Benefit

In the second group of the research by Anderson, who are called service-oriented bank customers, are more aware of the difference in banks and their unique selling points. They rate the different selection criteria relatively high and are using these criteria in their decision making process. Important criteria for this group are financial considerations seem important in other studies as well.

2.1.4.2 Reputation

Mr. R. Guruswami said that: “if you have no reputation, you have no business” in a discussion on the subject. The reputation of a bank in banking industry indicates the stable growth and efficient financial activities of a bank. As a human perception, no one wants to take risk. Everyone wants benefits for themselves. No one would spend their money of an unknown financial institution for sure. The first definite important thing when a person wants to choose a bank is finding information about that bank, its financial situation and its position in industry.

In a study of Boyd et al (2004) reputation was even perceived to the most important selection criterion in USA. A good reputation is important, especially in rough economic time. Reputation can serve as a reservoir of goodwill, which can help the organization to survive.

2.1.4.3 Marketing

Dr. R. K. Uppal has definition that marketing as related to banking is to define an appropriate promise to a customer through a range of service (product) and also to ensure effective delivery through satisfaction. The existence of the bank has little value without the existence of the customer. The key task of the bank is not only to create and win more and more customers but also to retain them through effective customer service. According to him, marketing approach to banking services includes these essential tasks following:

- i. Identifying the customer's financial needs and wants.
- ii. Develop appropriate banking products and services to meet customer's needs.
- iii. Determine the prices for the products/ services developed.
- iv. Advertise and promote the product to existing and potential customer of financial services.
- v. Set up suitable distribution channel and bank branches.
- vi. Forecasting and research of future market needs.

2.1.4.4 Recommendation

The consumer decision making process is influenced by various factors as mentioned before which can be summarized as social, psychological and personal factor. Meanwhile, in social factor, researcher identifies that social or group behavior can be driving the behavior of individual. Discussing also about this matter, Serralvo et al (2010) said that this happened because person has got some knowledge about products, service or brand achieved by previous contact, observation or consumption. On the research *Analysis of the Influence of Gender on the choice of bank in Southeast Nigeria* by Ogechukwu (2012) found that advice of friends, neighbors, and family members have a stronger influence on customers' decisions.

2.1.4.5 Service Quality

Every banker company owner wants to get customers loyalty, therefore they need to know about the 5 service quality dimensions. Each of the 5 service quality dimensions. Each of the 5 service quality dimensions makes an extra addition to the level and quality of the service which the bank or company offers their customers. It also makes the service far more unique and satisfying. According to Fitzsimmons (2008), dimensions of service quality can explained as:

Table 2.1.3. 1. Dimensions of Service Quality

Dimensions	Definitions
Reliability	The ability to perform the promised service dependably accurately
Tangibles	The appearance of physical facilities, equipment, personnel, and communications materials
Responsiveness	The willingness to help customers and to provide prompt service.
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence.
Empathy	The provision of caring, individualized attention to customers.

a. Tangible

Tangible can be defined as the appearance of physical facilities, equipment, personnel, and written communication materials. All of these elements will be used by the customer to evaluate quality.

b. Reliability

Reliability can be defined as how the company can deliver its promises about their services to the customers. The customers will be prefers to do business with organizations who are keep their promises about the service outcomes.

c. Responsiveness

Responsiveness can be defined as the availability and readiness of the employee to assist the customer and deliver service quickly. It involved the response of the employee to the customer question and employee notify to the customer.

d. Assurance

Assurance can be defined as the employee's knowledge, competence, courtesy, and the employee's ability to get customer's trust and believe. This dimension involves the skills level and knowledge of the employee to give information to the customer.

e. Empathy

Empathy is defined as one condition where the employee gets the customer wants by build a good communications with the customer. By understand customer wants and needs, the customers will feel importance and more special.

2.2 Previous Research

Based on the similar and relevant researchers' result, there are five factors which are selected to test the factor influence the choice of commercial bank by customers in Vietnam. These five factors are service quality, financial benefit, recommendation, marketing, and reputation.

According to Kamakodi & Khan (2008) Indian banking industry is undergoing metamorphosis in term of adoption of technology and automation. New generation of private sector bank which came into existence in the last ten years have gained a substantial market share and government owed banks are losing market share to these new banks. It is very important for banks to understand the preferences of the customers to offer the services require both attracting new clients and protecting the existing client-base from migrating to other bank. A survey was conducted and results obtained from 292 clients were analyses to understand the factors that influence bank selection reasons. The top 10 parameters based on importance were found to be Safety of Funds, secured ATMs, ATMs availability, reputation, personal attention, pleasing manners, confidentiality, closeness to work, timely service and friendly staff willing to work.

As for Irfan et al (2012) from customer's point view, account and transaction accuracy carefulness, efficiency in correcting mistakes, friendliness and helping behavior of personnel clearly appear as the most important determinants of bank selection. Service quality is said that it is a key to gain the competitive advantage effect the decision of the customer's for the selection of bank. The journal also quoted from Lympelopoulos et al (2006) that by providing the high service quality bank can create a long-term good relationship with customers.

Siddique (2012), analyze the factors considered important by customer in selection a private commercial bank and national commercial bank in Bangladesh, Rajshahi city. It is based on a surevey of 600 customers of private commercial bank and national commercial bank located in the city of Rajshahi in Bangladesh. The most important factor for selecting a bank are low interest rate on loan, convenient branch location, safe investment and low service charges.

Where Rashid et al. (2009) examined the impact of demographic disparities on the bank selection criteria applied by diversified customers of domestic Islamic banks in Bangladesh. The sample consisted of 371 respondents of Inslamic banks. Factor analysis and regression analysis wwere used for data analysis. The results indicated that Corporal efficiency, Core-Banking services, Confidence, available of core banking services and compliance were given higher weights by majority of the respondents.

The important of technology is prominent in banking industry and affect strongly customers' decision whether to choose a particular bank. *Lenka et al (2009)* examined whether service quality of Indian commercial banks increases customer satisfaction that fosters customer loyalty. Data was collected from 350 customers of scheduled commercial bank branches in Orissa (India). The results of confirmatory factor analysis showed that better human, technical and tangibles aspects of service quality of the bank branches increase the customer satisfaction. In Indian banking sector, human aspects are more important than technical and tangible aspects of service quality that influenced customer satisfaction and promote and enhance customer loyalty. This indicates that, in their bank selection, the new generation of customers tends to put more emphasis on the factors related to hospitality, bank premises conditional and bank location.

According to Manrai (2007) investigated the dimensions of customer satisfaction regarding bank services (USA). The sample comprised of 578 respondents and for measurement of customer's satisfaction with banking services, for analysis technique was used. The study identified four dimensions of customer satisfaction. These were

personnel related considerations, financial consideration (interest earning and interest payments), environment related consideration (atmospherics), and convenience related consideration (ATM and hours). The finding suggested that bank marketers should pay much more attention towards promoting factors like personnel, atmospherics, and convenience; this would help the banks in differentiating their offers in customers' perceptions and thus attracting them from the competitors.

Cicic et al (2004) and *Maddern et al (2007)* pointed out that banks' personnel incompetence and lack of courtesy are major reasons customers leave their banks. Their studies reveal that customer regard highly knowledgeable and competent personnel coupled with friendly and courteous values to be the most important criteria in patronizing banks. *Cicic et al (2004)* investigated the attitude of 300 students aged 19 -24 years of the University of Sarajevo in Bosnia and Herzegovina to examine the customers' bank selection criteria. Their finding disclose that the main factors determining students' bank selection are: reception at the bank, friendliness of bank personnel, low services charges, ease of opening current account, and confidence in bank management.

Mokhlis et al (2009) examined bank selection criteria employed by the single and multiple bank users in Malaysia. In total, 350 questionnaires were distributed out of which 281 were found usable making response rate of 87 percent. The results of factor analysis revealed as regards the existence of the significant variation between single and multiple bank user in the following selection are attractiveness, marketing promotion, automated teller machine (ATM) service, proximity, people influences and financial benefits. To sum up, the results generate an interesting point in the researchers that gender differences do not discriminate the attitudes toward banking services and selection of bank.

According Mylonakis (2007) studied on customer preferences in the home loans market experience of the bank customer in Greece. He used 200 customers in which data was collected using structured questionnaire. His finding showed that in addition the mortgage product mix and some cost element (interest rate, prepayment penalty)

other important influential factor appear, such as the various offers of banks, the bank's reputation and existing cooperation affect the customer bank selection.

Ukenna and Monanu (2012), analyzed the influence of gender on the choice of bank in southeast Nigeria. It investigated the attitude of 368 bank customers from Enugu and Onitsha, major commercial cities in southeast Nigeria. They found six principal factors influence bank are feeling of security, speed and efficient service, finance benefit, convenient location, available of ATM, marketing promotion and people influence.

Another study done by Omar (2008) analyzed the factors that affect the choice of retail banks by men and women customers in Nigeria. He found that the most important factor considered by male customers was safety of funds, followed by efficient service and speed of transaction. Female customers on the other hand, considered speed of transaction as the most important factor, followed by safety of funds and recommendation by relatives and/ or friends.

In Malaysia, Dusuki et al (2007) studies using self- administered questionnaires involving a sample of 750 respondents from four different regions. He used banking criteria ranking as perceived by the respondents are analyzed using F-test. The most significant determinants perceived to be important for selecting banks were comprise: convenient location, friendly employees, larhe, profit minded, slow service and efficient service.

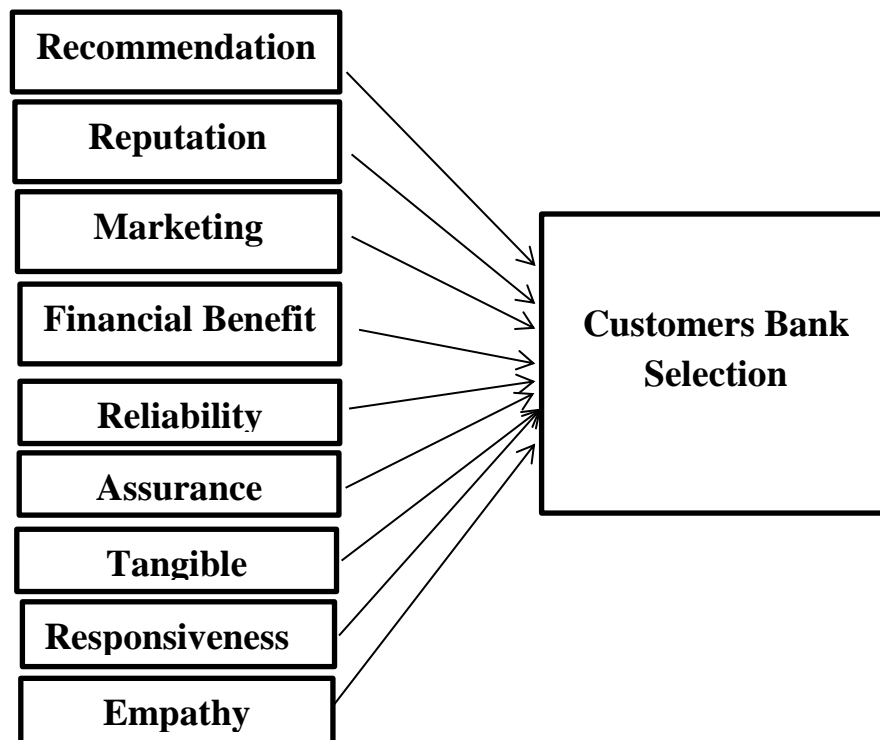
Senyucel (2007) investigated bank selection factors of Turkish and Greek Cypriots in Cyprus. Study included the sample of 350 respondents. The results showed that a most important bank selection criterion for Turkish Cypriots was "availability of internet banking", and least important factor was "recommendation of Friends". On other hand, for Greek Cypriots most important was "paying higher interest on saving account", and least important is "family tradition".

According Rehman and Ahmed (2008) analyzed the major determinants of a bank selection by customer of private (ABN Amro Bank, Bank Alfalah and Soneri Bank), privatized (Muslim Commercial Bank, United bank limited and Allied bank)

and nationalized bank (National bank of Pakistan, the bank of Punjab and First Women bank), located in the city of Lahore (Pakistan). The sample of 358 customers was taken in the study. The findings of the study revealed that online banking facility, profit rate, bank internal environment and external appearance, and convenience are some of the important factors in a bank selection by the customers.

2.3 Theoretical Framework

As mentioned that the survey focuses on finding the customer feedback on Bank,. Those factors came from different previous studies:



Source: Self adopted

2.4 Hypothesis

Based on the literature review presented above, the researchers consider the following hypotheses:

H₁ Reputation affect customers' decision when select a bank.

H₂ Financial benefit affect customers' decision when select a bank

H₃ Marketing affects to customers' decision when select a bank.

H₄ Recommendation affect to customers' decision when select a bank.

H₅ Reliability affect to customers' decision when select a bank.

H₆ Tangible affect to customers' decision when select a bank.

H₇ Responsiveness affect to customers' decision when select a bank.

H₈ Assurance affect to customers' decision when select a bank.

H₉ Empathy affect to customers' decision when select a bank

CHAPTER III

METHODOLOGY

3.1 Research Method

There are two approaches in doing scientific analysis research, which are qualitative, and quantitative analysis research. Qualitative research is a naturalistic, interpretative approach concerned with understanding the meanings of certain observed phenomena or actions. Qualitative research also provides explanation of reasons and associations between social variables. The opposite to this type of research is quantitative research, which use less on interview, observations, small number of questionnaires, focus on groups, subjective reports and case studies but is much more focused on the collection and analysis of numerical data and statistics (Jim Riley, 2012).

In this research, the researcher used descriptive studies by quantitative approach by analyzing the data collected with multiple regressions to get the answer of the problem. The main concerns of the quantitative paradigm are that measurement is reliable, valid, and generalizable in its clear prediction of cause and effect (*William et al 2009*)

Quantitative research involved analytical of numerical data. The aim was to classify features, count them and construc statistical models in a attempt to explain what was observed. Using quantitative research method the data can be easily converted into number and analyze through mathematical expression.

Based on Aliaga and Gunderson (2000) : quantitative research is explaining phenomena bu collecting numercial data that are analysed using mathematically based methods.

In order to test the hypotheses, the method used is multiple regression analysis. Multiple regression models are widely used applied statistical techniques. The working of the research was started with the questionnaire. the tools to analyze are using SPSS 16.0 application to make fast and accurate calculation and Microsoft Excel 2010 to make possible charts.

3.2 Operational Definitions

3.2.1 Service Quality

There are five component of Service quality (reliability, tangible, assurance, empathy, and responsiveness) measured by customer of Vietinbank. The questionnaire is modified from the questionnaire of Frangos et al (2012) namely: “Factors affecting customers’ decision for taking out bank loan: a case of Greek Customer” All items in this questionnaire will use a 5 point measurement scale: Strongly disagree; disagree; neutral; agree; strongly agree.

Table 3.1. 1. Item of service quality

Content of item
1. Staff’s uniform is tidy and elegant
2. Knowledge and skill of staff
3. Customer can contact easily with the staffs who responsible for the customer loan
4. Customer get the answer about the loan from the bank that you cooperated in the soonest time.
5. This bank bring trust and friendly to customers
6. Staffs of the bank are always polite and friendly
7. Staffs of this bank understand clearly customer’s demand and ready to consult, help the customer to choose the most suitable service.
8. The working hours at the bank are flexible and convenient for customer.

9. Are the ATMs of banks with sufficient in number?
10. Sufficient number of cashier.
11. Information about loan is always updated monthly by documents
12. Satisfaction of the time waiting for service
13. Satisfaction with the layout, atmosphere and clean
14. The branches of bank are convenient for customer' transaction.
15. The bank has parking place is convenient for customer.
16. The environment in the bank makes customers comfortable.

3.2.2 Reputation

The following questionnaire, which is modified from the questionnaire in Umbas Krisnanto (2011) namely “the customers’ determinant factors of the bank selection” is used to examine the influence of reputation associated factor on the customer decision for select a bank. This questionnaire also employs a 5-point scale method (strongly disagree; disagree; neutral; agree; strongly agree)

Table 3.1. 2. Items of reputation

Content of item
17. The bank has reputation on market
18. The bank is a government owned bank

3.2.3 Marketing Factor

The following questionnaire, which modified from the questionnaire in Ogechuwu et al (2012) with namely “Analysis of the influence of the Gender on the Choice of Bank in Southeast Nigeria”, is used to examine the influence of marketing to customer decision for select a bank. These questionnaire also employ a 5-point scale method (strongly disagree, disagree, neutral, agree, and strongly agree).

Table 3.1. 3. Items of marketing

Content of Item
19. Mass Media Advertisement
20. The bank has great career development/ sponsor programs
21. Influential marketing campaign
22. The bank launches marketing activities effectively and efficiently

3.2.4 Financial Benefit

The following questionnaire, which is modified from the questionnaire in Ogechukwu et al (February, 2012) namely “Analysis of the Influence of Gender on the choice of Bank in Southeast Nigeria”, is used to examine the influence of financial benefit associated factor on the customer decision for select a bank. This questionnaire also employs a 5-point scale method (strongly disagree; disagree; neutral; agree; strongly agree)

Table 3.1. 4. Items of financial benefit

Content of item
23. The banks offers low Interest rates on loan
24. The bank offers higher return (interest) on saving
25. The bank collect low commission / charges
26. The banks has stable finance
27. The bank ensures information confidentiality

3.2.5 Recommendations

The following questionnaire, which modified from the questionnaire in Goiteom W/Mariam (June, 2011) namely “Bank selection decision: Factors Influence the choice of bank service”, is used to examine the influence of Recommendation associated factor on the customer decision for select a bank. These questionnaires also employ a 5-point scale method (strongly disagree, disagree, neutral, agree, and strongly agree).

Table 3.1. 5. Items of recommendation

Content of item
28. Parent recommend / influence
29. The school / work used the same bank
30. Friends recommend a bank to you
31. Relatives recommend a bank to you

3.2.6 Demographic Factor

The demographic factors of the customer are measures own-customers of Vietinbank in Vietnam.

Table 3.1. 6. Items of demographic

	Content Of Term
Personal Marital Status	Married
	Not married
Personal Property	< VND 2.5 million
	VND 2.5 – 7.5 millions
	> VND 7.5 – 12.5 millions
	> VND 12.5 -17.5 millions
	Above VND 17.5 millions
Occupation	Student
	Businessman
	Employee
	Teacher
Age of Respondent	18 – 28 years
	29 - 39 years
	40 – 49 years
	Above 49 year

3.3 Research Instrument

3.3.1 Data Collection Method

Data collection method is techniques that can be used by researcher to collect data. Further, the method of data collection depends on research methodology, whether is quantitative or qualitative. The collecting data for this research should be

systematic because if it is not systematic, it will be difficult for the writer to accomplish this research (Douglas et al, 2010). In term of data collection, the researcher used a questionnaire consulted the related literature and made revisions to fit this study, while the other part reorganized previous studies by current researcher. For the sample size, this study selected 360 respondents from customers of Vietinbank in Vietnam. Following the questionnaire, this study was identified as having appropriate content validity. Participation in the questionnaire was voluntary.

The questionnaire consists of three sections. The first part is demographic information from the respondents. The second part asked the respondents feedback with the bank they used. The third part of the questionnaire asked respondents to agree and disagree with certain question related to the determinants of choice of bank using a five- point Likert scale ranging from “strongly agree” to “strongly disagree” was introduced and developed Goiteom W/mariam and Omo Aregbeyen and has been the most frequently used variation of the summated rating scale.

The respondent were asked to score each statement based on rating scale that the researcher provides depending on the respondent perception. The **table 3.3.1** and regualtions are show below. Give the checklist to the answer.

Table 3.3. 1. Likert Scale

No.	Statement	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
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3.3.2 Factor Analysis and Reliability

3.3.2.1 Factor Analysis

Factor analysis is a techniques used to identify factor that statistically explain the variation and co-variation among measures. Factor loading of an item must be greater than 0.5. Eigen value need to be greater than 1; the difference between two Eigen value needs to be greater than 0.3 (Green & Salking, 2008).

Factor analysis is commonly used in the fields of psychology and education and is considered the method of choice for interpreting self-reporting questionnaires. Factor analysis is a multivariable statistical procedure that has many uses. The first, factor analysis reduces a large number of variables into a smaller set of variables. Second, it establishes underlying dimensions between measured variables and latent constructs, thereby allowing the information and refinement of theory. Thirdly, it provides construct validity evidence of self-reporting scales.

In this research, factor analysis is used as an instrument to measure whether the postulated items measure the construct they belong to (Field, 2009). There are several key values in factor analysis:

a. Kaiser-Meyer-Olkin (KMO) Measure of Sampling Bartlett's Test of Sphericity.

Prior to the extraction of the factors, several tests should be used to assess the suitability of the respondent data for factor analysis. These tests include Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity.

The KMO measure of sampling adequacy, in short KMO, which is a value between 0 and 1. A value close to 1 indicates that the patterns of correlation are quite compact, therefore factor analysis should provide us with distinct and reliable factors. A value greater than 0.500 is faintly acceptable. A value between 0.500 and 0.700 is labeled as mediocre, value between 0.700 and 0.800 very good, value between 0.800 and 0.900 are greater and value greater than 0.900 are superb (Field, 2009).

The Bartlett's Test of Sphericity is used to test the hypothesis that the correlation matrix is an identity matrix. It should be significant ($P < 0.05$) for factor analysis to be suitable (Field, 2009).

b. Communalities

Communalities is the proportion of variance accounted for by the common factors (or communalities) of a variable. Communalities range from 0 to 1. Zero means that the common factor “Don’t” explain any variable; one means that the common factor explain all the variance. Initial are always 1.000, and communality value for each variable should be 0.50 or higher (Malhotra, 2006).

c. Cummulative Percentage of Variance and Eigenvalue (Total Variance Explained)

Cumulative percentage of variance (criterion) is another area of disagreement in the factor analysis approach. In factor analysis, when eigenvalue is larger than 1, it indicates that the items are measuring merely one underlying concept. Each eigenvalue has percentage of variance explained linked to it, which mean that if all proposed items for a construct are indicated to be one factor analysis with an eigenvalue over 1, the percentage linked to it explains how much variance is explained by all the item together in one factor.

Any factor that has an Eigenvalue of less than one does not have enough total variance explained to represent a unique factor, and is therefore disregarded.

Researcher may determine the number of factor based on the percentage of variance accounted for by the extracted factors and by the last factor. The rule of thumb is that agequate factor analysis should retain the factors that can explain at least 60% or 70% of total variance (Swanson & Holton, 2005).

d. Rotated Component Matrix

The purpose of rotation is to simplify the structure of the analysis, so that each factor will have nonzero loading for only some of the variable without affecting the communalities and the percent of variance explained. It’s show the factor loadings for each variable.

3.3.2.2 Reliability Test

Reliability indicates the extent to which a variable or set of variable is consistent in what it is intended to measure (Cooper & Schindler, 2006). Reliability is not as valuable as factor analysis but it is much easier to access. It is concerned with estimates of the degree to which a measurement is free of unstable error (Copper & Schindler, 2006).

For this study, the researcher used Cronbach's Alpha to determine the reliability the formula as follows:

Formula 3.3. 1. Cronbach's Alpha

$$\alpha = \frac{K * r}{1 + (K - 1) * r}$$

Source: Cronbach's Alpha, 2004

Where:

α = instrument reliability's coefficient

r = mean correlation coefficient between variables

K = number of questions

The Table 3.3.2 below, its shows the value of Cronbach's Alpha value proposed by Uman Sekaran, (2003).

Table 3.3. 2. Interpretation for Cronbach's Alpha value being proposed

Alpha Coefficient Range	Strength of Association
< 0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very good
≥ 0.9	Excellent

Source: Hair et al (2003), *Essential of Business Research Methods*.

3.4 Sampling Design

3.4.1 Sample Size

Sample size or number of samples taken to be an important issue when the type of research to be done is research that uses quantitative analysis. According Bougie (2010) provides guidance on the determining sample size is 100= poor, 200=fair, 300=good, 500 =very good, 1000 or more = excellent. Therefore, the researcher estimated that this research has totally six variables (including five independent variables and one dependent variable), so the sample size this research is 384.

3.4.2 Margin of Error

Margin of error is percentage allowance for non – precision or error because the uses of sample size instead of the population. There are usually 0.01 or 0.05 (1% or 5%) in this kind of research. Although the margin of error 0.01 is accurate than margin of error 0.05, the researcher prefer 0.05 for this research. Meaning the level of error is 5% and the research has 95% confidence level.

3.4.3 The Actual Sample Size

It is because this research is about the customer's decision select a bank in Vietnam and case study in Vietnam customers, while the researcher stay in Indonesia during thesis period, so that the researcher has to use Google Drive to distribute questionnaires back to Vietnam. After trying to spread questionnaire, the actual sample size of this research was 360.

3.4.4 The Respondents

The respondents for this research are Vietnam's customers. Based on the information has been mentioned in the previous section, there are totally 360 respondents were included in this research.

3.4.5 Sampling Method

As mentioned before, due to the distance matter, the researcher used Google Drive tool to deliver questionnaires to customers of Vietnam. The sampling method used was convenience sampling from non – probability sampling. Besides, the researcher had to use many available tools such as Yahoo, Gmail and Facebook to send them the link of the researcher’s questionnaire and ask friends, relatives to spread it out as much as possible.

There was disadvantage that the researcher could not control how well the characteristics of the sample such as age, gender and education. That was, the age of the respondents was limited as from 18 – 40 years old because they had tendency to spend more time on Internet so that it was easier to get their responses.

3.5 Data Analysis and Testing the Hypothesis

3.5.1 Data Analysis

The combination between Microsoft Excel 2010 and SPSS (Statistics Package for Social Science) version 16.0 were used to process statistical data for questionnaires.

a. Microsoft Excel 2010

Researcher also helped by basic software in Microsoft Office for inputting or sometimes used for processing the data.

b. SPSS (Statistics Package for Social Science) version 16.0

SPSS its help in terms to analyze the data where is improve conclusion formed as numerical measurement of data gathered and imputed. This data is helpful in processing the data while there are many equations or formulas that really hard of calculated it manually.

3.5.2 Testing the Hypothesis

3.5.2.1 Multiple Regression Analysis

According to the Mark et al (2009), multiple regression model is used for estimating or forecasting the value of variable Y, which calculated using several that affect Y. in regression analysis, the relationship between response variable and one or more predictor variable is discovered. The multiple regression models contain a dependent variable (Y), more than one independent variables (X_1, X_2, \dots, X_n), the β 's are regression coefficients and the random error term (ϵ), where: Y depends on the Xs; Y and the Xs are continuous variables.

The multiple regression models are:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_{n-1} X_{n-1} + \beta_n X_n + \epsilon$$

Where:

Y: dependent variable

$\beta_{1,2,3,\dots,n}$: Coefficients

X: explanatory/ independent variables

ϵ : random error term / residuals

While the correlations is the coefficient that shows the relationship between independent variables themselves, the regression analysis, in contrast, is expressed the distinction between dependent and independent variables, and in the extent to which dependent variable is explained or influenced by these independent variables. The result from this regression analysis will be used to accept to reject the hypothesis as to observe whether there is any affect or not between dependent and independent variables. Nevertheless, in order to finish the regression model to see the correlation between the variables, there are requirements must be passed: normality test, multicollinearity test and heteroscedasticity test.

A. Normality Test

Normality test is used to determine whether a data set is well – modeled by a normal distribution or not, or to compute how likely an underlying random variables is to be normally distributed. There are some ways to test the normality of distribution. However, in this study, the researcher decided to use Graphic method. The researcher would base on the output of SPSS 16.0 to analyze for accurate results.

Other than an informal approach to testing normality is to compare a histogram of the sample data to a normal probability curve, a graphical tool for assessing normality is the normal probability plot, a probability – probability plot (P–P plot or percent plot) of Regression Standardized Residual. These plots are easy to interpret and also have the benefit that outliers are easily identified. Instead, the empirical distribution of the data (the histogram) should be bell- shaped and resemble the normal distribution. The might be difficult to see if the sample is small. (Mark et al, 2009)

B. Multicollinearity Test

Multicollinearity is the undesirable situation where the correlation among the independent variables is strong. To help detect multicollinearity, variance inflation factor (VIF) is used to measure.

Multicollinearity problem arise if there is perfect relationship or certainly among the few 50 dependent variables or all variables in the model. Multicollinearity does not affect the multiple regression equation’s ability to predict the dependent variable. However, it might show unexpected result on the relationship between each independent variables and the dependent variable. (Mark et al, 2009)

If the multiple is presented in a multiple regression model, the model is still good for prediction, but interpretation of individual coefficient is not valid (Lind Marchal & Wathen, 2010). In order to discover if thee is relationship among independent variable, the test is using the measurement of Variance Iflation Factor (VIF) value.

Formula 3.5. 1. Variance Inflation Factor (VIF) model:

$$VIF = \frac{1}{1 - R_j^2}$$

$$R^2 = \frac{SSR}{SST}$$

Source: Lind Marchal & Wathen, Statistic Techniques in Business and Economics, 2010

Where:

R_j^2 : The R^2 value obtained by regressing the j^{th} predictor on the remaining predictors.

SSR= Regression sum of Squares

SST = Total sum of squares.

The term R_j^2 refers to the coefficient of determination, where the selected independent variable is used as a dependent variable and the remaining independent variables are used as independent variables. According to (Barry et al, 2006), a variable has high multicollinearity if it has VIF more than 10 it has tolerance tend to approach 0. If there are two or more variables that have a VIF around or greater than 10, one of these variables must be removed from the regression model.

C. Heteroscedasticity Test

Heteroscedasticity test is to see whether there is inequality of variance of the residuals of the observations to other observations. Regression models that meet the requirements are where there is equality of variance of the residual one observation to another observation fixed.

If heteroscedasticity exist in the regression model, the variance and the standard error will tend to increase as the t value will not get lower than the actual t value. The

consequences are the T-test and F-test will be inaccurate and fail to reject the null hypotheses (Berenson et al, 2009).

A simple test for heteroscedasticity is to plot the standardized residuals (on vertical axis) against the dependent variable (horizontal axis). If no heteroscedasticity occurs, the plot will appear to spread randomly. If a systematic pattern (wave, straight, narrow, widen) appears in the scatter plot then heteriscedasticity exists (Krehbiel et al, 2009)

3.5.2.2 Testing Hypothesis

Hypothesis testing or significance testing, is a method of testing a claim or hypothesis about a parameter in a population, using data measured in a sample. To test a hypothesis, there are four basic steps that needed to be done.

Step 1: state the hypotheses

Step 2: set the criteria for a decision

Step 3: compute the test statistic

Step 4: make a decision

To determine whether there is linear relationship between X and Y, two statistical test, F-test and T-test are performed.

3.5.2.2.1 F-Test

F – Test determines whether or not there us a relationship between set of independent variables and dependent variable. F – Test is used to statistically test the null hypothesis that there is no linear relationship between the X and Y variables. (Lind Marchal & Wathen, 2010)

For the testing hypothesis, the researcher used confidence interval of two – tailed 95% the 5% significance ($\alpha = 0.05$) outside the confidence level leads to rejection of null hypothesis. 5% significance level is applied since the research is within

boundary of social science, in which the 5% significance is customary. In testing the value of α , F – test is conducted. If the significance level of the F-test is low (significance level α used is 0.05), H_0 is rejected and concluded there is a linear relationship (Lind Marchal & Wathen, 2010). F- Test and significance of F – value, for this test, if the F-value is significant, this means that a significant different between the groups on this variable is found.

$H_0: \beta_1 = \beta_2 = 0$, if significant $F > 0.05$, accept H_0

H_a : at least there is one $\beta \neq 0$, if significant $F < 0.05$, reject H_0

Formula 3.5. 2. F-test

$$F = \frac{(R^2/K)}{\left[\frac{(1 - R^2)}{(n - K - 1)} \right]}$$

Source: Lind Marchl & Wathen, statistic Techniques in Business and Economics, 2010

Where:

F = statistic test for F distribution

R^2 = coefficient of determination

k = number of independent variables in the model

n = number of sample

3.5.2.2.2 T – Test

The goal of hypothesis testing is to determine the likelihood that a population parameter. The T-Test is applied to determine the partial relationship between each independent variable (coefficient) and the dependent variable. If the significance level of T- test is low (significance level α used is 0.05), H_0 is rejected and concluded there is a linear relationship (Lind Marchal & Wathen, 2010)

$H_0: \beta_1 = 0$, if significant $T > 0.05$, accept H_0

$H_a: \beta_1 \neq 0$, if significant $T < 0.05$, reject H_0

To compute the T – test, there is a T –test formula used:

Formula 3.5. 3. T-test:

$$t = \frac{bj - \beta j}{Sbj}$$

Where:

t = statistic test for t-distribution

bj= sample slope

βj = slope of the population

Sbj = standard error of the slope.

However, in this research, the researcher would use the output from SPSS 16.0 from primary data to analyze for accuracy results.

3.5.3 Measuring the Variability of the Regression Model

Adjusted R – squared: is a version of R – squared that has been adjusted for the number of predictors in the model. According to John Whitehead (An Introduction to Multiple Regression), the adjusted R^2 statistic is the same as R^2 (the coefficient of determination). R – Squared tends to overestimate the strength of the association especially if the model has more than one dependent variable. Moreover, adding a variable to a multiple regression equation virtually guarantee that the R^2 will increase even if the variable is not very meaningful, especially when there are multiple models presented with varying numbers of independent variables. To compensate for this, adjusted R^2 is corrected for the number of independent variables in the model.

In this case, there are four independent variables investigated. For this reason, the adjusted R – squared is used instead of R – squared. This will tells how much variance in the dependent variable is explained by the independent in the linear regression model. Adjusted R^2 will always be lowering that unadjusted.

Formula 3.5. 4. Adjusted R- squared

$$R_{adj}^2 = 1 - \left(\frac{(1 - R^2)(n - 1)}{n - k - 1} \right)$$

Where: R = multiple regression coefficient

k = the number of coefficient in the regression equation

n = number of sample

CHAPTER IV

ANALYSIS AND INTERPRETATION

This chapter will provide all important findings and the related discussions about the issue. It is factors affecting customers' decision when select a bank. The survey and hypothesis testing will help to find those factors that can affect to customer decision when select a bank. The survey was distributes within 20 days from October 20th to November 18th, 2013

4.1 Company Profile

Vietnam Bank for Industry and Trade – VietinBank (formerly Industrial and Commercial Bank of Vietnam – Incombank) was established in 1988 after being separated from State Bank of Vietnam. (Annual report, 2012)

Being one of the four largest State-owned commercial banks of Vietnam, Vietinbank's total assets account for over 20 percent of the market share of the whole Vietnamese banking system. Vietinbank's capital resources keep on increasing over the years and have been substantially rising since 1996 with the annual average growth of 20 percent, especially up 35 percent a year against that of last year.

Vietinbank has developed an operations network comprising of 01 Transaction Centers, 150 branched, over 1000 transaction offices / savings office. It has established correspondent relationship with 900 banks, financial institutions of 90 countries and territories all over the world.

Being diversified with 07 independent accounting subsidiaries: VietinBank Leasing Company, VietinBank Securities Company, VietinBank Asset Management Company, VietinBank Insurance Company, VietinBank Fund Management Company, VietinBank Gold and Jewellery Company, VietinBank Global Money Transfer Company and 03 non-profit making units: VietinBank Information Technology center, VietinBank Card Center and VietinBank Training Center.

Being the founder of the following Financial Credit Institutions are Saigon Bank for Commerce and Industry, Indovina Bank (the first Joint-venture bank in Vietnam), Vietnam International Leasing Company, and VietinBank Insurance Company Ltd.

Being the official member of Vietnam's Banker Association, Asian Banker's Association, Society for Worldwide Interbank Financial Telecommunications (SWIFT), and Visa International Service Association.

Being the first bank in Vietnam to apply modern technology and e-commerce in its banking operations.

4.1.1 Vision

To become a leading modern and efficient financial and banking group both at home and abroad.

4.1.2 Mission

To become the leading financial and banking corporation in Vietnam that operates in diverse areas, as well as provides products and services that conforms to international standards, aiming to improve the value of life.

4.1.3 Core Values

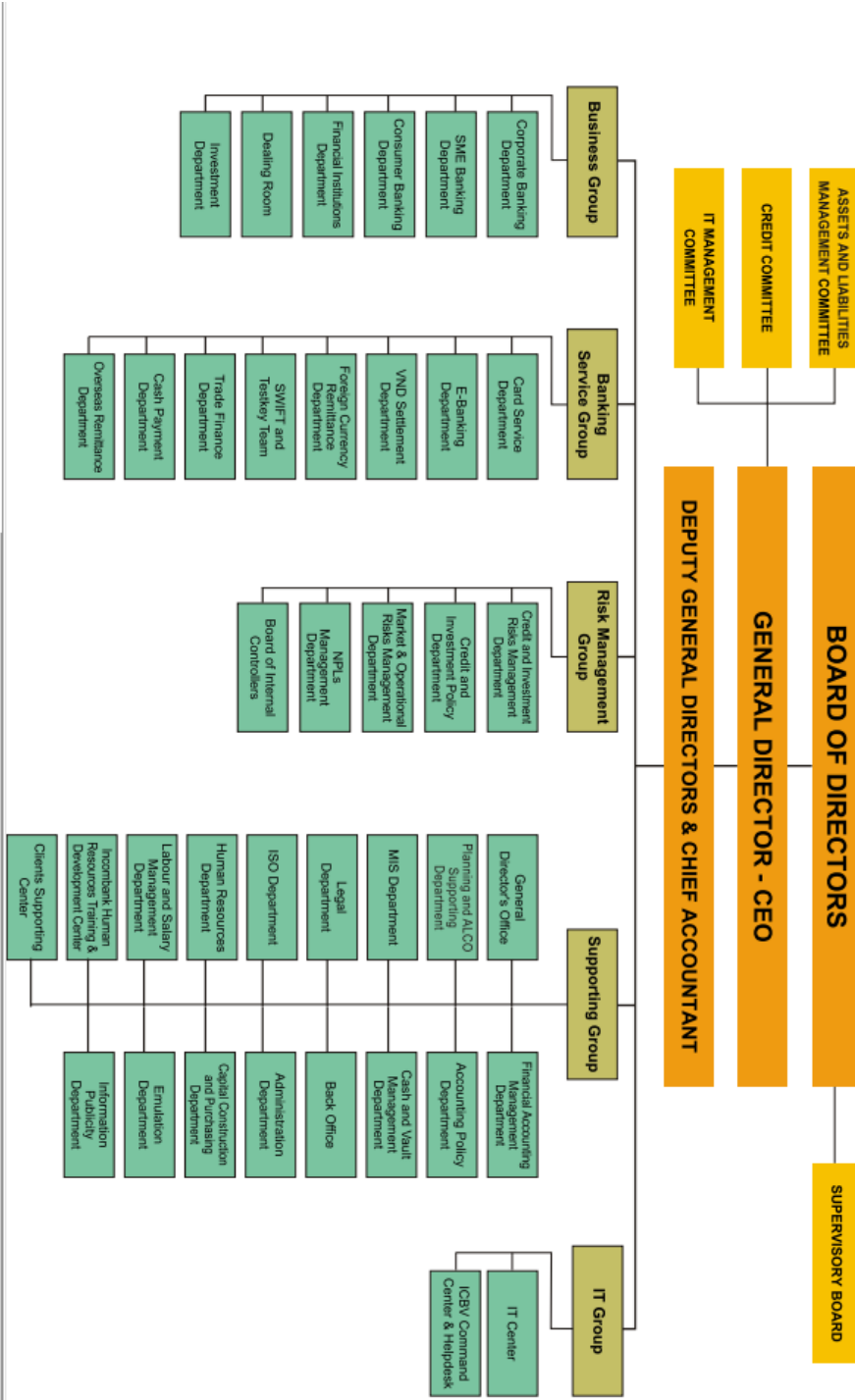
- a. Customer –oriented operations.
- b. Dynamic, innovative, professional, devoted, transparent, modern;
- c. Workers have the right to make their best effort and contribution – they have the right to receive rightful compensation – they have the right to pay homage to outstanding individuals and workers.

4.1.4 Business Philosophy

- a. Safe, effective, sustainable, and in compliance with international standards
- b. United, ready to cooperate, share, and be socially responsible;
- c. Your prosperity is our success.

4.1.5 Organization Chart

Figure 4. 1. Organization Chart



Source: Vietinbank Annual Report 2010

4.2 Data Analysis

4.2.1 Factor Analysis and Reliability

4.2.1.1 Factor Analysis

a. KMO and Bartlett's Test

Table 4.2. 1. KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.891
Bartlett's Test of Sphericity	Approx. Chi-Square	7.814E3
	df	253
	Sig.	.000

Source: data analysis – SPSS 16.0

From table 4.2.1 above, it showed several very important part of output: the Kaiser –Meyer – Olkin (KMO) measure of sampling and Bartlett's test of sphericity. The KMO statistic varies between 0 and 1. A value of 0 indicates that the sum of partial correlations is larger relative to the sum of correlations, indicating diffusion in the pattern of correlations are relatively impact and so factor analysis should yield distinct and reliable factors.

b. Communalities

Table 4.2.2 below, it shows the table of communalities before and after extraction. Principal component analysis works on the initial assumption that all variance is common. Therefore, before extraction the communalities are all 1. The communalities in the column labelled Extraction reflect the common variance in the data structure. So for example, we can say that 60.8% of the variance associated with Service quality 1 is common or shared, variance. Another way to look at these communalities is in term of the proportion of variance explained by the underlying factors. After extraction some of the factors are discarded and so come information is lost. The amount of variance that can be explained by the retained factors is represented by the communalities after extraction.

Table 4.2. 2. Communalities Test

Communalities		
	Initial	extraction
01	1.000	.608
02	1.000	.774
03	1.000	.736
04	1.000	.737
06	1.000	.655
07	1.000	.640
08	1.000	.758
09	1.000	.749
10	1.000	.703
11	1.000	.885
12	1.000	.760
14	1.000	.574
19	1.000	.858
20	1.000	.839
21	1.000	.708
22	1.000	.835
23	1.000	.786
24	1.000	.814
25	1.000	.854
28	1.000	.770
30	1.000	.901
31	1.000	.903
05	1.000	.682

Extraction Method: Principal Component Analysis.

Source: data analysis – SPSS 16.0

c. Total Variance Explained

Table 4.2. 3. Total Variance Explained

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.595	50.414	50.414	11.595	50.414	50.414	3.818	16.598	16.598
2	2.405	10.457	60.871	2.405	10.457	60.871	3.640	15.825	32.422
3	1.389	6.041	66.912	1.389	6.041	66.912	3.587	15.598	48.020
4	1.083	4.709	71.621	1.083	4.709	71.621	3.568	15.512	63.532
5	1.055	4.585	76.206	1.055	4.585	76.206	2.915	12.674	76.206
6	.874	3.802	80.008						
7	.680	2.956	82.964						
8	.595	2.589	85.553						
9	.434	1.888	87.441						
10	.402	1.749	89.190						
11	.355	1.542	90.732						
12	.308	1.340	92.072						
13	.283	1.232	93.304						
14	.267	1.160	94.465						
15	.245	1.065	95.529						
16	.205	.890	96.420						
17	.183	.796	97.215						
18	.156	.679	97.894						
19	.144	.627	98.521						
20	.119	.517	99.037						
21	.096	.420	99.457						
22	.067	.293	99.750						
23	.058	.250	100.000						

Extraction Method: Principal Component Analysis.

Source: Data analysis – SPSS 16.0

From table 4.2.3 above, it show lists the eigenvalues associated with each linear component (factor) before extraction, after extraction and after rotation. Before extraction, SPSS has identified 23 linear components within the data set. The eigenvalues associated with each factor represent the variance explained by that particular linear component and SPSS also displays the eigenvalue in term of the percentage of variance explained (so, factor 1 explains 50.414% of total variance). It should be clear that the first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amounts of variance. SPSS the extracts all factors with eigenvalues greater than 1, which leaves us with five factors. The eigenvalues associated with these factors are again displayed (and the percentage of variance explained) in the columns labelled Extraction Sums of Squared Loading. The values in this part of the table are the same as the values before extraction, expect that the values for the discarded factors are ignored (hence, the table is blank after the fifth factor). In the final part of table (labelled Rotation Sum of Squared Loadings), the eigenvalues of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for these data is that the relative important of the five factors is equalized. Before rotation, factor 1 accounted for considerably more variance than the remaining four (50.414% compared to 10.457, 6.041, 4.709, and 4.585%). However, after extraction it accounts for only 16.598% of variance (compared to 15.858%, 15.598%, 15.512%, and 12.674 % respectively).

d. Rotated Component Matrix

From the table 4.2.4 below, it shows the rotated component matrix (also called the rotated factor matrix in factor analysis) which is a matrix of the factor loading for each variable onto each factor. This matrix contains the same information as the component matrix in Table 4.2.3 except that it is calculated after rotation.

Since there are number 05, 06, and 25 do not only converge in one factor. Hence, there is divergent validity problem.

Table 4.2. 4. Rotated Component Matrix

Rotated Component Matrix ^a					
	Component				
	1	2	3	4	5
08	.807				
09	.780				
10	.700				
07	.691				
14	.593				
06	.583		.551		
31		.824			
24		.773			
23		.756			
22		.731			
02			.746		
01			.734		
03			.708		
04			.685		
05	.560		.570		
21			.471		
11				.817	
12				.757	
28				.751	
25		.476		.707	
30					.844
19					.809
20					.761

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization
 a. Rotation converged in 6 iterations.

Source: data analysis – SPSS 16.0

After several times removing the entire variable less than 0.5 and re-run SPSS, here are the best output following below:

Table 4.2. 5. KMO and Bartlett’s Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.873
Bartlett's Test of Sphericity	Approx. Chi-Square	2.242E3
	df	55
	Sig.	.000

Source: primary data-SPSS 16.0

From table 4.2.5 above, it showed the Bartlett’s test of Sphericity is 0.000 <0.05 (Sig.), thus the hypothesis that the intercorrelation matrix involving these five variables is an identify matrix is reject. As Bartlett’s test is almost always significant,

a more discriminating index of factor analyzability is the KMO From this table, KMO = 0.873, which is very large, so the KMO also support factor analysis.

Table 4.2. 6. Communalities

Communalities		
	Initial	Extraction
01	1.000	.840
02	1.000	.760
03	1.000	.766
08	1.000	.734
09	1.000	.668
10	1.000	.743
14	1.000	.560
23	1.000	.726
24	1.000	.746
28	1.000	.684
25	1.000	.796
Extraction Method: Principal Component Analysis		

Source: primary data- spss16.0

From table 4.2.6 above, the Communalities (Extraction, as the Initial are always 1.000) range from 0.560 to 0.840, thus most of variance of these variables was accounted for by this two dimensional factor solution. It means all of variable with high values are well represented in common.

Table 4.2. 7. Total Variance Explained

Total Variance Explained										
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings			
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	5.537	50.339	50.339	5.537	50.339	50.339	3.039	27.626	27.626	
2	1.382	12.560	62.900	1.382	12.560	62.900	2.719	24.717	52.343	
3	1.103	10.030	72.930	1.103	10.030	72.930	2.265	20.587	72.930	
4	.644	5.857	78.787							
5	.496	4.512	83.299							
6	.446	4.055	87.354							
7	.366	3.331	90.685							
8	.308	2.804	93.488							
9	.280	2.545	96.034							
10	.241	2.192	98.226							
11	.195	1.774	100.000							
Extraction Method: Principal Component Analysis.										

Source: primary data- SPSS 16.0

From table 4.2.7 above, it shows lists eigenvalues associated with each linear component (factor) before extraction, after extraction and after rotation. Before extraction, SPSS has identified 11 linear components within the data set. The eigenvalues associated with each factor represent the variance explained by that particular linear component and SPSS also displays the eigenvalue in term of the percentage of variance explained (so, factor 1 explains 50.339% of total variance). It should be clear that the first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amounts of variance. SPSS the extracts all factors with eigenvalues greater than 1, which leaves us with three factors. The eigenvalues associated with these factors are again displayed (and the percentage of variance explained) in the columns labelled Extraction Sums of Squared Loading. The values in this part of the table are the same as the values before extraction, expect that the values for the discarded factors are ignored (hence, the table is blank after the three factor). In the final part of table (labelled Rotation Sum of Squared Loadings), the eigenvalues of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for these data is that the relative important of the three factors is equalized. Before rotation, factor 1 accounted for considerably more variance than the remaining four (50.339% compared to 12.560% and 10.030%). However, after extraction it accounts for only 27.626% of variance (compared to 24.717%, and 20.587% respectively). For this table, the cumulative of three factor explained 72.930% of the variance in the original data.

From table 4.2.8 below, once the number of factors has been determined, one can start trying to interpret what they represent. To assist in this process the factors can be “rotated”. Rotation does not change the underlying solution, but rather present the pattern of loading in way that is easier to interpret (Pallant, 2005). Factor rotation can be done in several ways.

Table 4.2. 8. Rotated Component Matrix

Rotated Component Matrix^a			
	Component		
	1	2	3
25	.825		
24	.804		
23	.804		
28	.788		
08		.830	
10		.790	
09		.785	
14		.645	
01			.891
02			.761
03			.745

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization
 a. Rotation converged in 5 iteration

Source: primary data- SPSS 16.0

The next step is to look at the content of question that loads onto the same factor to try to identify the common themes. After using factor analysis, there are three factors in this research:

Factor 1 includes three questions from Reliability part of Service quality in questionnaire. There are statements of 01: “Staff’s uniform is tidy and elegant”; 02: “Knowledge and skill of staff”; 03: “customer can contact easily with the staff who responsible for the customer service”. Therefore, the researcher gave the name for the first factor is “Reliability”.

Factor 2 includes four questions from questionnaire. There are statements of 08: “The working hours of the bank that you cooperate are flexible and convenient for customer”; 09: “The ATMs of bank with sufficient in number”, 10: “The bank has parking place is convenient for customers”; 14: “The branches of bank are convenient for customer’s transaction”. Therefore, the researcher gave the name for second factor is “Tangible”.

Factor 3 includes four questions from the questionnaire. There are statements of number 23: “The bank offer low interest rates on loans”; number 24: “The bank offer higher return (interest) on savings”; number 25: “The bank collects low commission / charges”; number 28: “The bank has stable finance”. Therefore, the researcher gave the name for third factor is “financial benefit”.

4.2.1.2 Reliability Test

The researcher used SPSS 16.0 to check reliability test. The result of reliability testing is summarized in table 4.2.9 as follow:

Table 4.2. 9. Result of Reliability

Variable	Alpha Cronbach	N of Item	Reliability
Reliability	0.850	3	Reliability
Tangible	0.823	4	Reliability
Financial Benefit	0.878	4	Reliability
Customer’s bank Selection	0.871	5	Reliability

Source: data analysis – SPSS 16.0

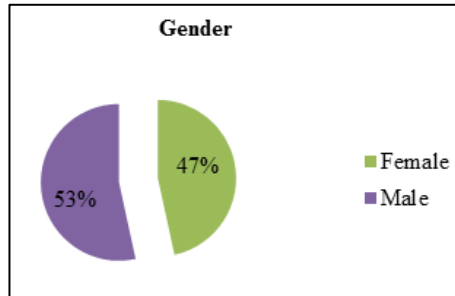
From the table above note that the value alpha for all variables Cronbach more than 0.6. From the provision of the foregoing, all the variables are reliable.

4.2.2 General Description of research object

4.2.2.1 Gender

The questionnaire is only given to the one who is using service of Vietinbank. There are 190 males, and 170 female are respondent for this questionnaire. This gender description is presented as below:

Figure 4.2.2. 1. Gender respondents



Source: Primary data

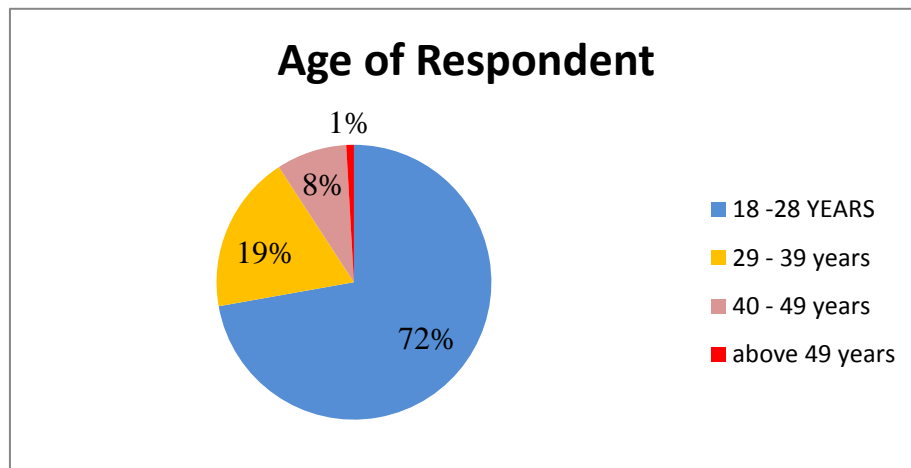
4.2.2.2 Age level

The result of the analysis the data based on the respondent age level could be seen in the table 4.2 and **Figure 4.2.2.2** below:

Table 4.2: Age of Respondent

Item	Respondent	Percentage (%)
18 -28 years	260	72.2
29 – 39 years	67	18.6
40 – 49 years	30	8.3
Above 49 year	3	0.9

Figure 4.2.2. 2. Age of Respondent



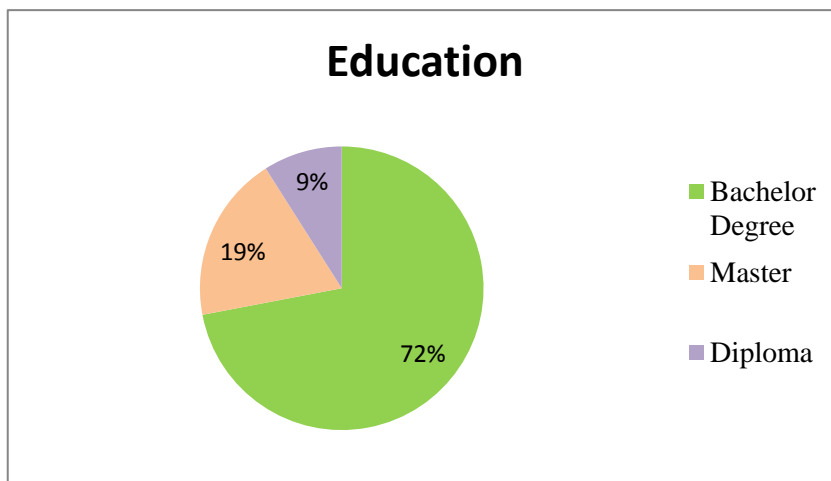
Source: primary data-Excel 2010

The second question in the questionnaire was about the age of the respondent. For this question, researcher got information that the highest frequency of the age belonged to the age of group 18 – 28 years where they are 72% of respondent and the lowest frequency of age is related to the age of group above 49 years where there is 1% respondent.

4.2.2.3 Education level

In this research, based on the gathered data, most of the respondents are bachelor where 260 (72%). There are 67 (19%) respondents the researcher assumes that they are studying or master, and 9% respondent belong diploma. The result of analysis the data could be showed in Figure 4.2.2.3 following:

Figure 4.2.2. 3. Educational Level



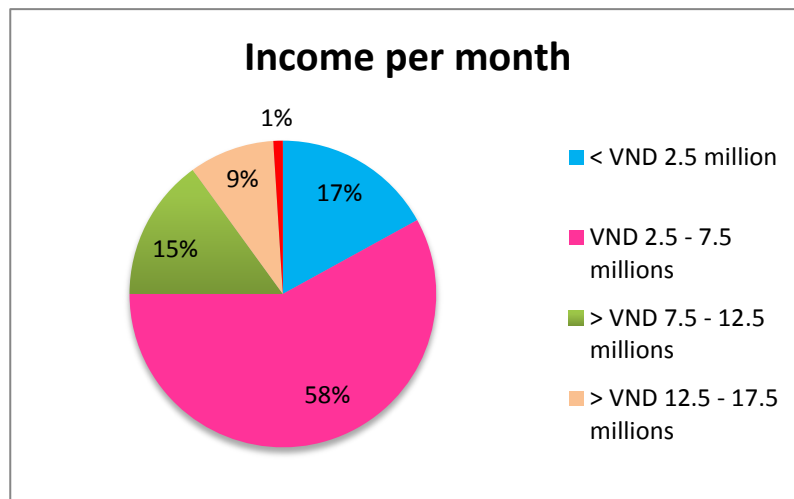
Source: primary data- Excel 2010

4.2.2.4 Income per month

Based on the data gathered from 360 respondents, nearly a half of respondent have income per month is VND 2.5 – 7.5 million with 208 respondent. There are 60 respondents earn under 2.5 million (VND) a month. There are 55 respondents have more than 7.5 million (VND) to 12.5 million (VND) per month. And 32 respondents earn more than VND 12.5 million to 17.5 million per month. The number of

respondents has more than VND 17.5 million only 5 respondents. The result as showed in the Figure 4.2.2.4 below:

Figure 4.2.2. 4. Incomes per Month of Respondent



Source: primary data- Excel 2010

4.2.2.5 Customers' satisfaction

The following Figure 4.2.2.5 represents the data about customers' satisfaction on Vietinbank service.

Figure 4.2.2. 5. Customers' satisfaction



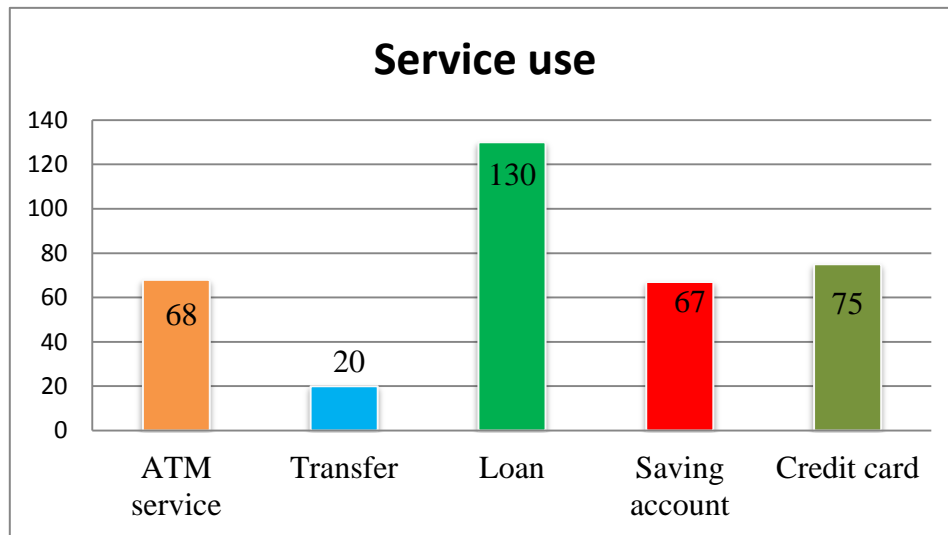
Source: primary data – Excel 2010

For the customer's satisfaction about the service of Vietinbank, it seems that almost all of respondents, as the customers of Vietinbank are satisfied with the

service. There are 96 % who said that they were satisfied and only 4% said they did not feel satisfied.

4.2.2.6 Service use

Figure 4.2.2. 6. Service use



Source: primary data

From figure 4.2.2.6, the majority service is Loan service with 130 respondents those are using it, while the minority service is transfer. There are 75 respondents are having credit card in Vietinbank. There are 68 respondents use ATM service. Besides, there are 67 respondent having account in Vietinbank.

4.2.3 Variable Frequency

Reliability

Consists of 3 questions, based on the result of the analyzed data on the Figure 4.2.2.1 reliability Variable Frequency, it can be explained that majority of responses from respondents for items of service is neutral until agree. The responses from the respondent, every item in the figure above are following:

- i. The responds for item “Staff uniform is tidy and elegant” are 3.1% strongly disagree, 8.9 % disagree, 14.7% neutral, 48.1 agree, and 25.3% strongly agree.
- ii. The responds for item “Knowledge and skill of staffs” are 1.9% strongly disagree, 1.1 disagree, 29.7% neutral, 44.2% agree, 23.1% strongly agree.
- iii. The responds for item “customer can contact easily with the staffs who responsible for customer service” are 3.1% strongly disagree, 6.4 % disagree, 28.3% neutral, 40.8% agree, and 21.4 % strongly agree.

Tangible

Consists of 4 questions, based on the result of the analyzed data on the Figure 4.2.2.2 tangible Variable Frequency, it can be explained that majority of responses from respondents for items of service is neutral until agree. The responses from the respondent, every item in the figure above are following:

- i. The responds for item “the working hours of the bank that you cooperate are flexible and convenient for customer” are 0.8% strongly disagree, 8.6 % disagree, 55% neutral, 26.7% agree, 8.9% strongly agree.
- ii. The responds for item “The ATMs of banks with sufficient in number” are 0.8% strongly disagree, 6.1% disagree, 37.5% neutral, 38.9% agree, and 16.7% strongly agree.
- iii. The responds for item “The bank has parking place is convenient for customer.” are 1.9% strongly disagree, 5.8% disagree, 33.9% neutral, 41.7% agree, and 16.7% strongly agree.
- iv. The responds for item “the branches of bank are convenient for customer’s transaction” are 2.8% strongly disagree, 17.5% disagree, 27.8% neutral, 31.4% agree, and 20.6% strongly agree.

Financial benefit

Consist of four questions, based on the result of the analyzed data on the Figure 4.2.2.3 Financial benefit Variable Frequency, it can be explained that majority of

responses from respondents for items of service is neutral until agree. The responses from the respondent, every item in the figure above are following:

- i. The responds for item “The bank offers low interest rates on loans” are 2.8% strongly disagree, 4.2% disagree, 32.8% neutral, 40% agree, and 20.3% strongly agree.
- ii. The responds for item “The bank offer higher return on savings” are 1.9% strongly disagree, 1.9% disagree, 40% neutral, 34.7% agree, and 21.4% strongly agree.
- iii. The responds for item “The bank collects low commission / charges” are 1.9% strongly disagree, 1.1% disagree, 37.8% neutral, 44.7% agree, and 14.4% strongly agree.
- iv. The responds for item “The bank has stable finance” are 1.9% strongly disagree, 1.9% disagree, 37.5% neutral, 41.1% agree, and 17.5% strongly disagree.

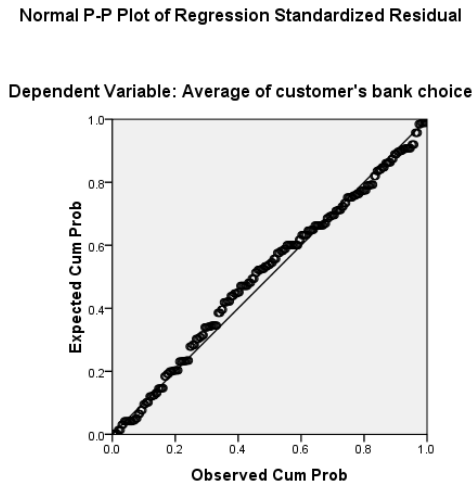
4.2.4 Classic Assumption Test

4.2.4.1 Normality Test

As shown on the normal P-P plot of Regression seen spread of points around the diagonal line and follow the direction of the diagonal line. Then, it means the data in regression model fulfills assumption normality and proper to use to predict customer’s bank selection.

Based on the P-P plot curve that been shown in the Figure 4.2.4.1 below, we can assume that the data was normally distributed as the criteria of the normality in P-P plot is spreading approximately surrounding the diagonal direction of the line, besides that the data also not seriously deviated from the line that means the distribution is normal and be ready to test for next step of research.

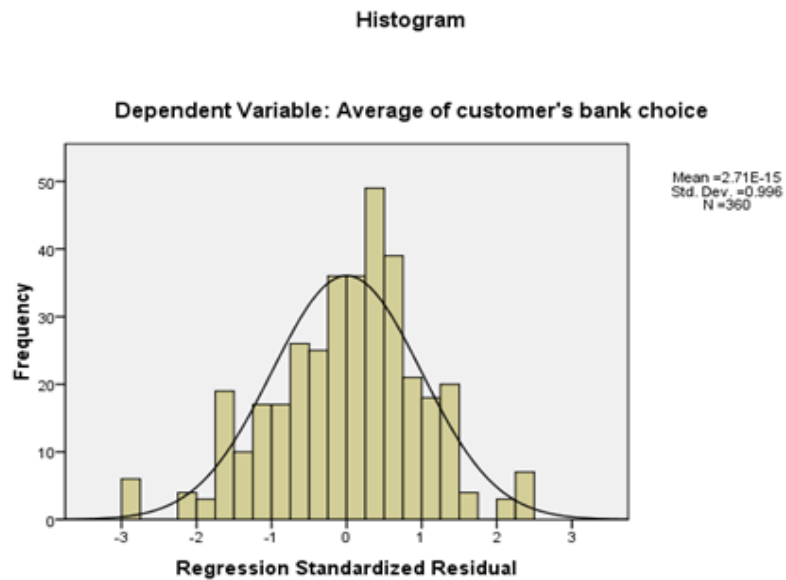
Figure 4.2.4. 1. Normal P-P plot of Regression Standard Residual



Source: Data processing Result of SPSS 16.0

The histogram in Figure 4.2.4.2 below, the histogram is bell-curved shaped. This means that the data variables are normally distributed. Therefore, the normality assumption is met.

Figure 4.2.4. 2. Histogram – Regression Standardized Residual



Source: Data processing Result of SPSS 16.0

4.2.4.2 Multicollinearity Test

In order to do Multicollinearity test, the researcher used variance inflation factor (VIF) to check. VIF has function to measure how much the variance of the estimated coefficient is increased over the case of no correlation among the variables. On the basic of the criteria, all VIF values should be less than 10.0 (Micheal et al 2006).

Table 4.2.4. 1. VIF Result

Collinearity Statistics	
Tolerance	VIF
.594	1.682
.628	1.593
.620	1.612

Source: Primary Data –SPSS 16

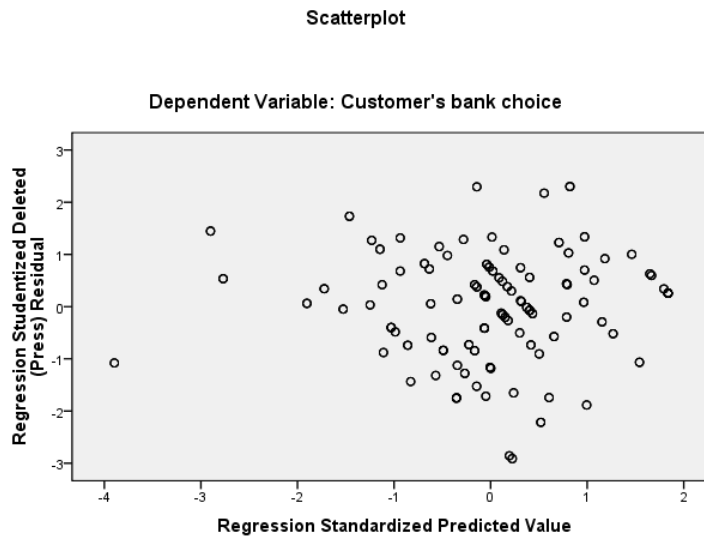
Table 4.2.4.1 shows that all the variables have VIF values which less than 10. It means that in this regression model there is no multicollinearity exists.

4.2.4.3 Heteroscedasticity Test

Scatterplot

From this figure 4.2.4.3.1 below, the variable are scattered all over the graph. There is no Heteroscedasticity. Hence, this regression model is eligible to be used to predict customer's bank selection based on the independent variables.

Figure 4.2.4.3 1. Scatterplot – Customer’s bank selection



Source: Primary data SPSS 16.0

4.2.5 Hypothesis Testing

4.2.5.1 F-Test

F-test is used to test the effect of all independent variables toward independent variable simultaneously.

$H_0: \beta_1 = \beta_2 = \beta_3 = 0$, Null hypothesis is accepted if F value is greater than 0.05 (there is no significant from Reliability (X_1), tangible (X_2), financial benefit (X_3), together toward customer’s bank selection (Y)).

$H_a: \beta_i \neq 0$, Alternative hypothesis is accepted if F value less than 0.05 (there is influence that is significant from reliability (X_1), tangible (X_2), financial benefit (X_3), together toward customer’s bank selection (Y)).

Based on the data analysis- SPSS 16.0 to do F-test and it showed in the table 4.2.5.1 below:

Table 4.2.5. 1. F-test

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	140.511	3	46.837	467.095	.000 ^a
	Residual	35.697	356	.100		
	Total	176.208	359			

a. Predictors: (Constant), Financial benefit, tangible, reliability

b. Dependent Variable: Customer's bank choice

Source: Data analysis – SPSS 16.0

Based on the table 4.2.5.1, the ANOVA table above show F value of 301.552 with its significant of 0.000 (lower than 0.05). Hence, all dependent variable: reliability (X_1), tangible (X_2), and financial benefit (X_3) have significant influence toward customer's bank selection.

The alternative hypothesis, H_a which stated “there is influence of independent variables (X_1, X_2, X_3) toward dependent variable Y is accepted and H_1 is rejected

4.2.5.2 T-Test

The T-test is used to test whether independent variable partially has influence significantly toward dependent variable. The T-test can be done manually by comparing the calculated t and the t-table.

Table 4.2.5. 2. T-test

Coefficients^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.436	.098		4.468	.000		
Reliability	.555	.026	.656	21.214	.000	.594	1.682
Tangible	.235	.029	.248	8.228	.000	.628	1.593
Financial benefit	.107	.029	.113	3.742	.000	.620	1.612

a. Dependent Variable: Customer's bank choice

Source: Primary data –SPSS 16.0

The hypothesis given:

- a. H_{01} : Reliability has no significant influence on customer's bank selection
 H_{a1} : Reliability has significant influence on customer's bank selection.
- b. H_{02} : Tangible has no significant influence on customer's bank selection
 H_{a2} : Tangible has significant influence on customer's bank selection.
- c. H_{03} : Financial benefit has no significant influence on customer's bank selection
 H_{a3} : Financial benefit has significant influence on customer's bank selection.

The p-value is significant at 0.05 and according to **Table 4.2.5.2** output of t-test it indicated that:

- a. Reliability (X_1):

The first independent variable Reliability (X_1) has significant value of 0.000 which is less comparing to the p-value (0.05). It means service quality has significant influence on dependent variable (customer's bank selection). So the first null hypothesis (H_{01}) is rejected and alternative hypothesis (H_{a1}) is accepted.

- b. Tangible (X_2):

The second independent Tangible (X_2) has significant value of 0.000 which is less comparing to the p-value (0.05). It means reputation has significant influence on dependent variable (customer's bank selection). Therefore, the second null hypothesis H_{02} is rejected and alternative hypothesis H_{a2} is accepted.

- c. Financial benefit (X_3)

The third independent variable financial benefit (X_3) has significant value of 0.000 which is less comparing to the p-value (0.05). It means reputation has significant influence on dependent variable (customer's bank selection). Therefore, the third null hypothesis H_{03} is rejected and alternative hypothesis H_{a3} is accepted.

4.2.5.3 Coefficient of Determination (R^2)

The score of adjust R square is also called as coefficient determinant. The output for adjusted coefficient determinant (R^2) between dependent variable (customer's

bank selection) and independent variable (service quality, reputation, marketing, financial benefit, and recommendation) is presented in **Table 4.2.5.3** following:

Table 4.2.5. 3. Adjusted R Square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893 ^a	.797	.796	.31666

Source: Data analysis – SPSS 16.0

From the **table 4.2.5.3**, the adjusted R² is 0.796 or 79.6%. This mean, there is 79.6% independent variable (Reliability, Tangible, and financial benefit) affect dependent variable (customer’s bank selection). On the other hand, 79.6% of the customer’s bank selection as dependent variable is explained by the independent variable including Reliability, tangible, and financial benefit whereas the other 20.4% is explained by other factors are excluded from the model.

4.2.6 Regression Model

The underlying equation is constructed by the multiple linear regression model concepts, which is mentioned before in chapter III, to examine the influence of six variables include five independent variables and one dependent variable:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \dots + \beta_nX_n + \varepsilon$$

Table 4.2.6. 1. Regression Model

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.436	.098		4.468	.000
Reliability	.555	.026	.656	21.214	.000
Tangible	.235	.029	.248	8.228	.000
Financial benefit	.107	.029	.113	3.742	.000

a. Dependent Variable: Customer’s bank choice

Source: primary data – SPSS 16.0

From the table Regression Model above, the new linear regression model is constructed:

$$Y = 0.436 + 0.555X_1 + 0.235X_2 + 0.107X_3 + \varepsilon$$

Where:

Y= Customer's bank choice

X₁= Reliability

X₂= Tangible

X₃ = Financial benefit

β_0 = Intercept / Constant (value of Y when x=0)

ε = Random Error

4.3 Interpretation of Results

Nowadays, banking industry in Vietnam is flourishing with the steady in development growth rates. It is sure that Vietnamese banking attached special importance to service quality and grasped customer's needs to take their loyalty. Researcher want to find out the factor have influence on customer's bank choice, case of Vietinbank which is one of the best commercial bank in Vietnam, Binh Duong province as a typical example. Based on the data analysis above, the researcher can make an interpretation of the data analysis:

From the result of **Table 4.2.5.3: Adjusted R Square**, it showed the value adjusted R² is 0.796 or 79.6%. This mean 79.6% of the customers' bank choice as dependent variable is explained by the independent variable including reliability, tangible, and financial benefit; whereas the other 20.4% is explained by other factors are excluded from the model.

From **table 4.2.5.1 F-test** showed that F calculated around 467.095 with level of significant is 0.000 which is far below the p-value of 0.05. It is means that financial

benefit, reliability, tangible simultaneously have influence on the customer's bank choice.

After testing the simultaneous influence of reliability, tangible, and financial benefit toward customer's bank choice, the data was processed to **T-test** which tests the partial influence of each variable. As the result showed below:

a. Reliability (X_1) toward Customer's bank Choice (Y)

The probability value of Reliability variable is 0.000 which is quiet far lower than 0.05 has indicated there is significant correlation between reliability and customer's bank choice. Besides, the value of parametric coefficient of reliability variable in the amount of 0.555 which mean the relationship between those two is positive. In other words, with the value of 0.555 it means when reliability increases on percent will result the increase of 0.555 of customer's bank choice.

Reliability in SERQUAL model is the company's ability to do what it promises (Parasuraman et, al, 1988). In the context of the web, reliability is defined as the proper functioning of the website and the ability to perform the promised service dependably and accurately (Parasuraman et al, 2005). The present of high quality reliability increases satisfaction with both the experience and product purchase (Lee & Lin, 2005).

b. Tangible (X_2) toward Customer's Bank Choice (Y)

The probability value of Tangible variable is 0.000 which is quiet far lower than 0.05 has indicated there is significant correlation between tangible and customer's bank choice. Besides, the value of parametric coefficient of tangible variable in the amount of 0.235 which mean the relationship between those two is positive. In other words, with the value of 0.235 it means when tangible increases on percent will result the increase of 0.235 of customer's bank choice.

With $\beta = 0.235$, tangible is strong influence to customer's bank selection. As comparison with the result of Goiteom Wmariam's research, the analyzed subject

was student. It was “service provision” ranked as the second most important criterion. The first important bank selection criteria was “bank image” in seven analyzed factors, and “Financial Benefits” was sixth rank as the important criteria.

c. Financial Benefit (X_3) toward Customer’s Bank Choice (Y)

The probability value of financial variable is 0.000 which is quiet far lower than 0.05 has indicated there is significant correlation between financial benefit and customer’s bank choice. Besides, the value of parametric coefficient of financial benefit variable in the amount of 0.107 which mean the relationship between those two is positive. In other words, with the value of 0.107 it means when financial benefit increases on percent will result the increase of 0.107 of customer’s bank choice.

With $\beta = 0.107$, financial benefit is moderate influence to customer’s bank selection. As comparison with the previous researches of Mokhlis et al. (2008), commercial bank selection study with case study of undergraduate students in Malaysia, the “financial benefits” factor was rated as the third most important criterion of nine criteria factors that influence undergraduates when deciding which bank to patronize. The fourth most important criterion was “service provision”.

The result indicated the perception of Vietnamese customers in general and Vietnamese customers in Binh Duong province have a tendency to pay attention to Reliability, financial benefit, and Tangible that Vietinbank offers when they decide to become customer of Vietinbank.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

After using Rotated Component matrix in Factor analysis evaluates all factors. There are three factor accepted in this research. They are reliability, tangible and financial benefit.

There are several underlying conclusions that can be taken from this research:

What extent factors influence customer's decision selecting a bank?

1. According to the result of F-test by SPSS 16.0, the significant value is 0.000 so that the null hypothesis H_0 is rejected and alternative hypothesis H_a is accepted. It means that all independent variables simultaneously have effect on the dependent variable.
2. As the result of T-test by SPSS 16.0 (showed on Table 4.2.5.2 T-test) Partially independent variable (reliability, tangible, and financial benefit) influence customers choice of Vietinbank where reliability proven as strong predictor on customer choice of Vietinbank.

5.2 Recommendation

After conducting the research, the researcher has several recommendations that can be used as consideration regarding the effects of Reliability, tangible, and financial benefit towards customer's bank selection in Vietnam.

5.2.1 For The Bank

With the wider variety of services that financial institutions offers nowadays, Vietnamese banks are under the process of moving into a more competitive financial atmosphere. The key to exist long –term for each banks or financial institution in this industry is grasping the customer's need to attract them from the rivals.

Based on the finding of the study, researcher forwards the following recommendations to Vietinbank in particular:

The first, the bank should enhance the service quality. Customers have a tendency to place more emphasis on factors like service, financial benefits, and reputation of a bank when they decide to choose that bank. There are just around half of in sum of 360 respondents are satisfied with the service quality of Vietinbank. The bank should offer more range of service and enhance the service quality. Widen their branches and ATM systems. Conduct the connection again the entire transaction network in Binh Duong, have rearrangement plan, arrange new transaction sites and conduct the connection in payment between branches of CTG in Binh Duong and between CTG with the other banks from that create absolute convenience for customer when they do transactions. And organize more conferences / workshops to recommend new products / service to customers.

It is important to frequently update complaints from customer and to respond to those complaints in time.

The training and re-training for staff and transaction employees play a not less important role. Especially, the staff's professional knowledge, foreign language and computer skills must meet the need of business dealing.

The bank should build bank image as respect the commitments to customers; promoting the contributions to society and the community as implementation. Develop strategies for sustainable development. Ensure service quality accurately and quickly. Enhance customer relationship.

Convenient is important to customers cause they do not want waste their time. The bank should give proper attention on improving the location.

The customers do not want to waste their time in standing in a long queue. Vietinbank, Binh Duong branch should provide speedy, customized and value such as ATM, E-Banking, and phone bank

The second, the bank ensure the competitiveness about financial benefits.

Conduct surveys on prices of service of services in a number of other banks to reconsider the pricing policies of bank. And, application of special interest to the deposit / savings amount more.

5.2.2 For the Future Researchers

From this research, the factor studies are limited to three based on the previous research that play important role on having influencing on customer's bank choice. It can be seen in previous researches there were other factors such as secure feelings, proximity, attractiveness, reputation of bank and price with researcher did not mention. The future researchers should analyze more about those other factors to have a complete point of view and a deeper analysis about customer's bank choice criteria.

Researcher did the study with a specific case study in Vietinbank, Binh Duong branch, in Vietnam with small sample size. This survey collected the data within 20 days and through personal websites and to participant already knowing how to use internet only. Hence, the future researchers are recommended to expand the analyze size area by doing researcher in a district or a city, and make a survey with larger sample size with represents all classes of society in a long period to deeper understand customers perception about bank service and customer's bank selection. The result maybe more general if the future researcher make survey on a large scale with nationwide.

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APPENDICES

Survey Questionnaire

Hello Everyone,

My name is Le Thi Thanh Tuyen, major in Banking and Finance, Faculty of Economics, President University, Indonesia. This questionnaire is designed to gather information about the major determine the factors influence to customer's decision when select a bank in Vietnam. All response will be used to conduct a study for the partial fulfillment of bachelor Thesis in Banking and Finance from President University in Indonesia, and as a reference for banks to improve their service delivery. Your participation in this survey is greatly appreciated. Thanks!

Note: please put a “√” mark to all your answer in this square provided beside to each question.

Part I: Personal Information:

1. **Gender of respondent:** Male Female

2. **Age of respondent:**
18 – 28 years 29- 39 years 40-49 years above 49 year

3. **Marital Status:** Single Married

4. **Occupation:** Student Business man Employee Teacher

5. **Level of Education:** Diploma Bachelor Degree Master Others

6. Could you indicate in which category your monthly income belongs?

- < VND 2.5 million VND 2.5 – 7.5 million
>VND 7.5 -12.5 millions >12.5 – 17.5 million
Above VND 17.5 million

Part II: Respondent's Feedback

7. What type of services do you use in Vietinbank? (you can tick more than 1 answer)

- Saving account Loan Transfer
ATM service Credit Card

8. By what way did you hear and learn about the Bank service of Vietinbank?

- Families, friends or colleagues
Banking Staffs
Bank's Official Website
Television, newspaper, magazines

Part III: Bank Selection Criteria

Please **circle one number** for each statement by using the following scale ranging from “**strongly disagree**” to “**strongly agree**”

Question	Scale				
	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
1. Staff's uniform is tidy and elegant	1	2	3	4	5
2. Knowledge and skill of staff.	1	2	3	4	5
3. Customer can contact easily with the staffs who responsible for the customer service.	1	2	3	4	5
4. Customer get the answer about the loan from the bank that you cooperated in the soonest time.	1	2	3	4	5
5. The banks bring trust and safety to customer.	1	2	3	4	5
6. Staffs of the bank are always polite and friendly.	1	2	3	4	5
7. Staffs of the banks that you cooperate understand clearly customer's demand and ready to consult, help the customer to choose the most suitable services for customer.	1	2	3	4	5
8. The working hours of the bank that you cooperate are flexible and convenient for customer	1	2	3	4	5
9. The ATMs of banks with sufficient in number?	1	2	3	4	5
10. The bank has parking place is convenient for customer.	1	2	3	4	5
11. Information about loan is always updated monthly by documents.	1	2	3	4	5
12. Satisfaction of the time waiting for service.	1	2	3	4	5
13. Satisfaction with the layout, atmosphere and clean.	1	2	3	4	5
14. The branches of bank are convenient for customer's transaction.	1	2	3	4	5
15. Sufficient number of cashier.	1	2	3	4	5
16. The environment in the bank makes customers comfortable.	1	2	3	4	5
17. The bank has reputation on market	1	2	3	4	5
18. The bank is a government owned	1	2	3	4	5

bank					
19. Mass Media advertisement	1	2	3	4	5
20. The bank has great career development / sponsor program	1	2	3	4	5
21. Influential marketing campaign	1	2	3	4	5
22. The bank launches marketing activities effectively and efficiently	1	2	3	4	5
23. The bank offers low interest rates on loans.	1	2	3	4	5
24. The bank offers higher return (interest) on savings.	1	2	3	4	5
25. The bank collects low commission/ charges.	1	2	3	4	5
26. Interest and fees for Loan at the bank you cooperate is set clearly and reasonably.	1	2	3	4	5
27. Fees which have to be paid during the loan at the bank you cooperate are lower than other banks.	1	2	3	4	5
28. The bank has stable finance.	1	2	3	4	5
29. Parents recommend/ influence	1	2	3	4	5
30. The school/ work use same bank	1	2	3	4	5
31. Friends recommend a bank to you	1	2	3	4	5
32. Relatives recommend a bank to you	1	2	3	4	5
33. Do you think service quality affect customers' decision when select a bank?	1	2	3	4	5
34. Do you think reputation of bank affect customers' decision when select a bank?	1	2	3	4	5
35. Do you think marketing affect customers' decision when select a bank?	1	2	3	4	5
36. Do you think financial benefit affect customers' decision when select a bank?	1	2	3	4	5
37. Do you think recommendation affect to customers' decision when select a bank?	1	2	3	4	5

BẢNG CÂU HỎI

Xin Chào các bạn,

Tôi tên là Lê Thị Thanh Tuyền, chuyên ngành tài chính và ngân hàng, khoa kinh tế trường Đại Học President tại Indonesia. Bảng câu hỏi khảo sát này được đưa ra nhằm tìm ra những yếu tố ảnh hưởng đến sự lựa chọn ngân hàng của khách hàng tại Việt Nam. Tất cả các câu trả lời thu thập được sẽ được dùng làm dữ liệu cho bài luận án tốt nghiệp của tôi tại trường Đại Học President ở Indonesia. Nó cũng được dùng làm bảng tham khảo giúp ngân hàng Vietinbank phát triển nhiều hơn nữa dịch vụ của họ. Rất mong nhận được sự giúp đỡ của các bạn để tôi hoàn thành tốt bài luận án của mình. Cảm Ơn!

Chú ý: các bạn dùng “√” cho phần I và II được cung cấp phía dưới.

Phần I: Thông Tin Cá Nhân

1. **Giới Tính:** Nam Nữ
2. **Tuổi:**
18 – 28 29-39 40-49 Trên 49 Tuổi
3. **Hôn Nhân:** Độc thân Kết hôn
4. **Nghề Nghiệp:**
Học sinh Doanh nhân Nhân viên Giáo Viên
5. **Trình độ học vấn**
Phổ Thông Đại Học Thạc Sỹ Khác

6. **Bạn có thể cho biết thu nhập 1 tháng của bạn là bao nhiêu?**

< 2.5 triệu đồng

từ 2.5 – 7.5 triệu đồng

>7.5 – 12.5 triệu đồng

>12.5 – 17.5 triệu đồng

Trên 17.5 triệu Đồng

Phần II: Ý kiến phản Hồi

7. **Bạn sử dụng dịch vụ nào của Vietinbank? (không giới hạn đánh dấu, có thể nhiều hơn 1 dịch vụ)**

Gửi tiết kiệm

Vay

chuyển Tiền

ATM

Sử dụng thẻ

8. **Bằng cách nào bạn biết được những dịch vụ của Vietinbank?**

Gia đình, bạn bè, hoặc Trường học

Nhân viên ngân hàng

Websit của ngân hàng

TV, báo, tạp chí

Phần III: Yếu tố lựa chọn ngân hàng

Khoanh tròn 1 số cho mỗi quan điểm tuân theo mức độ từ “rất phản đối” đến “Rất đồng ý”

Câu hỏi	Mức Độ				
	Rất phản đôi (1)	Không Đồng ý (2)	Tạm (3)	Đồng ý (4)	Rất đồng ý (5)
1. đồng phục của nhân viên: gọn gàng và thanh lịch	1	2	3	4	5
2. kiến thức và kỹ năng của nhân viên	1	2	3	4	5
3. Khách hàng dễ dàng liên hệ với nhân viên, phòng dịch vụ khách hàng	1	2	3	4	5
4. khách hàng nhận được trả lời về khoản vay tại ngân hàng trong thời gian sớm nhất.	1	2	3	4	5
5. Ngân hàng mang đến niềm tin và sự an toàn cho khách hàng.	1	2	3	4	5
6. Nhân viên ngân hàng luôn luôn giao tiếp lịch sự và thân thiện.	1	2	3	4	5
7. Nhân viên ngân hàng hiểu rõ về nhu cầu của khách hàng, sẵn sàng giải thích và giúp khách hàng lựa chọn những dịch vụ tốt nhất.	1	2	3	4	5
8. thời gian làm việc của ngân hàng: thoải mái và thuận cho khách hàng.	1	2	3	4	5
9. Số lượng cây ATM đủ.	1	2	3	4	5
10. Nơi gửi xe thuận tiện cho khách hàng.	1	2	3	4	5
11. thông tin về các khoản vay được cập nhật hàng tháng.	1	2	3	4	5

12. hài lòng trong thời gian chờ dịch vụ.	1	2	3	4	5
13. hài lòng với không gian , không khí và sạch sẽ của ngân hàng.	1	2	3	4	5
14. khách hàng thuận tiện thực hiện giao dịch tại các chi nhánh của ngân hàng.	1	2	3	4	5
15. số lượng thu ngân đầy đủ.	1	2	3	4	5
16. môi trường làm việc tại ngân hàng giúp khách hàng cảm thấy thoải mái.	1	2	3	4	5
17. Vietinbank nổi tiếng trong thị trường ngân hàng.	1	2	3	4	5
18. Vietinbank thuộc ngân hàng nhà nước.	1	2	3	4	5
19. quảng cáo trên các phương tiện truyền thông.	1	2	3	4	5
20. Ngân hàng có các chương trình phát triển sự nghiệp.	1	2	3	4	5
21. Ảnh hưởng của sự quảng bá, tiếp thị	1	2	3	4	5
22. Hoạt động quảng bá, tiếp thị hiệu quả.	1	2	3	4	5
23. Phí cho vay tại Vietinbank thấp.	1	2	3	4	5
24. lãi Suất gửi tiết kiệm cao.	1	2	3	4	5
25. Vietinbank thu phí thấp.	1	2	3	4	5
26. lãi suất và phí tại Vietinbank ghi chú rõ ràng và hợp lí.	1	2	3	4	5
27. Trong thời gian vay tại ngân hàng lệ phí phải trả thấp hơn các ngân hàng khác.	1	2	3	4	5
28. Vietinbank có tài chính vững chắc.	1	2	3	4	5
29. Được cha, mẹ hướng dẫn chọn.	1	2	3	4	5
30. trường học hoặc nơi làm việc sử dụng Vietinbank.	1	2	3	4	5

31. Bạn bè giới thiệu ngân hàng cho bạn.	1	2	3	4	5
32. người quen giới thiệu cho bạn.	1	2	3	4	5
33. Bạn có nghĩ rằng chất lượng dịch vụ” ảnh hưởng đến sự lựa chọn của khách hàng?	1	2	3	4	5
34. Bạn có nghĩ rằng danh tiếng ảnh hưởng đến sự lựa chọn của khách hàng?	1	2	3	4	5
35. Bạn có nghĩ rằng hoạt động tiếp thị, quảng bá ảnh hưởng để lựa chọn của khách hàng?	1	2	3	4	5
36. Bạn có nghĩ rằng lợi ích tài chính ảnh hưởng đến lựa chọn của khách hàng?	1	2	3	4	5
37. bạn có nghĩ rằng sự giới thiệu có ảnh hưởng đến lựa chọn của khách hàng?	1	2	3	4	5