Developing personal financial services for consumers in Ho Chi Minh City, Ho Chi Minh City, Vietnam

TRAN PHI HOANG
Industrial University of Ho Chi Minh City
Ho Chi Minh City, Vietnam

Abstract

     This empirical study aims at determining the factors affecting the development strategy of personal financial services of financial service businesses in Ho Chi Minh City. The research results have shown that there are 05 (five) factors affecting the development of personal financial services of financial enterprises in Ho Chi Minh City, including: (1) Quality of products and services, (2) Human resources, (3) Responsiveness, (4) Brand, (5) Approaching customers policies and the study accomplished the following three objectives. Firstly, determining the factors affecting the development strategy of personal financial services of financial enterprises in Ho Chi Minh City. Secondly, assessing the customer's satisfaction and intention to continue using personal financial services for financial businesses in Ho Chi Minh City. Finally, proposing the management implications for improving the efficiency of personal financial services development of financial businesses in Ho Chi Minh City.

Keywords: decision, financial services, intention, service quality, satisfaction.

INTRODUCTION

Personal financial management consulting service is a small segment of financial consulting services which is to aim at individual customers. The services mainly focus on managing customers' spending, savings, investment, control of outstanding loans and so on. Personal financial management not only determines the present and future life but also determines the success of each individual. And if it is organized properly and effectively, it will help each person receive great values such as having a stable life; always having an accumulated amount available for future; being more proactive financially in any difficult cases; having opportunity for future plans in order to buy a house or a car. All of them facilitate each person knows how to use their money more rationally and effectively. In the past, personal financial consulting services were still quite unfamiliar to Vietnamese people. Then recently, especially after the outbreak of the Covid-19 pandemic, this service has attracted more and more attention from Vietnamese. The survey results of Savills (2022) show that over 80% of people are interested in personal financial consulting services sooner or later. The results also show that over 75.2% of the surveyed people do not have an obvious consideration of their monthly expenditures, nor do they have a plan to manage their finances, particularly for savings when needed or emergency. This is an opportunity for Vietnamese financial enterprises to develop services in this potential market.

LITERATURE REVIEW, RESEARCH MODEL

Personal financial consulting services are implied as consulting services for individuals on specific types of finance and financial planning, cash flow assessment, debt, tax, insurance and personal financial development goals. This service helps customers have more savings by investing in the right way, for the right purpose, and bringing in reasonable profits. Personal financial consultative services play an important role in enhancing the asset value of customers. According to Hann (2018) personal financial consultative service is a service helping participants optimally profit from idle cash thanks to proper investment. Definitely, when customers come to this service, they will be thoroughly instructed on how to make an investment plan, estimate capital and profit, as well as be aware of the risks that may occur during investment process. The value of financial consulting services is determined based on the level of investment capital and the risk taking of the participants. Depending on different purposes, this service will provide accurate advice to investors. Professional banks, securities companies and financial companies all offer this service. Consuegra et al (2018) also argue that personal financial consultative services play a critical role in boosting asset value for customers. Thanks to the experts' guidance with professional knowledge and expertise, investors can make the right decisions in their trading. The consultants can also help investors choose the right trading products, estimate the payback time quickly and effectively to optimize the quality. With the ability to identify optimal risks, financial consultative services will help customers recognize and minimize the risks in their transactions.

As stated by Schane (2019), corporate brand is an extremely important factor because many investors (customers) often think that large and well-branded enterprises are always reputable. This statement is not still entirely true in practice. The prestige of the financial consultative service is reflected in the ability of the service provider to fulfill the commitments under the contract between the two parties. It is believed that a reputable consulting service will put the interests of customers first and focus wholeheartedly on that purpose. In addition, investors should choose personal financial consultative services based on "Quality of products and services" and "responsiveness" of financial service businesses. John (2021) believes that personal financial management consulting is the central point to help personal customers improve their properties because with a lot of idle capital, they need a consultant to use personal finance service effectively. Therefore, they will prioritize choosing businesses with qualified staff. According to Ladhari et al. (2011), strong development of the consumer loan market, life insurance, etc. in Vietnam is considered an extremely good signal in the personal finance market. However, in order to develop personal financial services, financial enterprises need to perfect development policies, improve service quality, diversify types of personal products and services, and strengthen marketing activities. A research by Hosseini & Ghaderi (2010) was conducted to determine the factors affecting the quality of personal services in banks. The research results show that 9 factors are identified as important factors affecting service quality, in order of importance: (1) Employee behavior (employee behavior); (2) the competence and skills of employees; (3) innovation in services; (4) policy of interest (interest and facilities); (5) way of accountability and providing services; (6) the physical facilities, (7) reliability; (8) diversity in services and (9) ease of access to services. However, in the process of qualitative research such as group discussions with experts and individual customers at financial service companies, the measurement scales were found to overlap, so the

scales were synthesized and combined them into same groups of variables such as (1) "Behavior of employees"; (2) "capacity and skills of employees" into the scale of "human resources"; grouping variables "innovation in services", "interest and facilities", "easiness and convenience accessing services" into the scale "service policy". Radghasbeh, Ganjinia and Gilaninia (2014) also explored the relationship between the quality of personal financial services and customer satisfaction with the insurance companies of Guilan province and the results have 7 factors affecting the impact on customer satisfaction, including efficiency, reliability, security, privacy, service provider corporate responsibility, compensation benefits, and service connectivity.

Today, quality is defined as the customers' needs and expectations and the customer's perception of the service provider. The process of high or low rating and the customers' rate of returning to continue using the service more or less will be shown very clearly. Based on relevant research results, experts can conclude that the factors affecting the development of personal financial services of financial enterprises in Ho Chi Minh City include 06 (six)) key factors: (1) Quality of products and services, (2) Marketing capacity, (3) Human resources, (4) Responsiveness, (5) Brand, (6) Approaching customers policies (variable X) and consumers' satisfaction & intention to continue using services (variable Y).

RESEARCH METHODOLOGY

This study was carried out through three steps: Step one, expert interview methods are used, based on experts 'consultations and group discussions for improving scales and designing survey questionnaire. Step two, checking the reliability of the scale with Cronbach's Alpha coefficient and Exploratory Factor Analysis. The aim of EFA - Exploratory Factor Analysis is to reduce and summarize the data. This method is based on factor ratio extraction (Eigenvalue), factor analysis is appropriate and in the overall observed variables are correlated with each other when the total variance extracted > 50%, coefficient of KMO is from 0,5 to 1, the coefficient Sig. ≤ 5%, the Factor loading of all the observed variables are> 0,5; λiA- λiB weight difference are> 0,3 (Nguyen Dinh Tho, 2011). Step three, performing confirmed factor analysis CFA and verifying research model by analyzing a linear structural model SEM (Structural Equation Modeling). The purpose of CFA helps clarify: (1) Single-direction; (2) The reliability of the scale; (3) The value of convergence; (4) Discrimination Value. According to Steenkamp and Van Trijp (1991); Hair et al (1998), a research model is considered suitable with market data if testing valuable Chi-quare P- value> 5%; Cmin / df ≤ 2; GFI index, TLI, CFI ≥ 0,9. However, according to recent perceptions, GFI can be acceptable when it is larger than 0.8 (Hair et al, 1998); RMSEA ≤ 0,08. In addition to the above criteria, testing results must also ensure the synthetic reliability > 0,6; variance extracted must be greater than 0,5 (Hair et al, 1998). 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 convenience method were used. The formula for calculating sample size is n . 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 (Nguyen, Dinh Tho, 2010). 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, depending on the object of study and research goals, increasing sample size will increase the reliability of data (Young Lee, 2012). The

researcher designed survey questionnaires to collect the opinions of 500 customers in Ho Chi Minh City, Vietnam.
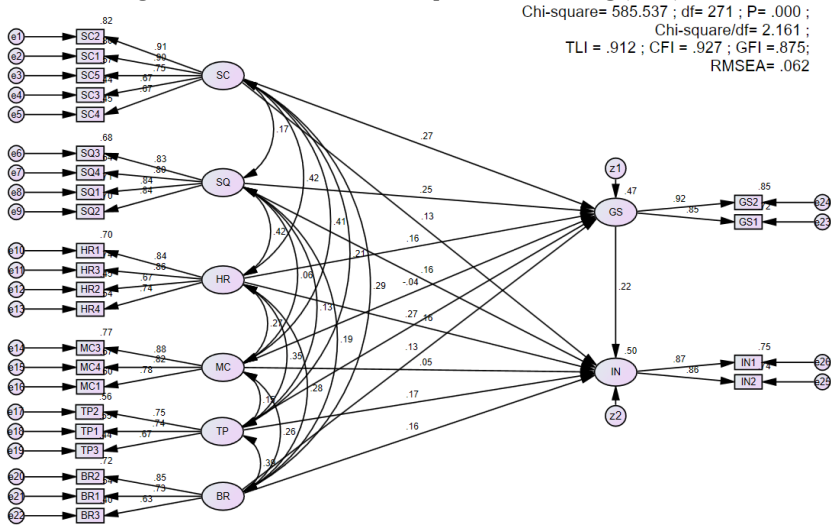
RESEARCH RESULTS

Table 1. Results of Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std, Error	Beta			Tolerance	VIF
1		−1.805	,422		−5,934	,000		
	X1	.223	,032	,235	2,746	,000	,271	1,008
	X2	.238	,052	,182	1,631	,000	,331	1,002
	X3	.191	,072	,215	2,156	,000	,291	1,112
	X4	.070	,010	,031	2,027	,021	,345	1,008
	X5	,180	,042	,112	4,052	,000	,593	1,001

Source: Spss results

The results of the regression analysis have identified the main factors affecting the development of personal financial services of financial firms in Ho Chi Minh City and the order of impact is as follows: (1) Responsiveness (β_{SC}= 0.235), (2) Human resources (β_{HR}= 0.215), (3) Quality of products and services vụ (β_{SQ}= 0.182), (4) Approaching customers policies (β_{TP} = 0.158), & (5) Brand hiệu (β_{BR}= 0.116). This result is an important and useful basis for financial enterprises to propose solutions to improve customers' satisfaction and intention to continue using personal financial services in Ho Chi Minh City in the future.

Figure 1.1. Model of structural equational modeling (SEM)

Chi-square= 585.537 ; df= 271 ; P= .000 ;
Chi-square/df= 2.161 ;
TLI = .912 ; CFI = .927 ; GFI =.875;
RMSEA= .062

Source: SEM results

The results of SEM model analysis in Table 2 show that there is a relationship between "Marketing capacity" (MC) and "customers satisfaction" (GS). "Marketing capacity" (MC) and "Intention to continue using the service" (IN) both have P values > 0.05, so

"Marketing capacity" (MC) has no impact on "customers' satisfaction" (GS) and "Intention to continue using the service" (IN) of the customers. The remaining relationships are P < 0.05 (Note: *** P < 0.001), so these relationships are statistically significant and the corresponding hypotheses are acceptable.

Table 2. Results of Regression Weights (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
GS	<---	SC	.219	.052	4.240	***	
GS	<---	SQ	.184	.045	4.072	***	
GS	<---	HR	.131	.059	2.234	.025	
GS	<---	MC	-.037	.059	-.625	.532	
GS	<---	TP	.275	.070	3.943	***	
GS	<---	BR	.110	.055	1.987	.047	
IN	<---	SC	.105	.052	2.030	.042	
IN	<---	SQ	.117	.045	2.577	.010	
IN	<---	HR	.127	.057	2.220	.026	
IN	<---	MC	.052	.057	.910	.363	
IN	<---	TP	.167	.070	2.398	.016	
IN	<---	BR	.136	.054	2.506	.012	
IN	<---	GS	.217	.074	2.924	.003	
SC2	<---	SC	1.000				
SC1	<---	SC	.974	.044	22.356	***	
SC5	<---	SC	.833	.051	16.358	***	
SC3	<---	SC	.673	.050	13.468	***	
SC4	<---	SC	.707	.052	13.694	***	
SQ3	<---	SQ	1.000				
SQ4	<---	SQ	.811	.052	15.501	***	
SQ1	<---	SQ	.934	.056	16.689	***	
SQ2	<---	SQ	.979	.059	16.547	***	
HR1	<---	HR	1.000				
HR3	<---	HR	1.033	.062	16.566	***	
HR2	<---	HR	.772	.063	12.226	***	
HR4	<---	HR	.884	.064	13.782	***	
MC3	<---	MC	1.000				
MC4	<---	MC	.985	.063	15.570	***	
MC1	<---	MC	1.017	.069	14.750	***	
TP2	<---	TP	1.000				
TP1	<---	TP	1.050	.104	10.087	***	
TP3	<---	TP	1.054	.110	9.557	***	
BR2	<---	BR	1.000				
BR1	<---	BR	.871	.079	10.998	***	
BR3	<---	BR	.750	.076	9.898	***	
GS1	<---	GS	1.000				
GS2	<---	GS	1.127	.072	15.570	***	
IN2	<---	IN	1.000				
IN1	<---	IN	1.025	.071	14.424	***	

Source: SEM results

Table 3. Results of Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
GS	<---	SC	.268
GS	<---	SQ	.245
GS	<---	HR	.155
GS	<---	MC	-.037
GS	<---	TP	.271
GS	<---	BR	.128
IN	<---	SC	.133
IN	<---	SQ	.161
IN	<---	HR	.156
IN	<---	MC	.054
IN	<---	TP	.171
IN	<---	BR	.164
IN	<---	GS	.225
SC2	<---	SC	.907
SC1	<---	SC	.895
SC5	<---	SC	.754
SC3	<---	SC	.667
SC4	<---	SC	.674
SQ3	<---	SQ	.825
SQ4	<---	SQ	.798
SQ1	<---	SQ	.844
SQ2	<---	SQ	.838
HR1	<---	HR	.836
HR3	<---	HR	.859
HR2	<---	HR	.670
HR4	<---	HR	.736
MC3	<---	MC	.877
MC4	<---	MC	.821
MC1	<---	MC	.776
TP2	<---	TP	.750
TP1	<---	TP	.740
TP3	<---	TP	.667
BR2	<---	BR	.846
BR1	<---	BR	.734
BR3	<---	BR	.633
GS1	<---	GS	.847
GS2	<---	GS	.922
IN2	<---	IN	.863
IN1	<---	IN	.866

Source: SEM results

The research results show that the influence of the factors based on the regression weight, specifically "Approaching customers policies " (TP) has the strongest impact on "customer satisfaction" (GS) which has the largest regression weight of 0.271.

Table 4. Results of Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
GS	.467
IN	.499
IN1	.750
IN2	.745
GS2	.850
GS1	.718
BR3	.400
BR1	.539
BR2	.716
TP3	.444
TP1	.548
TP2	.562
MC1	.602
MC4	.674
MC3	.769
HR4	.542
HR2	.449
HR3	.739
HR1	.698
SQ2	.702
SQ1	.712
SQ4	.637
SQ3	.681
SC4	.455
SC3	.444
SC5	.569
SC1	.802
SC2	.823

Source: SEM results

The research results in the table 4 show the appropriate level of the R2 model. Particularly, the model of factors affecting "customers' satisfaction" (GS) for R2 is 0.467, and "intention to continue using the service" (IN) is 0.499. According to the SEM model, the factors "responsiveness" (SC), "quality of products and services" (SQ), "human resources" (HR), "marketing capacity" (MC), " Approaching customers policies" (TP) and "Brand" (BR) have an influence on "customers' satisfaction" (GS) with R2 of 0.467. That means these factors explain 46.7% of GS factor and the remaining 53.3% are other factors that have not been included in the research model (such as economy, culture, politics, etc.). Similarly, the factors SC, SQ, HR, MC, TP, BR and GS explain 49.9% for the variable "intention to continue using the service" (IN). Thus, the factors that are included to explain the GS and IN variables account for a large proportion, which is considered quite good.

Table 5. Results of Bootstrap

Parameter			SE	SE-SE	Mean	Bias	SE-Bias	CR
GS	<---	SC	0.062	0.002	0.265	-0.003	0.003	-1
GS	<---	SQ	0.066	0.002	0.239	-0.006	0.003	-2
GS	<---	HR	0.074	0.002	0.161	0.005	0.003	1.666667
GS	<---	MC	0.066	0.002	-0.035	0.003	0.003	1
GS	<---	TP	0.078	0.002	0.273	0.002	0.003	0.666667
GS	<---	BR	0.072	0.002	0.13	0.002	0.003	0.666667
IN	<---	SC	0.075	0.002	0.129	-0.004	0.003	-1.33333
IN	<---	SQ	0.067	0.002	0.166	0.005	0.003	1.666667
IN	<---	HR	0.082	0.003	0.155	-0.001	0.004	-0.25
IN	<---	MC	0.059	0.002	0.057	0.003	0.003	1
IN	<---	TP	0.107	0.003	0.186	0.014	0.005	2.8
IN	<---	BR	0.073	0.002	0.165	0.001	0.003	0.333333
IN	<---	GS	0.104	0.003	0.216	-0.008	0.005	-1.6

Source: SEM results

To evaluate the stability of the theoretical model, the Bootstrap analysis method is used. This is a method of repeated sampling with substitution from the original samples, in which the original samples act as a representative (Schumacker & Lomax, 1996). This Bootstrap test is used to check the reliability of the regression coefficients in the model. In this study, the number of repeat sampling times is 500 when using the bootstrap test. According to the Bootstrap test method, the CR column value (Bias/SE-Bias) was compared with 1.96 (due to 1,96 is the normally distributed value at 0.9750, meaning 2.5% in one side, and 2 sides would be 5%). If P value is < 5%, the conclusion is that the Bias hypothesis is non-zero, statistically significant. If the CR value is > 1.96, then the P-value is < 5%, accepting H1, concluding that the deviation is not 0, there is statistical significance at the 95% of reliable level. If CR value is < 1.96, then P-value is > 5%, rejecting H1 and accepting H0, concluding that non-zero deviation is not statistically significant at 95% reliable level. Therefore, it is concluded that the estimated model can be trusted. Bootstrap test shows that most of CRs are less than 1.96, so SEM analysis conditions are satisfied.

CONCLUSIONS AND RECOMMENDATIONS

Developing personal financial services is a completely suitable direction for financial businesses in the current period, remarkably with a potential market like Vietnam, a country with a great and young population with the habit of accumulation and consumption of the population with high growth potential. Therefore, it is necessary to actively improve personal financial products and services in the direction of diversification, in accordance with each customer's spending goal. Based on the research results, the recommendations to businesses providing personal financial services are as follows.

Firstly, it is necessary for financial service businesses to strengthen their connection, interaction, consulting and customer support to improve service quality in the future. Moreover, through surveying, analyzing and evaluating the satisfaction of customers, appropriate policies are adjusted. In a competitive business environment, if any business has enthusiastic staff and good interaction with customers, that business will have satisfied customers and attract customers who intend to return and use the service.

Secondly, businesses need to diversify services, especially online and digital services to attract young and middle-aged customers in Vietnam, who tend to use technology increasing after the Covid-19 pandemic.

Thirdly, businesses need to focus on training practitioners in both professional knowledge and ethics, encouraging or sending employees to participate in courses and training programs that apply advanced standards in order to improve qualifications, ensure quality when consulting services and create trust for customers about personal financial products.

Fourthly, it is essential for businesses to have a lot of communication and PR activities to improve their brand reputation to increase the trust level of customers at the highest level.

In this study, the variable "marketing capacity" is not as influential as other factors, but in many other studies, they play a very important role. Therefore, it is crucial to boost propaganda and introduce this service onto the media to raise public awareness about the management and use of personal financial services./.

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