

A STUDY OF INDIVIDUAL CUSTOMERS' TRUST IN BANKS IN HANOI

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Abstract

As of the end of 2021, Vietnam has 49 banks. In which joint stock commercial banks dominate with 31 banks (3 state-owned joint stock commercial banks), 4 100% state-owned banks, policy banks, and joint venture banks each with 2 banks, 100% foreign capital, 9 banks, and 1 cooperative bank (State Bank of Vietnam, 2021). Currently, 31 joint-stock commercial banks all have headquarters or offices in Hanoi. 1,918 branches and transaction offices of 46 banks are located in 29 districts of Hanoi City. Branches and transaction offices are mainly located in Dong Da District (270), Hoan Kiem District (242), Hai Ba Trung District (219), Cau Giay District (210), Ba Dinh District (179), etc. This study was conducted with the aim of assessing individual customers' trust in commercial banks in Hanoi through survey results. The survey subjects are customers of commercial banks in Hanoi. We use both qualitative and quantitative research methods. Quantitative research methods were carried out with SPSS software, including analyzing reliability coefficients using Cronbach's alpha, EFA analysis, independent T tests, and ANOVA analysis. Research results show that there is no difference in assessing individual customers' trust in commercial banks in Hanoi between different subjects in terms of marital status, family platforms, and ages. Based on this result, the study proposes some recommendations for commercial banks and customers.

Keywords: trust, commercial bank, finance, individual customer, business performance, business administration

JEL codes: E58, G21, M10, F65

1. INTRODUCTION

The fact that banks satisfactorily resolve customer complaints not only increases customer satisfaction, improves customer trust, but also attracts customers to return to use their transactions for future banking and, moreover, introduces banking services to relatives and friends (Supriaddin et al., 2015).

Previous studies have demonstrated that trust is a factor that greatly influences consumer intentions and behavior in both online and traditional shopping (Chen & Tan, 2004).

According to statistics from the Ministry of Public Security, in recent times, the situation of crime and law violations in the banking sector has become complicated, causing huge damage to the assets of the state and citizens, affecting the reputation and normal operations of credit institutions and commercial banks (Nguyen, 2023).

Banking brands have not really gained the full trust of customers. Creating brand trust is a vital factor for banking brands to survive and develop. Among the users of banking services, working people are the main and very potential customer group of banks.

Customer trust plays an important role in maintaining the stability of the banking system in each country. However, in Vietnam, research on customer trust in banks has not been popular, and some have many limitations. This study identifies, analyzes, and measures observed variables that constitute individual customers' trust in banks.

2. LITERATURE REVIEW

McKnight et al. (2002) believe that product trust involves individuals believing in, or being willing to use, a product to satisfy certain needs.

While cognitive trust provides a plausible reason for a partner to be trusted, affective trust represents an emotional bond that can result in trust between parties (Hansen & Morrow, 2003).

In the banking industry, affective trust has a positive influence on cognitive trust (Ebert, 2009). Affective trust is often present at the very early stages of a relationship based on intuitive feelings from experiences with the organization (Hansen & Morrow, 2003).

According to Delgado-Ballester & Munuera-Aleman (2001), brand trust is defined as a state of peace of mind for consumers because they have trusted that brand. It can be said that brand trust is the consumer's expectation to trust the brand without any doubt. Because trust can create a positive influence and ultimately create post-purchase satisfaction.

Customers have difficulty controlling and checking bank transactions overall (Ebert, 2009). Consequently, customers can respond emotionally through emotional signals, thereby influencing cognitive processes as the relationship develops.

Aiken and Boush (2006) and Ebert (2009) mentioned behavioral trust as a factor in providing personal information to banks.

Nguyen et al. (2006) discuss trust in the banking sector from the perspective of banks' trust with small and medium enterprise customers.

Customer trust is measured by four indicators, which are: customers rely on their expectations of the bank because the bank has the ability to resolve complaints well; trust in honesty in resolving customer complaints; customers trust the bank's respect in resolving customer complaints; and customers trust the bank's ability to resolve customer complaints (Supriaddin et al., 2015).

Customers buy high-quality products to enhance their perceived value and drive them to demonstrate brand trust and loyalty (Atulkar, 2020).

3. RESEARCH METHODS

Scale and design of questionnaires

The scale used in this study is a 5-point Likert scale ranging from 1 to 5. I totally disagree with 5. strongly agree. The statements in each scale are inherited from previous studies and expert

opinions to correct the wording and then adjusted to suit the context of customers of commercial banks in Hanoi, Vietnam, at the present time, based on the results of expert interviews and group discussions. Individual customers' trust in commercial banks in Hanoi is measured by three observed variables (T1, T2, and T3).

Samples and data collection

The study sample was selected according to the convenience method. After designing the questionnaire, we conducted the survey online on Google Docs. The link is shared via social networking sites such as Zalo, Facebook, and email. The research sample has diverse aspects: ownership form (including state-owned commercial banks and joint-stock commercial banks) and size by total assets.

Therefore, the banks in the sample are likely to well represent the Vietnamese commercial banking system. Of the 250 questionnaires collected, 45 were invalid because their reliability was not guaranteed when included in the analysis. Therefore, we discard these 45 tables, leaving 205 tables for analysis. The characteristics of the sample are listed in Table 1.

Table 1. Respondents by job positions, marital status, career seniority, and work location

	Frequency	Percent	Cumulative Percent
Marital statuses			
Married	158	77.1	77.1
Single	47	22.9	100.0
Ages			
From 22 to 30 years old	57	27.8	27.8
From 30 to 40 years old	55	26.8	54.6
From 40 to 50 years old	47	22.9	77.6
50 years old or older	46	22.4	100.0
Family platforms			
Have family members who work for banks	74	36.1	36.1
The respondents do not have family members who work for banks.	131	63.9	100.0
Total	205	100.0	

Source: Prepared by the authors (2023) and SPSS software.

Information on the data collected is shown in Table 1. It shows that among the respondents, 77.1% of the participants were married, and 22.9% of the participants were single. Among the respondents, 36.1% of the participants have family members who work for banks, and 63.9% of the participants do not have family members who work for banks. Of these, 57 participants are from 22 to 30 years old, accounting for 27.8%; 55 participants are from 30 to 40 years old, accounting for 26.8%; 47 participants are from 40 to 50 years old, accounting for 22.9%; and the remaining respondents are 50 years old or older, accounting for 22.4%.

Data processing

Quantitative research methods supported by SPSS software include scale reliability analysis through Cronbach's alpha coefficient, EFA analysis, independent T-tests, and ANOVA analysis.

4. RESULTS

Cronbach's Alpha

The individual customers' trust in banks has been measured by Cronbach's alpha. The results of testing Cronbach's alpha for attributes are presented in Table 2 below. The results also show that attributes of the variables have Cronbach's alpha coefficients that are greater than 0.6, and the correlation coefficients of all attributes are greater than 0.3. So, all the attributes of the variables are statistically significant (Hoang & Chu, 2008; Hair et al., 2009, 2014).

Table 2. Results of Cronbach's alpha testing of attributes and item-total statistics

Cronbach's Alpha	N of Items			
.816	3			
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
T1	8.49	1.800	0.656	0.758
T2	8.54	1.848	0.636	0.777
T3	8.57	1.698	0.710	0.701

Source: Prepared by the authors (2023) and SPSS software.

Exploratory Factor Analysis (EFA)

Next, tables 3, 4, and 5 show that exploratory factor analysis (EFA) was conducted through component analysis and variance.

The results of factor analysis in Table 3 show that KMO is 0.707, which is greater than 0.5 but less than 1. Bartlett's testimony shows sig. = 0.000 < 0.05, which means variables in the whole are interrelated (Hoang & Chu, 2008; Hair et al., 2009, 2014).

After implementing the rotation matrix, three components of individual customers' trust in banks with a factor load factor greater than 0.5 and eigenvalues greater than 1 were identified, and the variance explained was 73.057% (see tables 4 and 5). These statistics demonstrate that research data analysis for factor discovery is appropriate. Through the quality assurance of the scale and the test of the EFA model, we have identified three components of individual customers' trust in banks (Hoang & Chu, 2008; Hair et al., 2009, 2014).

Table 3: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.707	
Bartlett's Test of Sphericity	Approx. Chi-Square	211.855
	Df	3
	Sig.	.000

Source: Prepared by the authors (2023) and SPSS software.

Table 4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.192	73.057	73.057	2.192	73.057	73.057
2	0.462	15.398	88.454			
3	0.346	11.546	100.000			

Extraction Method: Principal Component Analysis.

Table 5: Component Matrix^a

T	Component
T3	0,880
T1	0,848
T2	0,835

Source: Prepared by the authors (2023) and SPSS software.

Independent T-test: marital status

A comparison of the results of the evaluation of the differences in individual customers' trust in banks with participants of different marital statuses (married and single) can be seen in Table 6. According to the results shown in Table 6, sig Levene's test is 0.258, which is more than 0.05. The variance between married and single is not different. Moreover, the sig value t-test is 0.836, which is more than 0.05, which means that there is no statistically significant difference in individual customers' trust in banks between these different marital statuses (Hoang & Chu, 2008; Hair et al., 2009; Hair et al., 2014).

Table 6. Differences in individual customers' trust in banks with participants of different marital statuses - Independent Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper

T	Equal variances assumed	1.284	0.258	0.208	203	0.836	0.02208	0.10636	-0.18762	0.23179
	Equal variances not assumed			0.225	86.115	0.823	0.02208	0.09817	-0.17307	0.21724

Source: Prepared by the authors (2023) and SPSS software.

Independent T-test: different family platforms

A comparison of the results of the evaluation of the differences in individual customers' trust in banks with participants of different family platforms (the respondents have family members who work for banks and the respondents do not have family members who work for banks) can be seen in Table 7. According to the results shown in Table 7, sig Levene's test is 0.504, which is more than 0.05. The variance between the respondents who have family members who work for banks and the respondents who do not have family members who work for banks is not different. Moreover, the sig value of the t-test is 0.774, which is more than 0.05, which means that there is not a statistically significant difference in individual customers' trust in banks between these different family platforms (Hoang & Chu, 2008; Hair et al., 2009, 2014).

Table 7. Differences in individual customers' trust in banks with participants of different family platforms - Independent Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
T	Equal variances assumed	0.448	0.504	-0.288	203	0.774	-0.02679	0.09308	-0.21031	0.15674
	Equal variances not assumed			-0.297	165.465	0.767	-0.02679	0.09034	-0.20515	0.15158

Source: Prepared by the authors (2023) and SPSS software.

ANOVA - ages

An ANOVA test was needed to make a comparison of the results of the evaluation of the differences in individual customers' trust in banks between the four subjects, including participants who are from 22 to 30 years old, participants who are from 30 to 40 years old, participants who are from 40 to 50 years old, and participants who are 50 years old or older. Table 8 shows that the sig Levene statistic of 0.452 is greater than 0.05, which means that the hypothesis of homogeneity of variance among the variable value groups (different ages) has not been violated. Table 9 shows that sig. is 0.458, which is more than 0.05, which indicates that there is no statistically significant difference in individual customers' trust in banks between the mentioned four groups of ages (Hoang & Chu, 2008; Hair et al., 2009; Hair et al., 2014).

Table 8. Test of Homogeneity of Variances

Descriptions	Levene Statistic	df1	df2	Sig.
T				
Based on Mean	0.881	3	201	0.452
Based on Median	0.420	3	201	0.739
Based on Median and with adjusted df	0.420	3	187.859	0.739
Based on trimmed mean	0.617	3	201	0.605

Source: Prepared by the authors (2023) and SPSS software.

Table 9. ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
T					
Between Groups	1.066	3	0.355	0.869	0.458
Within Groups	82.134	201	0.409		
Total	83.200	204			

Source: Prepared by the authors (2023) and SPSS software.

The relationship between acquiring knowledge in logistics firms in Hanoi and neighboring provinces - Ages

Next, the line graph shows the relationship between individual customers' trust in banks and each respondent's age (Figure 1). Figure 1 shows that this line tends to go down when the respondents' ages range from 30 to 40 years old. But this line tends to slope up when the respondents' ages range from 40 to 50 years old and 50 years old or older.

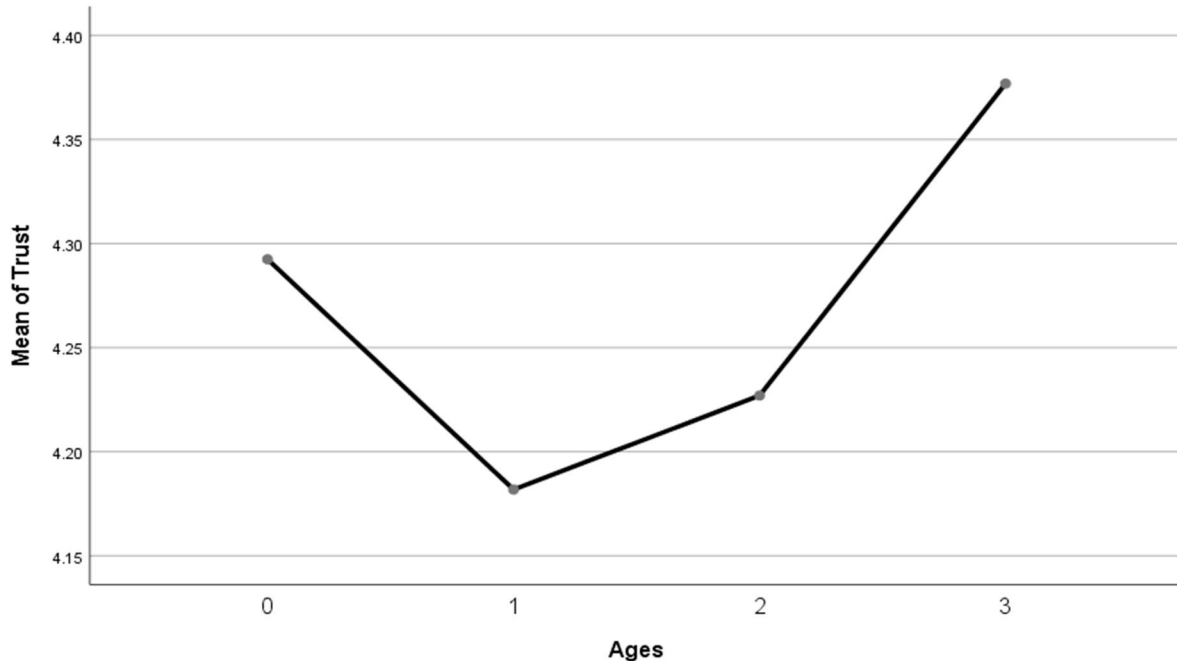


Figure 1: The line graph shows the relationship between individual customers' trust in banks and each respondent's age.

5. DISCUSSION AND IMPLICATIONS

Customer understanding will be accumulated over time; awareness of the bank's capacity and risk level will directly affect bank selection, usage time, and possibly willingness to recommend the bank to someone else.

Although regulators and banks have implemented many solutions to prevent cybercrime, according to experts, account holders must be conscious of self-protection because crimes related to the banking sector are increasingly common. There are many sophisticated methods and tricks. This contributes to improving customer trust in the bank.

The authors observed practice at a number of banks, and the results showed that in most cases of money lost in bank accounts, customers were very confused and frustrated, and even public opinion was skeptical about the security of the banking system as well as transaction staff revealing customer personal information. But the identified cause is that the majority of money loss cases are due to fraud, not intrusion into the banking system. Therefore, customers should be alert and stay away from fraudulent situations to maintain trust in the bank.

Banks are still a safe and convenient transaction channel for customers (account holders) who firmly grasp basic safe transaction principles to prevent fraud cases. Along with promoting propaganda about fraudulent tricks to customers (account holders), many banks have recently established detection and warning mechanisms to prevent logins on strange devices. Suspicious applications are installed. The bank encourages customers to register for transactions on trusted devices.

Promoting the spirit of planned work helps employees as well as the commercial banking system to be proactive in their work and best handle cases of resolving customer complaints.

Service quality is always the top factor customers care about when looking for a service. Service quality will be evaluated by customers through many factors, both before and while consuming the service. Therefore, banks should create perceptions of service quality appropriate to consumer situations to build brand trust.

The results obtained from the research have important policy implications for banks to develop the banking service industry, one of the economic spearheads, contributing to a strong and stable financial market and meeting the essential needs of investors, firms, and people. At the same time, banks can also come up with strategies to increase customer trust. From there, improve your competitiveness as well as your market share in the market.

To proactively manage risks related to online payments and money transfers, Agribank, in addition to regularly advising users not to access strange links, install software of unknown origin, or transfer money according to instructions from unknown subjects (impersonation via phone, social networks), has also proactively deployed many customer protection solutions, such as firewall systems, anti-money laundering systems in payments, identification systems, customer authentication using biometrics, etc.

In addition to the direct survey method, this study also used the online survey method because measuring age levels broken down as required by the questionnaire would not be enough to ensure significance for analysis using SPSS. So, this is also a limitation of this study; the authors will focus on the next study.

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