

COMPETITIVE ADVANTAGE OF COMMERCIAL BANKS IN HA NOI CITY, VIET NAM

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ABSTRACT

This study was conducted to determine and assess the competitive advantage of Commercial Banks in Ha Noi city. From the analysis of the profiles such as human resource; technological; customer service; the diversity of products; distribution network. The respondents included managers, staffs whose working for commercial banks and their customers. The study find the problems encountered and propose enhanced policy to improve it. The descriptive method was used through a survey to a total of 636 respondents (386 Banks's Managers, Staffs and 250 customers). The study proposes measurement to promote strengths and improve constraints to enhance competitive advantage for commercial banks. Results show that it is necessary to promote the diversification of new banking services, and to modernize the IT system, develop an internal management system. To enhance the management capacity of banks, the key issue is to improve the quality of management staff and the quality of human resources management. Banks can organize separate training courses for managers and cooperate with foreign banks to organize training courses abroad for managers, improving the quality of direct transactions with customers: This depends first of all on the working style and culture of banking staff. It is therefore necessary to develop standards for communication with customers and to train and educate employees. Periodic review of these standards should be undertaken to ensure that standards are met. Simplify the process, reduce the processing time of transactions, exploiting the benefits of the new system to improve the quality of traditional services; Pay attention to the utility of banking services provided to customers are also results of this study.

Keywords: *Competitive advantage, commercial banks, quality, product, improve.*

INTRODUCTION

Strengthening competitiveness is what every business tries to do. In the present market mechanism, increasing competitiveness is a special objective demand in the context of strong development of science and technology, international integration taking place in all aspects of life [1]. Vietnam has been increasingly integrating into the regional and world economy. Vietnam signed the Free Trade Agreement (FTA), joined the ASEAN Economic Community (AEC) - officially formed by the end of 2015. Greater openness of banking and financial industry is an indispensable development trend to facilitate free trade and international capital flows. Financial markets in Vietnam providing diverse products of foreign banks without their branches in Vietnam will increase competitive pressure on domestic banks, increase the fair competition and safety of the entire banking

system. At that time, commercial banks in Hanoi have faced many difficulties and challenges. Banks can apply technology in risk portfolio management, customer management, and database management. The digital banking model, operating on the basis of technology through digital devices connected to the computer software through the Internet environment, has in fact been and will change the entire structure of the system. and provide modern banking services. The new financial services such as M-POS, internet banking, mobile banking, chip card technology, e-wallet ... are developing strongly to facilitate people in using modern banking services saving transaction costs, completely changing distribution channels and traditional banking products.

Moreover, the competition through the expansion of the bank branch network will gradually come to an end, due to the high cost of operation, instead of the modern banking technology. However, the challenges are: the

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challenge for banks to change their business model, governance model; challenges in developing new distribution channels, modern banking products, and highly integrated; challenges in the declining trend of the role of affiliates. Branches no longer play an important role and will not be the most profitable distribution channel in the future; Challenges due to limited financial resources in technology investment, lack of backup data center; a common challenge for the entire banking system in terms of securing information and securing the national financial network, high-tech crime, as well as challenges in qualification, capacity, quantity and quality of teams, the staff of information technology.

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. The essence of competition is nowadays considered to be the advantage of the business over its competitors. Adapting to competition requires creativity and competitive advantage. Businesses can create competitive advantage in different ways: Either select a market line that is different from the competition or invest in a lower price to compete in the same line, or control distribution system [2].

One of the criteria for determining the competitiveness of a country is the financial and monetary system of that country healthy and stable. Thus, strong competitive ability of a bank is a very important factor to strengthen, stabilize and develop the economy of Vietnam in terms of integration [3]. Towards the big opportunities and challenges, commercial banks in Hanoi need to build, develop and exploit their competitive advantages to help banks achieve more outstanding than rivals.

Understanding the current competition advantage in commercial banks in Vietnam in general and in Hanoi City in Particular could improve their competitiveness and strength and from these reasons the research chose the

title: "Competitive advantage of Commercial Banks in Ha Noi City, VietNam" [4].

RESEARCH METHODOLOGY

Population, Sample and Sampling technique

Research methodology in this study is descriptive method, it is the appropriate method to determine the respondent's perceptions about competitive advantage of commercial banks. This method was used in this study because it is a fact-finding program designed to allow the researcher to accurately interpret the data collected. The author selected banks as follows: Research banks must ensure that there are all types: State-owned commercial banks, Joint-stock commercial banks, Joint-venture commercial banks and wholly-owned foreign owned bank; each type of bank has banks with total capital as follows: Banks have charter capital from 3 to 5 trillion, from 5 to 10 Trillion and under 10 trillion. The researcher set 5% allowance for sampling error; the sample size of banks is 42 banks and sampled using the simple random sampling technique.

The population composed of 11.200 personnels, include managers, staffs who are working at Commercial Banks in Ha Noi city. The researcher set 5% allowance for sampling error; the sample size is 386 respondents and sampled using the Simple random sampling technique. Sample size included managers, staffs whose working for commercial banks.

To specify the number of the replier is a customer, the research of the method using the maximum template is $n=38 \times 5=190$ (customers).

Research Instrument

The study used both primary and secondary data which was collected through the use of questionnaire, respectively. The researcher employed the questionnaire as the main instrument for data gathering. The questionnaires was collated in groups and ranked on a five-point type scale to measure the perception of employees and managers.

The questionnaire consists two parts: Personal information and Job information.

No	Banks	The number of samples				
		Banks		Banks's Managers and Staffs		Customer
		Total	Sample	Total	Sample	Sample
1	State-owned commercial banks	7	7	4,270	148	85
2	Joint stock commercial banks	28	26	6,250	192	105
3	Wholly-owned foreign owned bank & joint venture	12	9	680	46	60
	Total	48	42	11,200	386	250

RESULTS AND DISCUSSION

The competitive advantage of Commercial Banks in Ha Noi city

Human resource:

Weighted mean distribution of the respondent's perception on the bank's competitive advantage as to human resource. Findings reveal that the remaining items from q1 to q8 generate a weighted mean with a qualitative description of very significant category, the total computed WM = 3.13 - 3.35 - average, relate management experience, the creative ability in the work, the communication skills, the virtuous character in work, use application level information technology to exploit the modern credit products and properly oriented with the work and provided with appropriate professional training. In general, the existing Human resource of commercial bank are average (Table 1)

Table 1. Impact of Human resource

Indicator	Banks's Managers and Staffs		Customer		Total Weighted mean	
	WM	QD	WM	QD	WM	QD
Human resource						
q1. Specialist knowledge by bank staff is good.	3.72	Good	3.65	Good	3.69	Good
q2. Staff have considerable management experience.	3.28	Average	3.22	Average	3.26	Average
q3. Staff have creative ability in the work.	3.25	Average	3.27	Average	3.26	Average
q4. Staff have good level of foreign language.	2.94	Average	2.94	Average	2.94	Average
q5. Staff have good communication skills.	3.32	Average	3.26	Average	3.30	Average
q6. Staff have virtuous character.	3.13	Average	3.12	Average	3.13	Average
q7. Staffs use application level information technology to exploit the modern credit products.	3.37	Average	3.33	Average	3.35	Average
q8. Staffs are properly oriented with the work and provided with appropriate professional training.	3.36	Average	3.3	Average	3.34	Average
Grand mean	3.30	Average	3.26	Average	3.28	Average

Technology:

The survey results in the table above show that technology has helped create new products and services that bring about efficiency and satisfaction, thereby improving product quality, helping consumers access products at the right price and price. Major changes in consumer demand, participation and behavior have forced banks to innovate on information security and financial security (Table 2).

Table 2. Impact of Technology

Indicator	Banks's Managers and Staffs		Customer		Total Weighted mean	
	WM	QD	WM	QD	WM	QD
Technologies						
q9. Information technology in my bank produces required Information timely.	2.98	Average	2.92	Average	2.96	Average
q10. The modern technology aims to enhance customer satisfaction through the effective application of the system	3.27	Average	3.34	Average	3.30	Average
q11. Processes for continual improvement of the system to the assurance of conformity to customer and applicable regulatory requirements	3.07	Average	3.10	Average	3.08	Average
q12. Bank is equipped with technology to meet the diversified activities in the credit business banks	3.15	Average	3.17	Average	3.16	Average
q13. The Bank using the modern technology such as Credit Cards/Debit Cards, ATM, E-Cheques, EFT (Electronic Funds Transfer), DeMAT Accounts, Mobile Banking, Telephone Banking, Internet Banking and EDI (Electronic Data Interchange)	2.94	Average	2.95	Average	2.94	Average
q14. There is adequate internal control overoperations of technology in banks	3.13	Average	3.17	Average	3.15	Average
q15. Bank uses technology to helps customers and bank confidentiality and minimizes risks.	2.98	Average	3.01	Average	2.99	Average
q16. Banks need to automate routine customer inquiries through self-service channels.	3.23	Average	3.28	Average	3.25	Average
q18. Online banking has a wide range of products to meet customer needs.	3.40	Good	3.36	Average	3.38	Average
q19. The Bank have modernized their services with the facilities of computer and electronic equipments.	2.89	Average	2.85	Average	2.87	Average
Average Weighted mean	3.10	Average	3.12	Average	3.11	Average

Customer service:

Weighted mean distribution of the respondent's perception on the bank's competitive advantage as customer service. The survey results in the table above show that at the customer service of Joint stock commercial banks should be promoted and exploited. This is a strength, their advantage in the current period. In terms of incentives, the banks now have developed many products and services to satisfy the needs and encourage customers to use their products. In the field of capital mobilization, banks have savings programs with preferential interest rates, flexible on terms (Table 3).

Diversity of products:

The survey results in the table above show that the respondents evaluated the products and services of commercial banks are quite good, diversified products. Especially state-owned commercial banks, joint stock commercial banks have outstanding advantages in the retail segment, individual customers. Foreign commercial banks excel in corporate clients. Joint-stock

banks are working hard to change the way consumers look at retail packages, especially with loan products, so that they become more accessible to consumers (Table 4).

Table 3. Impact of Customer service

Indicator	Banks's Managers and Staffs		Customers		Total Weighted mean	
	Mean	QI	Mean	QI	Mean	QI
Customer service						
q20. Utilities when dealing at affiliates.	4.28	Excellent	4.19	Good	4.24	Excellent
q21. Bank staff is always interested, willing to help customers a polite attitude.	3.57	Good	3.58	Good	3.57	Good
q22. Convenient transaction procedures, fast.	3.80	Good	3.86	Good	3.82	Good
q23. Employees are qualified and knowledgeable.	3.40	Good	3.43	Good	3.41	Good
q24 Employees are always on time in customer appointments	3.65	Good	3.62	Good	3.64	Good
q25. Flexible trading time.	3.44	Good	3.5	Good	3.46	Good
q26. Many promotions for each type of customer group.	3.68	Good	3.67	Good	3.68	Good
q27. Products and services always bring peace of mind and trust for customers.	3.48	Good	3.56	Good	3.51	Good
q28. Bank staff is always sincere with customers.	3.41	Good	3.42	Good	3.41	Good
Average Weighted mean	3.63	Good	3.65	Good	3.64	Good

Table 4. Impact of Diversity of products

Indicator	Banks's Managers and Staffs		Customers		Total Weighted mean	
	Mean	QI	Mean	QI	Mean	QI
Diversity of products						
q29. Savings products are diverse, flexible.	3.55	Good	4.08	Good	3.76	Good
q30. Online banking products are easy to implement and secure.	3.62	Good	3.92	Good	3.74	Good
q31. The forms of lending are varied.	3.58	Good	4.13	Good	3.80	Good
q32. Card catalog is diverse, superior utility.	3.36	Good	4.09	Good	3.65	Good
q33. International remittance and remittance services always fast and convenient.	3.56	Good	3.94	Good	3.71	Good
q34. Account management services and deposits of businesses are flexible, flexible and safe.	3.74	Good	3.92	Good	3.81	Good
q35. Commercial financing services and guarantees for businesses always convenient.	3.89	Good	3.88	Good	3.89	Good
q36. Foreign exchange products and capital transactions.	4.24	Excellent	3.84	Good	4.08	Good
q37. The products are more convenient, easy to use.	4.38	Excellent	4.15	Good	4.29	Excellent
q38. Products diversify to meet customer needs.	4.27	Excellent	4.12	Good	4.21	Excellent
Average weighted mean	3.82	Good	4.01	Good	3.89	Good

Distribution network:

Weighted mean distribution of the respondent's perception on the bank's competitive advantage as Distribution network. The survey results in the table above show that all respondents rated highest for the bank has a modern network and distribution channels covering all provinces and cities nationwide of commercial banks with WM = 4.09 – “Good” to item q40, in there customers gave their rating at WM = 3.99 - The rest items was rated as good at WM from 3.86- “Good” to WM= 3.92 – “Good” by all respondents include customer and

banks. The bank has a network and traditional distribution channels covering 63 provinces and cities nationwide (Table 5).

Table 5. Impact of Distribution network

Indicator	Banks's Managers and Staffs		Customers		Total Weighted mean	
	Mean	QI	Mean	QI	Mean	QI
Distribution network						
q39. The bank has a network and traditional distribution channels covering 63 provinces and cities nationwide.	3.60	Excellent	4.28	Excellent	3.87	Good
q40. The bank has a modern network and distribution channels covering all provinces and cities nationwide.	4.16	Good	3.99	Good	4.09	Good
q41. The bank extends its network to rural areas.	3.40	Excellent	4.09	Good	3.67	Good
q42. Point of sale network where employees of companies directly consult financial products to customers in convenient locations for dealing with customers.	3.77	Good	4.15	Good	3.92	Good
q43. The bank has a network of distribution channels be available anywhere there are customers, linked to the chain stores have nationwide network	3.86	Good	3.85	Good	3.86	Good
Average Weighted mean	3.76	Good	4.07	Good	3.88	Good

As a result, commercial banks in Ha Noi city have a distinct advantage in terms of: (1) customer service, (2) branch network and ATM number, (3) product portfolio. The benefits of the product as well as interest rates and promotions. Outstanding customer service. This is demonstrated in convenient procedures, simple procedures and fast service speeds through technology solutions. It can be seen that each bank has different strategies to exploit and maintain the customer segment by generation, paying attention to the characteristics of the customer group to set appropriate business strategies. Although commercial banks are at the forefront of designing diverse products that are tailored to the needs of their customers, leading the way in the development of a range of innovative capital mobilization and retail banking products), has leveraged and developed a portfolio of e-banking products and services, and increased utility for its products and services. Commercial banks are

constantly increasing the benefits of the package, adding more options for users. In some commercial banks, when launching packages often increase incentives, create competitive advantage. For example, when deploying the consumer loan interest package, commercial banks usually pay attention to the loan term, attractive interest rates are fixed in 1-3 years instead of the first three months, plus a free services such as free money transfer services and Internet banking fees; free commission payment service; Increase the ratio of guarantee on the value of security assets... or many commercial banks to launch products to meet the diverse needs of customers such as banking cooperation products-insurance, guarantee services domestic organizations, payment services and support for transfer procedures. Branch network is a relatively large and lasting competitive advantage of commercial banks that other banks can hardly imitate and implement in the short term.

The result findings

1. There are two tiers in banking sector in Vietnam: State Bank of Vietnam (SBV), the second one consists of commercial banks, financial companies, credit co-operatives, people's credit funds, and insurance companies. Managers, employees and businesses were evaluated the products and services of commercial banks are quite good, diversified products. Especially state-owned commercial banks, joint stock commercial banks have outstanding advantages in the retail segment, individual customers. Foreign commercial banks excel in corporate clients.

2. The age distribution of respondents: the age groups best represented are age group 30 to 45 years old with 39.90% of the population. The next is the age group under with 35.23% and the last is the group of age from 45 to 60 years old with 24.87%. There were 244 females with 63.21%, and 142 are males with 36.79%. Educational level categorized as doctor are 8.81% equivalent 34 respondents. Master are 42.75%; and Bachelor are 48.45%. The length of work experience of the respondents as illustrated are categorized as: 2 years and below are 5.44%, from 2 to under 5 years are 21.76%, from 5 to under 10 years are 34.20% and above 10 years are 38.60%.

3. All respondents rated the service attitudes of the Joint Stock commercial banks highest among the three groups of commercial banks. Service attitude of the State-owned commercial banks are rated lowest. The wholly-owned foreign owned banks and joint ventures often complain about complicated procedures that are not handy when dealing with branches of this bank.

Joint-stock banks are working hard to change the way consumers look at retail packages, especially with loan products, so that they become more accessible to consumers. The amount of services is good and costs more and more reasonable for customers. Banks have launched a number of concessional lending programs; many channels reach new customers via the internet, social networking

is deployed; the service model is constantly improving...

The first, on customer service: Banks promote investment in applying modern technological achievements, especially information technology. Deploy new types of services, new products, expand the audience and scope of customers.

The second, diversity of products: It is necessary to promote the diversification of new banking services, but it is necessary to focus on exploiting some modern services as their strengths. On the other hand, to increase the competitiveness from the products have strengths, help banks business efficiency and sustainable development.

The third: The branch network expansion policy: The policy of extending the network of branches and transaction offices of the bank is also an indispensable condition in the mobilization policy applied by the bank.

CONCLUSION AND RECOMMENDATION

Conclusion

As a result, commercial banks in Hanoi have a distinct advantage in terms of: (1) customer service, (2) branch network and ATM number, (3) product portfolio. The benefits of the product as well as interest rates and promotions. Outstanding customer service. Beside HR quality and technology still limited.

Recommendation

1. Improve safety regulations, prudent measures in banking operations; regulations, policies on the management of credit institutions and banking operations, and at the same time, renew the contents, methods and processes of inspection and supervision in line with the development of information technology, banking technology and on the basis of applying the basic principles of effective banking supervision of the Basel Committee for Supervision and the International Standards for Banking Supervision.

2. To modernize the IT system, develop an internal management system, upgrade the core banking system in line with the scale,

complexity of operations and requirements of banking management and administration.

3. Capacity Building for Executive Management:

- To enhance the management capacity of banks, the key issue is to improve the quality of management staff. Solutions to improve the quality of human resources management:

- Establish a transparent and transparent staff selection mechanism.

- Each bank should develop a managerial plan, have a plan to foster the source staff to ensure continuity of inheritance, avoid causing unnecessary disturbance affecting the effectiveness of the operation.

- In addition to accumulating experience over time, leadership teams need to actively learn and self-study to equip themselves with the necessary knowledge and skills.

- Banks may also consider hiring foreign workers. The hiring of good foreign

managerial staff requires great expense but also brings many benefits to the bank.

4. Improve the quality of products and services:

- Improve the quality of direct transactions with customers.

- Simplify the process, reduce the processing time of transactions

- Exploiting the benefits of the new system to improve the quality of traditional services; Pay attention to the utility of banking services provided to customers.

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TÓM TẮT

NGHIÊN CỨU LỢI THẾ CẠNH TRANH CỦA NGÂN HÀNG THƯƠNG MẠI TẠI HÀ NỘI, VIỆT NAM

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Bộ Y tế

Nghiên cứu được tiến hành để xác định và đánh giá ưu thế cạnh tranh của các ngân hàng thương mại tại thành phố Hà Nội. Từ phân tích về hồ sơ của các ngân hàng thương mại tại thành phố Hà Nội; các yếu tố khác nhau của lợi thế cạnh tranh như nguồn nhân lực; Công nghệ; Dịch vụ khách hàng; Sự đa dạng của sản phẩm; Mạng lưới phân phối. Nghiên cứu được coi là vấn đề để tìm ra vấn đề. Phương pháp mô tả được sử dụng bởi một cuộc khảo sát tổng cộng 646 người trả lời (386 lãnh đạo ngân hàng và 250 khách hàng). Nghiên cứu tập trung vào việc đánh giá lợi thế cạnh tranh của các ngân hàng thương mại tại thành phố Hà Nội với các yếu tố khác nhau như dịch vụ khách hàng; Sự đa dạng của sản phẩm; Mạng lưới phân phối. Kết quả nghiên cứu là, các ngân hàng thương mại tại Hà Nội có lợi thế rõ ràng về: (1) dịch vụ khách hàng, (2) mạng lưới chi nhánh và số máy ATM, (3) danh mục sản phẩm. Những hạn chế hiện tại của các ngân hàng thương mại ở Hà Nội là nguồn nhân lực không đủ kỹ năng, đặc biệt là khó kiểm soát về đạo đức, năng lực ngoại ngữ. Tác giả cũng đề xuất các biện pháp nhằm thúc đẩy mạnh và cải thiện những hạn chế để nâng cao lợi thế cạnh tranh cho việc đa dạng các sản phẩm: Thúc đẩy đa dạng hóa các dịch vụ ngân hàng mới; Hiện đại hóa hệ thống công nghệ thông tin; Phát triển một hệ thống quản lý nội bộ. Để nâng cao năng lực quản lý của các ngân hàng: Nâng cao chất lượng đội ngũ cán bộ quản lý; Nâng cao chất lượng quản trị nguồn nhân lực; Tổ chức các khóa đào tạo riêng cho các nhà quản lý và công tác viên với các ngân hàng nước ngoài; Nâng cao chất lượng giao dịch trực tiếp với khách hàng; Đơn giản hóa quy trình, giảm thời gian xử lý giao dịch; Khai thác lợi ích của hệ thống mới để nâng cao chất lượng dịch vụ truyền thống; Chú ý đến tiện ích của dịch vụ ngân hàng cung cấp cho khách hàng.

Từ khóa: Lợi thế cạnh tranh, ngân hàng thương mại, khách hàng, năng lực, mạng lưới.

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