



Investigating determinants of competitiveness of the retail banking service in Vietnam: a customer approach

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Received: 26 February 2020; **Revised:** 20 April 2020; **Accepted:** 22 April 2020

<https://doi.org/10.38203/jiem.020.1.0006>

Abstract

This study is conducted to clarify the impact of the factors on the competitiveness of retail banking services in Vietnam's commercial banks from the customer's approach. The hypothesis in this paper is proposed that the competitiveness of retail banking services is related to the following factors: service quality, fees, distribution channels, promotion activities, and brand. The data is used from the survey conducted by 438 individual customers who have been using retail banking services in Vietnam's big cities. This paper shows that the specific factors which are positively impact the competitiveness of retail banking services in Vietnam can be seen as prices (service fees), promotion activities, brand and distribution channels and service quality. The findings in this research could be an academic basis towards the improvement of the policies for retail banking services in Vietnam.

Keywords: Competitiveness, Commercial bank, Customer approach, Retail banking service, Vietnam

1. Introduction

Vietnam's banking industry has been through nearly 70 years of improvement and has been playing a greater role in the economy development. Since the first renovation in 1986, the banking industry has evolved significantly. At the end of 2019, there were 01 Co-Op Bank, 02 policy banks, 02 people's credit funds, 04 state-owned commercial banks, 31 joint stock

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commercial banks; 02 joint venture banks, and 09 foreign commercial banks in the banking sector (State Bank, 2019). Many experts assess that the size of retail banking market in Vietnam will grow strongly in the upcoming time as the population is predicted to be about 105.22 million people in 2030 (GSO,2016), and GDP per capita in Vietnam is expected to reach USD 3,931 per person (ADB, 2019). Vietnam has a young population with 70% of the total population being under 35 years old. Besides, an emerging middle class, currently accounts for 13% of the population, is expected to reach 26% by 2026 (World Bank, 2019). The attractiveness of Vietnam's retail market has led to a strong competitive trend in the banking industry, pushing most of the banks to orient their strategies towards improving the competitiveness in order to attract customers, especially in the retail banking market. Normally, the achievement of a bank is determined by its competitive competence while the success of a service provider depends on the high quality relationship with customers (Panda, 2003), which in return will help increase customer loyalty and satisfaction (Lo *et al.*, 2010); and thereby generating businesses to reduce the cost of attracting new customers (Kotler *et al.*, 2006), and increasing the repeat purchasing behavior of customers. The objectives of this study is to verify the model to find out factors having significant impact on the competitiveness of retail banking services in the context of customer approach, and some implications to improve the competitiveness of retail banking services in Vietnam's commercial banks in the next few years.

2. Literature review

2.1 Level of competitiveness

Competitiveness is a multidimensional concept. It can be looked at from three different levels: country, industry, and firm level. It originated from the Latin word which means involvement in a business rivalry for markets. It has become common to describe economic strength of an entity with respect to its competitors in the global economy in which goods, services, people, skills, and ideas move freely across geographical borders (Ajitabh and Momaya, 2004). Accordingly, a company is considered to be competitive if it can produce and provide high quality products and services at low cost as compared to other domestic and international competitors (D'Cruz and Rugman, 1992). These advantages need to be continuously maintained and developed (Porter, 1998). Sanchez and Heene (2004) suppose that a company's competitiveness is the ability to maintain, employ, and coordinate resources and capabilities in a way that helps the company achieve its goals. According to Porter (1998, 2008), competitiveness means the ability to maintain and improve the competitive advantages of businesses continuously in the context of rapidly changing business environment.

The modern theory of competition indicates that competition does not mean finding the ways to eradicate competitors, but giving customers superior value (Porter, 2008), creating new value (Kim and Mauborgne, 2004) or a combination of bring higher and novel added value to customers and then encouraging them to choose the company (Ton, 2004). In fact, customers only buy products that bring them the highest added value according to their perception (Ton, 2004). In this approach, the competitiveness of a product is one of the main

factors that creates the competitiveness of an enterprise. Chursin and Makarov (2015) argue that a product's competitiveness is its ability to better meet consumers' demand in a target market and provides higher value to that enterprise than to competitors. As a result, competitive advantages will encourage customers to use more of products/services in a shorter time than competitors in the market (Bui, 2005).

Many studies on competition in the banking industry have been conducted in the world in recent years: (Dick, 2007; Mbalectures, 2010; Uddin and Suzuki, 2014; Enaworu *et al.*, 2018). Uddin and Suzuki (2014) show that competition can reduce banks' business performance. With respect to the business environment of the financial institutions, the banks are being put in the competition where they have to compete with other financial institutions regarding deposits, credits, as well as saving rates. In this competition, the banks usually increase their interest rates in order to attract customers' deposits, however, the decrease in their profits are inevitable. The increase in deposits also leads to an increase in capital cost for these banks, thus disrupting their cash flow and ability to get funds to lend to customers and therefore reducing their profit margin. Despite the competitors and the intense competitive environment, there are other factors of success in the banking sector such as: service quality (Dick, 2007; Mbalectures, 2010; Enaworu *et al.*, 2018), advertising, branch and ATM network, number of years in operations (Dick, 2007; Uddin and Suzuki, 2014), brand image, size of the bank (Mbalectures, 2010). This study is aimed to examine the impact of factors that can affect the competitiveness of retail banking services in Vietnam.

2.2 Service quality and competitiveness of service

Service quality is defined as the gap between the customer's expectations about a service and their perception of the way the service is performed (Zeithaml *et al.*, 1985; 1988; Caruana, 2002; Lo *et al.*, 2010). Some researches prove that service quality have influenced business success. It helps increase firm profit (Levesque and Mc. Dougal, 1996; Duncan and Elliot, 2002, Lo *et al.*, 2010), market share, promote customer satisfaction and loyalty through repurchase intentions (Caruana, 2002; Lo *et al.*, 2010). In the researches on service quality measurement, SERVQUAL model (Parasuaraman, 1988, 1991) is popular and widely applied in several industries such as retail, restaurant, banking, telecommunication, aviation, hotel, health care, and education. Many authors use the SERVQUAL scale to measure the quality of banking service (Othman and Owen, 2001; Lo *et al.*, 2010; Dinh and Pickler, 2012; Lau *et al.*, 2013). According to SERVQUAL model (Parasuaraman *et al.*, 1991), there are five factors that measure the quality of banking services, including: (1) Tangibles, (2) Reliability, (3) Responsiveness, (4) Assurance, (5) Empathy.

2.3 Prices and competitiveness of service

The central role of price as a purchasing determinant as well as in post-purchasing process is well recognized. More than half customers switched banks because of poor price perception compared to competitors. Varki and Colgate (2001) arrive at the similar results in their study

of banking industry. They conclude that price perception directly influences the customer satisfaction, the likelihood of switching, and the likelihood of recommendation to others. Most of such studies that examine the price effect to the customer's perception of a product or a service have actually looked into single dimension of the price (Campbell, 1999; Xia *et al.*, 2004; Fornell *et al.*, 1996; Varki and Colgate, 2001). But Matzler and Renzl (2006) find out that the price is in fact a multidimensional construct consisting of five dimensions: (1) price transparency, (2) price/quality ratio, (3) relative price, (4) price reliability, and (5) price fairness.

2.4 Banking channels and competitiveness of service

The distribution channels of the banks in this study can be understood as a multi channel, including the traditional distribution channels (branches) and electronic channels (internet banking, mobile banking, telephone banking). Many studies have shown that banking channel (e.g. convenient location, hours of operation, branches) is one of the most important factors influencing consumer bank choice (Kazeh and Decker, 1993; Siddique, 2012; Lelissa and Lelissa, 2017). According to Mols *et al.* (1999), retail banks need to identify profitable customer segments attracted to each type of distribution channels, from which they can make decisions on which channels are suitable to offer to their present and future customers to enhance their customer accessibility and satisfaction in retail banking services.

2.5 Promotion and competitiveness of service

Kotler *et al.* (2006) defines promotion as all the activities that a company undertakes to advertise and promotes its products to the targeted market. The competitiveness of retail banking services could be enhanced through promotion activities. These are various direct ways for banks to reach the public and targeted customers through advertising, promotion, personal sale, public relation and direct marketing (Czinkota et al, 2004; Aliata *et al.*, 2012). In the banking and finance sector, banking employees play a key part in achieving customer satisfaction through outreach, answering customer's questions and persuade customers to use banking services (Sarin, 2007). Advertising is very important for banks (Ananda and Murugaiah, 2003). Promotion helps to significantly improve sales (Das and Kumar, 2009) but tends to attract consumers towards switching bank rather than long-term loyalty (Channon, 1985). Finally, public relation (PR) is a tool that helps banks build good relationships with the targeted stakeholders (Kotler and Armstrong, 2005, cited by Aliata *et al.*, 2012). Bank managers often use a combination of PR and other promotion tools such as advertising, sales promotion to directly support the promotion of new services and enhance brand image of the bank to the community.

2.6 Brand and competitiveness of service

Brand plays a vital role in the service companies because a strong brand can increase the customers' trust in the invisible purchase (Berry, 2000). Brand is intangible, hard to imagine and often categorized as experienced and prestigious product group (Zeithaml *et al.*, 1993),

therefore, customers can only evaluate the service after consuming (experiencing). On the other hands, the level of risk regarding intangible services is higher than tangible products (Laroche *et al.*, 2003; Laroche *et al.*, 2004) therefore, a strong brand can reduce consumers' awareness of risks and increase their trust in the company, especially when consumers are faced with complicated purchasing choices (Keller, 1993). This research uses the service-branding model (Berry, 2000). Accordingly, a brand equity is impacted by two main components: (1) Brand awareness, and (2) Brand meaning.

2.7 Research theoretical model and hypotheses

Research model and hypotheses are presented in Figure 1. This model shows the relationship among service quality, service fee, distribution channel, promotion capacity, service brand and the competitiveness of retail banking services.

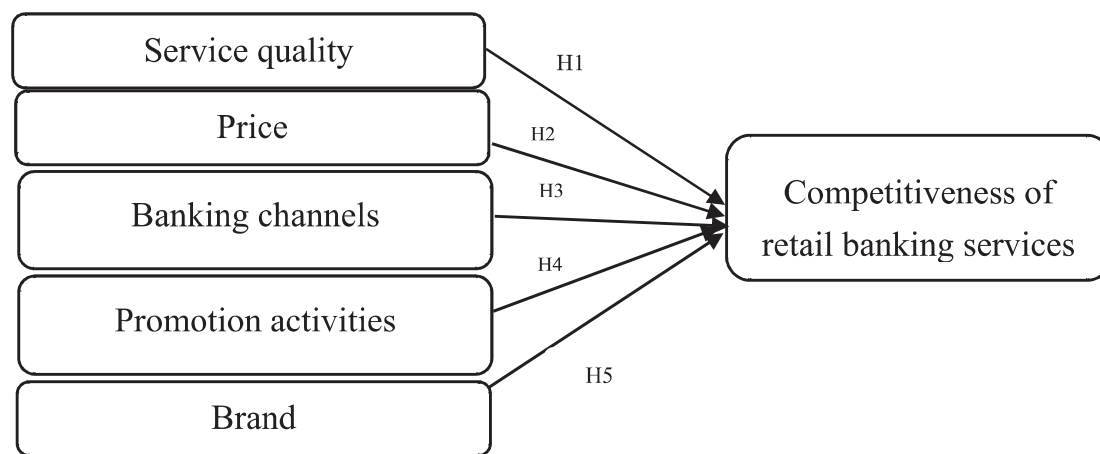


Figure 1. Research model of competitiveness of retail banking services

Source: Authors' collection

The research hypotheses are that:

H1: Service quality has a positive relationship with competitiveness of retail banking services.

H2: Price has a positive relationship with competitiveness of retail banking services.

H3: Banking channel has a positive relationship with competitiveness of retail banking services.

H4: Promotion activities has a positive relationship with competitiveness of retail banking services.

H5: Brand has a positive relationship with competitiveness of retail banking services.

3. Research methodology

3.1 Population and sample

Population of the study consisted of all Vietnamese commercial banks in 2019. A convenient sample from the population of the study was selected. As known, a convenient sample is one of the easiest sampling procedures used in the marketing literature. The questionnaire was distributed during 4 months from December 2018 to March 2019, using paper questionnaire as well as via google form – a web based software survey tool of Google.

A convenience sample of 500 customers working for various types of commercial banks in some big cities in Vietnam, such as: Hanoi, Quang Ninh, Da Nang, Ho Chi Minh City was used in this survey. Finally, 438 questionnaires were correct and valid for this study, because other people did not cooperate with the researchers in this regard. The purpose of this main survey was to validate the measures and to test the structural model. Cronbach's alpha was utilized to assess the measures and linear regression analysis employed to test the theoretical model and hypotheses.

3.2 Data collection

The data has been collected through two ways, either primary or secondary data: Secondary data was collected by reviewing previous literature, books, reports and publications relating to internal, and primary data was collected by using questionnaire.

This paper uses a mix of qualitative research method and quantitative research method. Initially, the authors conducted a series of in – depth interviews in the pilot study (preliminary research) in Hanoi to modify the measurement by examining. Although most of the measures of constructs have been available in the literature, this step is important to make them appropriate for the context of this study (retail banking services). The quantitative pilot study was undertaken by face – to – face interviews with 50 customers to refine the scales. Cronbach's alpha reliability and EFA were used to preliminarily assess the scales.

The main survey was also carried out by using questionnaire in paper together with via google form. The questionnaire is separated into 2 parts. The first part is the demographic survey related to the following criterias: gender, age, living area, educational level, monthly income and occupation. The second part of the questionnaire is the customer's assessments of the competitiveness components of the retail banking services, including 05 independent variables and 01 dependent variable along with 54 items for all 6 these variables. This measurement bases on a 5–point Likert rating scale which is: 1 = strongly disagree, 2 = disagree; 3 = neither agree nor disagree; 4 = somewhat agree and 5 = strongly agree.

This study adopted Brislin's back translation process (Brislin, 1970) in order to ensure the content and face validity of all the scales. In accordance with the process, one of the authors and a doctor from Vietnam firstly translated and then back translated the scales from English into Vietnamese and back to English.

Table 1. The factors and scale to measure the competitiveness of retail banking services

The factor	Number of scales	Author
Service quality (CLDV)	18	Zeithaml <i>et al.</i> (1988,1991); Othman and Owen (2001); Dinh and Pickler (2012); Lau <i>et al.</i> (2013)
Price (GIA)	13	Matzler and Renzl (2006)
Banking channel (PP)	06	Wan <i>et al.</i> (2004); Doan (2016)
Promotion activities (XT)	09	Le (2013); Phung (2012);
Brand (TH)	04	Yoo <i>et al.</i> (2000); Yasin and Aziz (2010)
Total competitiveness of the service	04	Goldsmith and Clutterbuck (1992); Kiselakova and Kiaselas (2013)

Source: Authors' collection

3.3 Method for data analysis

Data in this study was collected by using paper questionnaire as well as via google form, this is a quantitative primary data, before analyzing it we had to clean data such as checking for missing data, removing outlier, removing incorrect value, duplicate etc. Next, cleaned data were organized by excel tools, a matrix with first row was as variable names, then we entered data which collected by paper questionnaire after that data was imported in statistical software SPSS to analyze. Finally results were exported and written in next section of this paper.

The study first used exploratory factor analysis (EFA) with principal components method and varimax rotation, then scale measurement was refined via Cronbach's alpha reliability, next correlation analysis was used to consider whether between independent variables and dependent variable correlated or not, finally multiple linear regression analysis technique was employed with OLS method to test the theoretical model and hypotheses.

4. Research results

4.1 Demographic profile of the respondents

The frequency of the customers is related to gender, age group, educational qualification, monthly income, occupation, region and the bank usage.

Table 2. Demographic profile of respondents

		Descriptive statistics	
		Frequency	Percentage %
Gender	1. Female	252	61.5
	2. Male	158	38.5
	Total	410	100.0
Age group	1 Under 20 years-old	16	3.7
	2 From 20 to 30	153	35.0
	3 From 31 to 40	206	47.1
	4 From 41 to 50	45	10.3
	5 Over 50 years-old	17	3.9
	Total	437	100.0
Level of education	High school	75	17.2
	Undergraduate	237	54.5
	Post-graduate	106	24.4
	Doctorate	17	3.9
	Total	435	100.0
Monthly Income (VND/month)	< 10.000.000	156	37.4
	11.000.000 – 20.000.000	196	47.0
	21.000.000 – 30.000.000	32	7.7
	31.000.000 – 40.000.000	20	4.8
	> 41.000.000	13	3.1
	Total	417	100.0
Occupation	Students	54	13.1
	Officer	210	50.7
	Saleperson	121	29.2
	Farmer	15	3.6
	Others	14	3.4
	Total	414	100.0

		Descriptive statistics	
		Frequency	Percentage %
Region	Hà Nội	241	55.0
	Đà Nẵng	59	13.5
	TP Hồ Chí Minh	50	11.4
	Other province	88	20.1
	Total	438	100.0
Bank	State-owned bank	244	55.7
	Commercial bank	194	44.3
	Total	438	100.0

Source: Authors' collection

It can be seen from Table 2 that demographic profile of respondents is representative of the population. Gender distribution of the respondents showed that the majority of the respondents were female (n = 252) equivalent to 61.46% of the sample, while males were (n = 158) constituting 38.54% of the total sample. The vast majority of customers are in the age group of 20 - 40 years. With regards to the level of education, more than a third quarter are having undergraduate and post-graduate degree. The table shows the values that just under one half of the customers have the income of 11 – 20 millions VND, while more than a third of the customers have the income under 10 millions VND. Furthermore, the survey respondents were asked to identify they nature of occupation with 80% were officers and salespersons. More than one half of customers came from Hanoi. Last but not the least, the data was collected from both state-owned banks (namely “big four” consisting of Agribank, BIDV, Vietcombank and Vietinbank) and private commercial banks with the same percentage, 55.7 % and 44.3% respectively.

4.2 EFA analysis

EFA was conducted to assess unidimensionality. A principal axis factoring was performed on the scale using a promax rotation that showed the factor loadings for the scale. After performing the principal axis factoring analysis with varimax rotation, items were identified for reduction or removal from the rotated, pattern matrix table, any items having a factor loading of 0.5 or less were removed. The KMO (Kaiser-Meyer-olkin) for this study which is 0.8 is well above the minimal value of 0.5. The result of the factor analysis revealed that the 28 items scales were grouped into 5 dimensions that had Eigenvalue of more than 1.

4.3 EFA with independent variables

Results from the analysis show that the factor loading coefficients are greater than 0.5, KMO coefficients of 0.969 is greater than 0.5, the Barlett test exposes statistical significance (p-value

< 0.05) eigenvalue value is greater than 1, the variance is greater than 50%. These numbers demonstrated that using EFA method is appropriate. The observations formed 4 key factors. All items of independent variables were factor-analyzed using the Varimax method with a 0.5 loading cut-off point, resulting in our factors totaling 41 items.

Table 3. KMO and Bartlett’s Test of independent variables

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.969
Bartlett’s Test of Sphericity	Approx. Chi-Square	13500.79
	Df	820.0
	Sig.	0.000

Table 4. Rotated Component Matrix

	Factor			
	1	2	3	4
CL4	0.840			
CL10	0.820			
CL7	0.807			
CL9	0.786			
CL8	0.759			
CL3	0.697			
CL2	0.693			
CL11	0.686			
CL13	0.659			
CL12	0.625			
CL1	0.598			
CL5	0.529			
CL6	0.521			
CL16	0.505			
CL18	0.487			
CL15	0.449			
TH1		0.908		
TH3		0.793		
PP2		0.754		

	Factor			
	1	2	3	4
PP3		0.754		
TH2		0.750		
PP4		0.662		
PP1		0.645		
PP6		0.574		
PP5		0.566		
GIA7			0.866	
GIA11			0.783	
GIA2			0.747	
GIA6			0.743	
GIA10			0.680	
GIA9			0.642	
GIA8			0.630	
GIA13			0.628	
GIA15			0.482	
GIA1			0.413	
XT6				0.803
XT8				0.736
XT9				0.707
XT7				0.663
XT5				0.626
TH5				0.443

Source: Authors' compilation

EFA with dependent variables: Data analysis showed that from 4 observed variables, only one factor is extracted, all loading coefficients are greater than 0.5, KMO coefficients being 0.84 is greater than 0.5, Bartlett has statistical significance (p-value < 0.05), explaining variance being 79.39% is greater than 50%. These results suggested that EFA method with research data is consistent (Table 3). The dependent variable "Total competitiveness" is just a single factor, or in other words, it's a unidirectional concept study.

Table 5. KMO and Bartlett's Test of dependent variables

Items	Factor loading	Eigenvalue	Explained variance
NLTT3	0.887	3.176	79.391
NLTT2	0.852		
NLTT1	0.837		
NLTT4	0.830		

Source: Authors' calculation

4.4 Reliability analysis

Cronbach alpha of scale (Cronbach, 1951) is used to measure the reliability factor. Cronbach alpha is higher than 0,6; and item and total correlation is higher than 0,3 (Nunnally and Bernstein, 1994). The reliability analysis was also carried out for the modified/ refine measurement. Table 5 shows/indicates that the Cronbach alpha of the scale of all factors was high, at around 0.9 and Cronbach alpha of each item – total correlation was greater than 0.3. The high reliability of scale indicates that the scale is suitable for measuring all of the main factors.

Table 6. Cronbach's Alpha Measurements

Scale	Number of items	Cronbach alpha	Corrected item - total correlation
Service quality (CL)	16	0.958	0.664
Price (GIA)	10	0.933	0.606
Banking channel and brand (PP-TH)	9	0.936	0.704
Promotion (XT)	6	0.874	0.521
Competitiveness (NLTT)	4	0.892	0.748

Source: Authors' calculation

4.5 Correlation analysis

Table 7 suggests that the correlation between independent variable and dependent variable is significant. Specially, the table shows the individual correlation coefficients computed among the 5 evaluation variables of service quality, price, place and brand, promotion and competitiveness for retail bank customers. Correlation matrix showed that all the values of Pearson Correlation coefficient were between 0.714 and 0.739. Thus, it was impossible for two or more predictors to contain much of the same information. So, these factors were so suitable for the factors of theoretical that they include 5 factors (including predictors and dependent variables) such as service quality, price, place and brand, promotion and competitiveness.

Table 7. Correlation matrix

		NLTT	CL	TH-PP	GIA	XT
NLTT	Pearson correlation	1	0.739**	0.739**	0.739**	0.714**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	369	369	369	369	369
CL	Pearson correlation	0.739**	1	0.802**	0.798**	0.730**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	369	438	437	438	437
TH-PP	Pearson correlation	0.739**	0.802**	1	0.722**	0.713**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	369	437	437	437	437
GIA	Pearson correlation	0.739**	0.798**	0.722**	1	0.706**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	369	438	437	438	437
XT	Pearson correlation	0.714**	0.730**	0.713**	0.706**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	369	437	437	437	437

Source: Authors' calculation

4.6 Regression analysis and hypothesis testing

4.6.1 Determining how well the model fits

In order to test the theoretical model and hypotheses this study utilized regression analysis technique with OLS method. Dependent variable was total competitiveness NLTT while independent variables were service quality, prices, branding-place and promotion.

Table 8 is the model summary, this table provides the R, R² adjusted R² and the standard error of the estimate, which can be used to determine how well a regression model fits the data.

Table 8. A model summary by competitiveness

Model	R	R ²	adjusted R ²	Std Error of the estimate
1	0.840 ^a	0.706	0.702	0.39244

a. (Constant), CL, GIA, TH-PP, XT

b. dependent variable: NLTT

Source: Authors' calculation

Table 8 contains the model summary by competitiveness. The R-square statistic for the predictor variables combined was 0.706, which indicated that the model accounted for 70.6% of the variability of our dependent variable, competitiveness (NLTT), and 29.4% of the variation was caused by the factors other than the predictors included in this model. The

R-square statistic for the predictor variables was fairly high, so four independent variables indicate a good level of prediction. These are good for explaining and predicting in the model.

The standard error of the estimate (0.39244) of a model fit is a measure of the precision of the model. It is the standard deviation of the residuals. It showed how wrong one could be if we used the regression model to make predictions or to estimate the dependent variable. As R-square increases, the standard error will decrease. On average, our estimate of competitiveness with this model will be wrong by 0.39 which is not an ignorable amount given the scale of competitiveness. Hence, the standard error is wished to be as small as possible

4.6.2 Statistical significance of the model

The F-ratio in the ANOVA (Table 9) tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable, $F(4, 364) = 218.051, p(.001) < .05$ (the regression model is a good fit of the data).

Table 9. ANOVA^a

Model		Sum of square	Df	Mean square	F	Sig.
1	Regression	134.329	4	33.582	218.051	0.000b
	Residual	55.606	364	0.154		
	Total	190.390	368			

a. NLTT

b. (Constant), CL, GIA, TH-PP, XT

Source: Authors' calculation

4.6.3 Statistical significance of the independent variables

Statistical significance of each of the independent variables tests whether the unstandardized or standardized coefficients are significant or not. It can be seen from table 10 that sig. column < 0.05 , the tests tell us that service quality $p(0.002) < 0.05$, place and brand $p(0.000) < 0.05$, price $p(0.000) < 0.05$ and promotion $p(0.000) < 0.05$ are significant. This means that all of explanatory variable is useful in the model.

Table 10. Predictor variable regression analysis by competitiveness

Model	Unstandardized Coefficients		Standardized Coefficients	t Statistics	Sig.	Collinearity	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-0.107	0.132		-0.812	0.417		
CL	0.183	0.058	0.160	3.157	0.002	0.315	3.174
TH-PP	0.304	0.049	0.278	6.166	0.000	0.398	2.510
GIA	0.296	0.049	0.275	6.046	0.000	0.391	2.556
XT	0.242	0.040	0.250	6.060	0.000	0.474	2.112

Source: Authors' calculation

As the standard error of model fit discussed above, the standard error of the coefficients in regression output is also wished to be as small as possible. It can be seen from Table 10, all of its standard errors (range between 0.04 and 0.058) are small.

The general form of the equation to predict competitiveness from service quality, place and brand, price and promotion is:

$$NLTT = - 0.107 + 0.183*CL + 0.304*THPP + 0.296*PHI + 0.242*XT \quad (1)$$

Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. The regression coefficient provides the expected change in the dependent variable (here: competitiveness) for a one-unit increase in the independent variable.

Accordingly, standardized coefficients are called beta weights, given in the “Beta” column. The beta weight measure how much the outcome variable increases when the predictor variable is increased by one standard deviation assuming other variables in the model are held constant. These are useful measures to rank the predictor variables based on their contribution (irrespective of sign) in explaining the outcome variable. Hence, in this model, banking channels and brand is the highest contributing (beta = 0.278) predictor to explain competitiveness and the next is Price (beta = 0.275), and promotion (beta = 0.250), lowest contributing predictor is service quality factor (beta = 0.160).

The information in Table 10 above also allows us to check for multicollinearity. A common rule of thumb: for any predictor $VIF > 10$ should be examined for possible multicollinearity problem. In our multiple linear regression model $VIF < 10$, so there is no multicollinearity problem.

5. Discussion and limitations

Thus, the research results show that, among 5 factors in the model, there are four factors affecting the competitiveness of retail banking service of Vietnam commercial banks: brand and banking channels (THPP) has the strongest impact, followed by price (GIA), promotion (XT), and service quality (CLDV). These results are in line with the findings by Javalgi *et al.* (1989), Kazeh and Decker (1993), Boyd *et al.* (1994), Siddique (2012), Msangi (2015), but conflict with findings by Kaufman (1967), Kayanak and Kucukemiroglu (1992), Holstius and Kaynak (1995), Zineldin (1996), Mylonakis *et al.* (1998), Rehman and Ahmed (2008), Lelissa and Lelissa (2017). This is a study about the criteria that customers tend to base on when they select a retail banking service. Explaining for this difference, Denton and Chan (1991) argue that many previous studies on bank selection criteria were conducted in the developed countries, therefore, those results may be not useful for developing countries due to the differences in cultural, political and economic matters among them. In other words, the determinants that play an important role in selecting a bank in a specific region may prove to be negligible in another (Almossawi, 2001).

The results of this research also reflect the reality of the competitiveness of the retail banking services of commercial banks as well as behaviors of individual customer groups in Vietnam recently. A report of Mibrand Vietnam in 2017 show that brand is the top criterion to motivate customers to choose a bank, followed by convenience in distribution channels. For a developing country, people's awareness and income per capita are low, prices (deposit rate, lending rate, and service fee) are still the main factors affecting the consumers' perception of banking service competitiveness. In addition, the service promotion activities of commercial banks can only attract individual customers in the short term, especially if promotion programs focus mainly on price.

These results also allow the authors to suggest some solutions to improve the competitiveness of retail banking services in Vietnam. First, the traditional distribution networks and modern distribution channels should be developed in order to increase the convenience for customers. Second, at the present time, service price remains an outstanding competitive factor to attract individual customers. The banks should also run attractive advertisement campaigns, implement appropriate promotional programs for targeted customers. On the other hand, although this research find out that the service quality has no significant impact on the competitiveness of the retail banking services, but in the long term, banks in Vietnam still need to increase their service quality because with the higher income and level of education of the consumers, the price will no longer be the main competitive factor, but service quality will become one of the leading important factors to ensure the sustainable competitiveness of the Vietnamese commercial banks.

There remains some limitations in this paper. Firstly, this study only clarifies the impacts of the constituent factors on the competitiveness of retail banking services in one direction (evaluate customers by qualitative criteria) while the competitiveness should be evaluated in a multidimensional way (customer, enterprise) to attain an overall view and comprehensive results. Secondly, this study is conducted in Vietnam's current context, so the research results may not be completely consistent with each bank group (state-owned commercial banks and foreign commercial banks) and it is not applied in various market in economic, cultural - social and demographic characteristics. These factors may be the next research directions of the authors in the future.

6. Summary

This study has clarified the significant factors that have impact on competitiveness of the retail banking service in the context of the customer's approach (service quality, price, distribution channels, promotion activities, and brands). The results prove the strongest impact of these factors on the competitiveness of retail banking services, places and brand followed by price, promotion activities, and service quality. Last but not least, some policies are also implied to enhance the competitiveness of retail banking services in Vietnam.

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