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Factors Affecting Customers' Satisfaction To Credit Card Service Quality At Vietnamese Commercial Banks

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ABSTRACT

The studies results aim at analyzing the factors that affect customers' satisfaction to credit card service quality at Vietnamese Joint Stock Commercial banks. Qualitative and quantitative research methods were conducted on 668 customers with 31 observed variations for the purpose of identifying the factors affecting customers' satisfaction to credit card service quality. The study results show that there are 5 factors affecting the group as follows: (1) Security, (2) Responsiveness, (3) Access, (4) Reliability, (5) Competence. The results of research have carried out the following objectives: First, identify the factors affecting customers' satisfaction to credit card service quality; Secondly, determine the impact order of the factors affecting customers' satisfaction to credit card service quality; Thirdly, propose solutions to enhance customers' satisfaction to credit card service quality at Vietnamese Joint Stock Commercial banks.

INTRODUCTION

In Vietnam, along with the development of the national economy, the credit card markets have also strongly developed both in quantity and quality, but it does not match with the existing potential. Currently, most of the international brands such as American Express, Visa, MasterCard, JCB, Diners Club, Discover and UnionPay have already been available in Vietnam. In addition to regular credit cards, the banks have also boosted the issuance of co-branded cards linking among banks and retailers, airlines, schools, clubs and etc, with more than 60 types of card products available on the credit card markets in Vietnam. Despite strong growth in quantity, service quality is a problem interfering with card-issuing strategy of the banks such as holding Visa card procedure extremely is cumbersome and complex, customers still must also bring cash to the bank's transaction directly, fees for late paying are high, the system updates for the transaction are slow notified by text message, account statement charges are high amount, serving infrastructure of the payment distribution has been uneven which concentrated mainly in supermarkets, commercial centers, restaurants, hotels etc. make it difficult for cardholders when using daily.

While interest rates and lending rates tend to decrease, the lending rates through cards still are at a very high one, ranging from 1.25% - 2.65% / month depending on the banks, plus the paid fees such as annual fees, charges in statement, late payment fees, cash withdrawal from ATM fees, foreign exchange fees etc, indicates the cost of using credit card of Vietnamese cardholders is huge. Besides, for accepting cards places, at present, they have to pay service as stipulated payment to the bank about 2% for catering the POS investments and 1% for international card organizations. With high rates, in fact there have been many cases of card-accepting units not receiving payment by credit card or transfering fees to the cardholders. Many banks are constantly increasing the card rate issueance but there are few customers actually using them. This is a huge waste for

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issuers and society. So, measures to improve the service quality of credit cards have become not only urgent requirements for Vietnamese commercial banks but also for the country's economy.

Literature Review AndMethods:

The Servqual scale model (Parasuraman*et al*., 1985) is one key tool in marketing activities used to evaluate the service quality. Many authors studied and tested Servqual scale with different theories that are evaluated Servqual scale reliability and high value (Rashed Al Karim and Tabassum Chowdhury, 2014; Duff, A*et al*., 2008). This scale can be applied in the different types of services such as banks, schools, retail sector, restaurants, hotels, hospitals, supermarkets, airlines and others. Servqual scale measures service quality based on the perception by customers using its service (Duncan, E. and G.Elliott, 2004; Gerrard, P*et al*., 2006; Karatepe, O*et al*., 2005). Parasuraman*et al* (1985) said that in any services the quality of service perceived by customers could apply to the scale of the model including the 10 components Reliable, Responsiveness, Competence, Access, Courtesy, Communication, Credibility, Security, Empathy, Tangibles. Later, many authors studied and tested selected models 05 scale model as noticed some overlapping scales and close correlation. Cronin and Taylor (1992, 1995) systemarizedServqual model into Servperf model which had 05 factors according to flexibility depending on the service sector. The model applied for this research includes 05 key factors determining the quality of the service including: reliability, responsiveness, competence, Access, and tangibles. However, in the area of credit cards, the security and safety for customers are extremely important, "Security" factor is indispensable in the model (Rashed Al Karim and Tabassum Chowdhury, 2014; Guo, X*et al*., 2008; Kheng, L*et al*.,2010).

Based on Servqualmodel, Servperf model, the findings of the author and 27 expert reviews of the banks may be concluded that these factors directly affecting customers' satisfaction to credit card service quality at Vietnamese Joint Stock Commercial banks (variable Y) including the following basic elements: (1) Security, (2) Responsiveness, (3) Access, (4) Reliability, (5) Competence (variable X). Research model includes 05 independent variables (X) and 01 dependent variable (Y).

Securityand customers' satisfaction to credit card service quality:

Security relates to the ability to ensure the safety of accounts, financial, material, and personal information security for customers when making transactions (Rashed Al Karim*et al*, 2014). According to experts, if the banks invest heavily in systems, security technology and safety for the customers, their satisfaction with service quality of credit cards at Vietnamese Joint Stock Commercial banksincreases proportionally.

Responsivenessand customers' satisfaction to credit card service quality:

Responsiveness (Availability of the company): the desire and willingness of staff to provide services to customers; the guarantee of the quality and quantity of sources; the on-time guarantee and delivery schedules; the assurance of processes and process test work shows class carriage of the service provider. (Cronin and Taylor, 1992, 1995).

Reliabilityand customers' satisfaction to credit card service quality:

Reliability (Trust): the term refers to the ability to perform services on time and fix right the first time, the ability to ensure the services is performed as promised with certainty exactly. Cronin and Taylor, (1992, 1995).

Competenceand customers' satisfaction to credit card service quality:

Competence (service capacity) refers to qualifications to perform the service, the ability to manifest when serving staff with customer contact employees directly performing services, research capabilities to capture information related need for customer service. In other words, the assurance of qualifications, the attitudes of staff and their ability create trust and confidence in clients. The spirit and enthusiasm of the staff is always ready to serve will ensure rapid implementation and qualityCronin and Taylor, (1992, 1995).

Accessand customers' satisfaction to credit card service quality:

Access (The bank's approach to its customers) implies the exposure and interaction with customers and business in introducing products and services. It is committed to the implementation of the service or in other words, the approach involves creating easy conditions for customers to access services such as shortening the waiting time of customers, serving locations and opening hours convenient for customers. Cronin and Taylor, (1992, 1995).

Hypothesis:

***H1*:** "Security" affects customers' satisfaction with service quality of credit cards at Vietnamese Commercial banks.

***H2*:** "Responsiveness" affects customers' satisfaction with service quality of credit cards at Vietnamese banks.

H3:"Reliability " affects customers' satisfaction with service quality of credit cards at Vietnamese banks.

H4:"Competence" affects customers' satisfaction with service quality of credit cards at Vietnamese banks.

H5:"Access" affects customers' satisfaction with service quality of credit cards at Vietnamese banks.

Methodology:

The two major research methods, qualitative and quantitative research are focused, specifically, the research process has three stages. Stage 1, Based on theory and the related results mentioned the above, qualitative research method was used for group discussing and leading expertsconsultating to select the variables and observed variable groups.Stage 2, Based on the grouping of factors affecting customers' satisfaction to credit card service quality at Vietnamese Joint Stock Commercial banks,the researcher designed survey questionnaires to collect the opinions of668customers in Ho Chi Minh City. The research model includes 05 scales, 31 observed variables (questionnaires), using 5- point Likert scale, Distance value = (Maximum - Minimum) / n = (5 - 1) / 5 = 0.8: 1. Completely disagree; 2. Disagree; 3. No opinion / Normal; 4. Agree; 5. Totally agree. Survey results were entered SPSS 20.0 and Cronbach's Alpha coefficient was used to test reliability of the scale. In this study, sampling and random method were used. According to Hair *et al*., (2006), the formula for calculating sample size is $n = \sum_{j=1}^{m} kPj$. In which m is the scale and Pj is the number of observed variables of the scale. The proportion of the sample compared to 1 analysis variable (k) is 5/1 or 10/1. Thus, the number of samples is larger than "total observed variables" of scale times "5" and less than "total observed variables" of the scale times "10". However, according to Lee Nguyen (2011), depending on the object of study and research goals, increasing sample size will increase the reliability of data.Stage 3, After testing the reliability using Cronbach's alpha coefficient, Exploratory Factor Analysis - EFA was analyzed to shrink and summarize the data of the scale (Hoang Trong Chu and Nguyen Mong Ngoc, 2005 "Quantitative Research SPSS"). This method is based on extraction ratio factor (Eigenvalue), under which only those factors having ration (Eigenvalue) greater than 1 will be kept, those smaller than one will not show information better than origin variable because after standardizing, each original variance is 1. The method of extracting the main components (Principal components) and original method of factor rotation (Varimax Procedure) were used to minimize the number of variables that have large coefficients for the same factor, which increases explaining the factors. The results then were used to analyze multiple linear regression to test the assumptions of the model, which consider the impact of factors affecting customers' satisfaction to credit card service quality at Vietnamese Joint Stock Commercial banks.

RESULT ANDDISCUSSION

Table 1: Testing the average value for the observed variables

OBSERVED VARIABLES	N	Mean
SE1: Safe when making transactions	668	1.88
SE2: Security technology system is modern and good	668	2.25
SE3: Personal information of customers are always secure	668	3.26
SE4: Cards with the security and safety designed to customers	668	*1.19*
Re1: Procedures opening visa cards are simple and easy	668	*2.23*
RE2: Card services are the diversified	668	2.99
RE3: Updating refunds, annual refund is on time	668	2.91
RE4: Updating interest rates, international money transfer service	668	3.06
RE5: Cards allowed to withdraw cash from ATMs	668	3.98
RE6: Cards are used to make online payments	668	2.25
RE7: Customers can borrow, consume and loans for other items	668	3.43
RE8: There are many incentive programs to encourage customers to spend	668	2.19
AC1: Widespread and convenient Transaction offices	668	3.55
AC2: Network to customer transactions and payment are convenient	668	3.04
AC3: The connections and links in the payment of bank cards	668	3.24
AC4: Working time is convenient	668	3.12
AC5: Websites are full of information and interaction with customers	668	3.01
AC6: 24/7 Hotline service	668	3.28
AC7: Customer Care is good	668	2.07
RL1: Vietnamese commercial banks are highly trusted	668	3.04
RL2: Banks always do exactly what were committed	668	3.37
RL3: Consultating on card issuance is truth, complete and accurate	668	2.23
RL4: Bank transactions are done right at the first time	668	3.36
RL5: Card lending rates are reasonable	668	3.07
RL6: Service card Fees and charges are reasonable	668	2.44
RL7: Currency conversion fee is reasonable	668	2.36
CO1: Staff knowledge is understandable	668	3.09
CO2: The staff has good profession	668	3.01

CO3: Staff are very happy and enthusiastic to serve customers	668	3.28
CO4: Staff conduct transactions quickly and accurately	668	4.30
CO5: Staff resolve the complaint satisfactorily for customers	668	3.49

The average results of testing the scales show that most of the scales are pretty average from 1:19 to 4:30. Scale "Security" (1:29 to 3:26) and Scale "Responsiveness" (2:23 to 4:25) rated lowest by credit card users. The above results also reflect the reality of the customers' satisfaction level when using this type of card in Vietnam such as security issues accounted for (SE4: 1:19), the security of personal information and procedures for opening a visa card also complicated simple (RE1: 2:23), the card is not able to be connected to the payment system Pay Pal (RE6: 2:25), customer care remains weak, etc. Therefore, Vietnamese banks need improving Vietnam more to compete with foreign banks.Testing the results of reliability scales shows that the scale has good accuracy with Cronbach's alpha coefficient > 0.7: Security (0.876), Responsiveness (0.873), Access (0.885), Reliability (0.880), Competence (0.891), General assessment (0.875) and the correlation coefficients of the total variables of measurement variables meet the allowed standard (>0.3), the scale will be accepted. The observed variables are used for factor analysis to discover in the next step.

Table 2: Exploratory Factor Analysis (EFA)

Total Variance Explained									
	Initial Eigenvalues			*Extraction Sums of Squared Loadings*			*Rotation Sums of Squared Loadings*		
	Total	*% of Variance*	*Cumulative %*	*Total*	*% of Variance*	*Cumulative %*	*Total*	*% of Variance*	*Cumulative %*
	9.938	47.324	47.324	9.938	47.324	47.324	4.439	21.139	21.139
	2.515	11.974	59.298	2.515	11.974	59.298	3.092	14.723	35.862
	1.477	7.032	66.330	1.477	7.032	66.330	2.971	14.150	50.011
	1.208	5.754	72.083	1.208	5.754	72.083	2.876	13.696	63.708
	1.080	5.145	*77.228*	1.080	5.145	77.228	2.839	13.521	77.228
Extraction Method: Principal Component Analysis.									

The results of EFA (Exploratory Factor Analysis) shows the total variance extracted is 77.228% greater than 50%. This means that the withdrawing factors would explain 77.228% for model, 22.772% is explained by other factors. Extraction ratio factor (Eigenvalue) is greater than 1 that is kept.The above results show that the model of EFA (Exploratory Factor Analysis) is consistent with the data, calculated into 5 groups of factors and these results may be used for a multiple regression analysis.

Table3: Summary model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.746[a]	.710	.549	.646	.610	53.724	4	663	.000	1.882

(Source: The researcher's collecting data andSPSS)

The above results shows the correlation coefficient adjustment: R^2=0.549 (verification F, sig. <0.05); which means 54.9 % of the variable Y shift is explained by the five independent variables (Xi). Coefficient Durbin - Watson (d) = 1.882; some observers n = 668, parameter k = 5, the level of significance of 0.01 (99%), in the statistical tables Durbin - Watson, d_L (less statistical value) = 1.623 and d_U (statistical value over) = 1,725. So (d_L = 1.623) < (d = 1.882) < [4 - (d_U = 1.725) = 2.275] proved that the model has no autocorrelation.

Table 4:ANOVA

Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	Regression	263.352	4	25.531	*53.736*	.000b
	Residual	453.905	663	.257		
	Total	617.257	667			

Accreditation ANOVA Table is to assess the relevance of the theoretical regression model. The test results F = 53,736 value and Sig. = 0.000 <0.05 shows the building model is consistent with the data set and the variables included in the model are related to the dependent variable. Generally, regression analysis is 99% reliability, corresponding to the selected variables with statistically significant at the p <0.01; the results also show that all variables satisfy the demand. Verification of conformity of the model show that multicollinearity phenomenon does not violate (VIF <10).

Table5: Factors affecting customers' satisfaction to credit card service quality

Influenced factors	*Unstandardized Coefficients*		*Standardized Coefficients* (Beta)	t	Sig.	*Collinearity Statistics*	
	B	Std.Error				Tolerance	VIF
	-.096	*.259*		*-.373*	*.410*		
X1	.475	.076	*.441*	4.323	.000	.254	1.034
X2	.320	.088	*.272*	3.417	001	.442	1.006
X3	.481	.081	*.434*	5.913	.000	.654	1.029
X4	.318	.096	*.298*	3.317	.001	.542	1.146
X5	.210	.098	*.182*	2.141	.004	.504	1.183

The results of regression analysis showedthefactors affecting customers' satisfaction to credit card quality service at Vietnamese Joint Stock Commercial banks and expressed the following priorities: (1) Security: β = 0.441; (2) Responsiveness: β = 0.434; (3) Access: β = 0.298; (4) Reliability: β = 0.272.; (5) Competence: β = 0.182. The regression equation is:***Y = 0.441X1 + 0.272X2 + 0.434X3 + 0.298X4 + 0.182X5.*** This finding is the basis for proposing solutions to enhance customers' satisfaction to credit card quality service at Vietnamese Joint Stock Commercial banks.

Conclusions AndRecommendation:

The research shows that there are five factors affecting customers' satisfaction with the service quality of credit card and the impact of each factor is different. According to the analysis, five factors impact the correlation on customers' satisfaction for the service quality credit cards, the order respectively: security, responsiveness, access, reliability, competence. This is an important basis for banks to review strategy of their business development in the coming time.Firstly, the increase in the number of cards issueance should match with the strengthening of risk management in business cards, meeting the safety conditions; gradually adjust interest rates and fees to encourage customers to use the cards. The increase in the number of card users and the proportion of regular activity cards will help the bank reduce the unnecessary expenses and remain profitable even when reducing interest rates and fees. The banks may have other profits from the diversification of services.Secondly, banks need diversifying card products and services, and increasing utility incentives for cardholders in order to enhance their ability to attract customers and meet the customers' needs. Besides, focus on developing smart card products; gradually switch from magnetic card technology to EMV chip card to ensure safer transactions in the card reader, contributing to reduce spending cost and risk of card developments.Thirdly, In addition, all banks contracts associate with retail businesses, schools, partners and units to increase the incentives and benefits to customers in using card processes. They are also appropriate measures to help banks strengthen the promotion, increase index awareness, leverage and increase their brand value, especially when associating with a business or other major reputable partners.Fourthly, the banks need increasing investment in modern technology, especially the devices and network expansion card units that accept cards. At the same time, investing expanding links, cooperating in the card payment through comprehensive deployment activities which connects to the card system operators, maximize the most of the resources**.**Fifthly, the bank should not focus too much on increasing the number of cards but need improving the card service quality; Enhancing the customer care during and after using cards to increase the rate of card regular activities with attractive incentives for cardholders, gradually form the habit of using cards to pay thanks the outstanding facilities that card payment bring to customers such as fast, convenient, safe and economical./.

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