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## **Solutions to Improve Service Quality at VPBank Hanoi Branch**

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### **ABSTRACT**

*Currently, most banks, including commercial banks and state banks, are making efforts to improve service quality to attract customers to compete with competitors. Therefore, banks need to pay attention and have specific strategies to provide a good service quality system to maintain market share compared to other banks in the area and in the entire finance and banking industry. The research goal is to provide solutions with the desire to strive to improve service quality at VPBank Hanoi branch. Scope and subjects of research in the Hanoi area and time to collect data for analysis in the period 2019 - 2021. Subjects of research on service quality at VPBank Hanoi branch. Using the same research method of analyzing, comparing, synthesizing data... At the same time, conducting a survey of customers who have been using the Bank's services to form comments and assessments on the problem. to be more accurate, objective and effective*

**Keywords:** *Banking, services, service quality, advanced solutions, customers ....*

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### **1. Research methods**

Qualitative research: Conducted by synthesizing and analyzing articles, research works and documents previously published and published in journals, prestigious magazines and information portals in Vietnam and around the world. world to build a theoretical basis.

Quantitative research: Conducted by surveying through an online questionnaire designed on Google Form, with the support of Vpbank sent to customers through many different channels. such as: Facebook, Messenger, Zalo, ... Besides, the survey was also sent via Gmail email channel, and the author met directly with customers to survey. The sample is selected using both probability and non-probability methods. After collecting and screening, the data will be processed using SPSS 26 software

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### **2. General overview of banking services and services**

#### **2.1. Banking Services and Services**

##### **2.1.1. Service concept:**

Service is an activity whose product is intangible. It deals with relationships with customers or with assets owned by customers without transfer of ownership..

##### **2.1.2. Banking Service Concept:**

Is the totality of activities that a bank can create to satisfy the needs of customers, by performing banking operations on capital, currency, and payment that the bank provides to customers to meet the needs of customers. business needs, making profits, storing assets... and banks collect interest rate differences, exchange rates or collect fees through that service.

##### **2.1.3. Characteristics of banking services**

###### **Intangible**

The service cannot be seen, touched or tasted, but only through using the service can customers feel and evaluate service quality in the most accurate way.

###### **Heterogeneous**

Service performance often differs depending on the service method, service provider, service person, delivery time, service field, service object and service location.

### ***Inseparable***

The creation and use of services normally take place at the same time. If goods are usually produced, stored, distributed and finally delivered to consumers, services are created and used right during the process of its creation.

### ***Unstored***

Services cannot be stored, warehoused and sold like other goods. We can prioritize the performance of services in the order of first and last, but we cannot save the service and then use it because once the service is completed, it is over and cannot be saved for "reuse" or "recover" again. Therefore, a service is a product that is used when created and ended immediately afterward.

### ***Non-transferability of ownership***

When purchasing a good, the customer transfers ownership and becomes the owner of the goods he has purchased. However, when purchasing a service, customers are only entitled to use the service and enjoy the benefits that the service brings for a certain period of time.

### ***Nature of banking services***

Is the gap between service expectations and customer perception when using the service. Service quality is also the result of customer comparisons, made between their expectations of the service and their feelings when using the service..

## ***2.2. Quality of banking services***

### ***2.2.1. Concept of banking service quality***

Service quality is considered what customers feel when using it. Each customer has different perceptions and personal needs, so their perception of service quality is also different.

### ***2.2.2. Factors affecting the quality of banking services***

#### ***Infrastructure***

Customer psychology wants to show off Customer psychology wants to show their class, customers often use products and services with higher standards of facilities than their class, customers often use products and services have higher standards of facilities

#### ***Quality of staff***

The human factor plays an important role in providing services and directly affects customers' feelings during the process of using products and services. Therefore, investing in people to improve service quality is a direct investment to improve the quality of banking services, and an investment that will bring profits in the future.

#### ***Processes and procedures***

It is necessary to have a standard service process and good management of problems that may occur that affect the service technology process of the departments. Having clear procedures will help the bank optimize time and personnel usage, in addition to giving customers a more objective view.

#### ***Some other factors***

In order for service quality to be perfect, there must be coordination and solidarity between departments. The departments support each other into a unified whole, working towards the goal of improving service quality and bringing customer satisfaction.

### **Criteria for evaluating the quality of banking services**

- Customer satisfaction and satisfaction with the bank. Specific quantitative indicators evaluate satisfaction and satisfaction with the quality of the bank's services
- Some other indicators such as: Competitiveness and environmental factors. The environment can be the natural environment, the social environment, or even the service culture of the service providing unit or organization.

### ***2.3. Experience in improving service quality of some banks***

#### ***2.3.1. Experience in improving service quality of some banks***

**Technological and Commercial Joint Stock Bank (Techcombank):** Is a bank with outstanding E-banking services and is receiving the most attention today because of some advantages of the services such as: Internet banking-F@st Ibank: service used on devices with internet connection, allowing money transfer via card number, to mobile subscribers, money transfer to many people at the same time, online loans, and automatic payment scheduling. Mobile banking-F@st Mobile:

**Tien Phong Commercial Joint Stock Bank (TPBank):** TPBank is proving effective in investing in services with high technology content. Outstanding electronic banking services such as: Savy, MyGo, QuickPay, EbankX, TPBank Mobile.

#### ***2.3.2. Lessons learned on improving service quality of some banks***

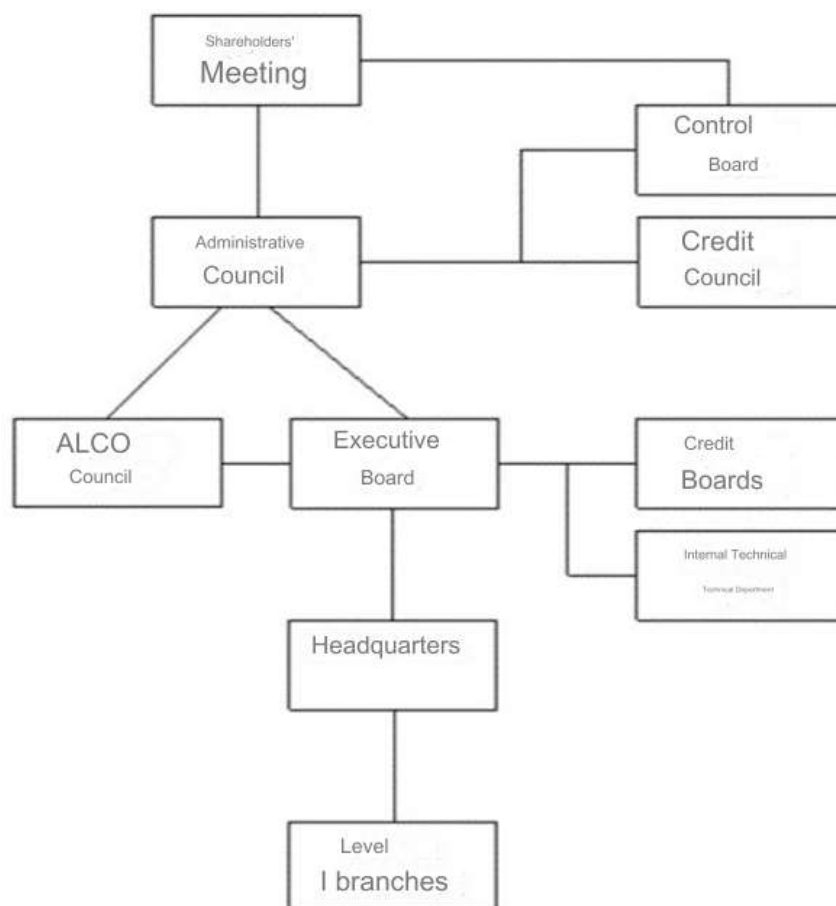
- Must determine a roadmap and have a long-term strategy in improving service quality.
- Grasp customer needs to build effective customer policies.
- Continuously innovate and diversify products and services
- Strongly develop the transaction channel network, expand operating markets
- Training and developing human resources.
- Invest and improve information technology applications

### ***2.4. Overview of VP Bank Hanoi branch***

#### ***2.4.1. The formation and development process of VPBank Hanoi branch***

VPBank Hanoi branch is known as a level 2 branch of VPBank licensed to be established in 2005 along with Thanh Xuan branch according to approval letter No. 365 SBV - HAN7. Hanoi branch was officially opened and put into operation on October 21, 2005.

Organizational structure of VPBank



#### 2.4.2 Organizational structure at VPBank Hanoi branch:

Includes the following operations:

Transaction; Vault; Personal Customer Service Department; Corporate Customer Service Department; Collateral Appraisal Department; Debt Collection Department; Department of International Payments and Remittances; Administrative offices; Organization; Accounting department

#### 2.4.3 Functions of departments

Transaction office - treasury: performs operations related to opening, locking, and managing various types of accounts such as deposits, savings, loans, etc.

Personal customer service department: includes guidance, explanation, consulting, implementation and implementation of operations, customer care and consulting, and regular inspection, supervision, and monitoring of loan activities, credit debt collection

Corporate customer service department: collects records and documents, prepares customer appraisal reports on loans and guarantees (domestic and foreign scope).

Collateral appraisal department: related to appraisal, evaluation and checking the validity and legality of assets. Establish and maintain relationships with external professional valuation agencies to value assets in many necessary cases according to regulations.

Debt collection department: plan and implement debt collection plans that have passed the approved deadline

International payment and exchange department: Carrying out professional operations on guarantees and international payments (L/C, collection, bank guarantee, wire transfer, check payment...)

Administrative - organizational department: Manage and purchase assets, supplies, equipment, and working facilities of the entire Branch, carry out negotiations and cooperation to buy and sell with the highest profit.

Accounting department: Calculate salaries and pay salaries and other income. Manage, record and process internal transactions, store documents, prepare and print reports according to the regulations of the State Bank of Vietnam and VPBank. Manage and store checks and valuable papers, other documents.

## **2.5. Factors affecting customer service quality**

### **2.5.1. Objective factors**

#### **Industry characteristics**

As an industry directly related to currency, it can be seen that the main business areas of banks are currency, credit and banking services. This is a special field because it has a direct impact on all aspects of socio-economic life.", it requires vigilance, carefulness, and meticulousness in managing banking activities to avoid damages to the economy.

#### **Current trends in banking services**

The trend of intersection between financial institutions or linking with financial technology companies. This association aims to expand the payment ecosystem and expand the customer file.

#### **Customer characteristics**

The bank's customers are diverse in industries and types of business, from socio-economic, educational, technical, artistic organizations, businesses, state agencies, individual users, etc. The majority are people with educational qualifications and the ability to understand many issues, especially related to the banking and finance sector, with a stable income.

#### **Pressure from competitors**

VPBank is under great competitive pressure. Among them, the trio, ACB, Vpbank, and Techcombank, had a strong breakthrough to surpass the state-owned banking group. From orientation to achievements, they are all equivalent to VPBank, so competition against this banking group is becoming even more fierce.

## **2.5 Subjective factors**

#### **Supervise the bank staff**

The nature of customer perception or satisfaction belongs to the psychological category, influenced by objective factors, which is temporary and unstable. That's why for each type of service, specific requirements regarding appearance, knowledge, expertise, and communication skills will be needed.

#### **Facilities and equipment**

This is also one of the very important factors that determine the performance of the business. Most customers' decisions will also be based on temporary emotions, so having an impressive look right at the beginning will help businesses have a much greater advantage.

## **2.6. Current status of service quality at VP Bank Hanoi branch**

### **2.6.1. Indicators for evaluating service quality at VPBank Hanoi branch**

Customer service quality is evaluated based on the comparison between the actual service that customers perceive and the service that customers expect. According to the Servqual model, which is a shortened service quality assessment model, only the 5 most basic and important components remain:

- Reliability level: is a factor that helps determine the ability to provide accurate services on time as promised, accurately and reliably right after the first use.
- Responsiveness level: expressed in the service being provided readily, capable of meeting customer needs at all times as quickly as possible.
- Guarantee: expressed in professional qualifications, knowledge and style, and agile communication skills to help gain trust and confidence from customers.
- Empathy: is showing concern and understanding each individual's or corporate group's interests, needs, and desires in order to provide the best care service and differentiate them from individuals. or a group of other businesses.
- Tangible element: is one of the core elements expressed on the outside of a collective, more specifically, physical facilities, machinery, equipment, information systems, and brand identification systems. sign, person

### **2.6.2. Survey on service quality at VPBank Hanoi branch**

#### **Build a questionnaire**

Develop a questionnaire based on 5 criteria according to the SERVQUAL service quality assessment model including reliability, responsiveness, assurance, empathy and tangibility.

The scale calculated here is: 5 points - Strongly agree

4 points – Agree

3 points – Normal

2 points – Disagree

1 point – Strongly disagree

**Result**

Analyzed according to RATER criteria:

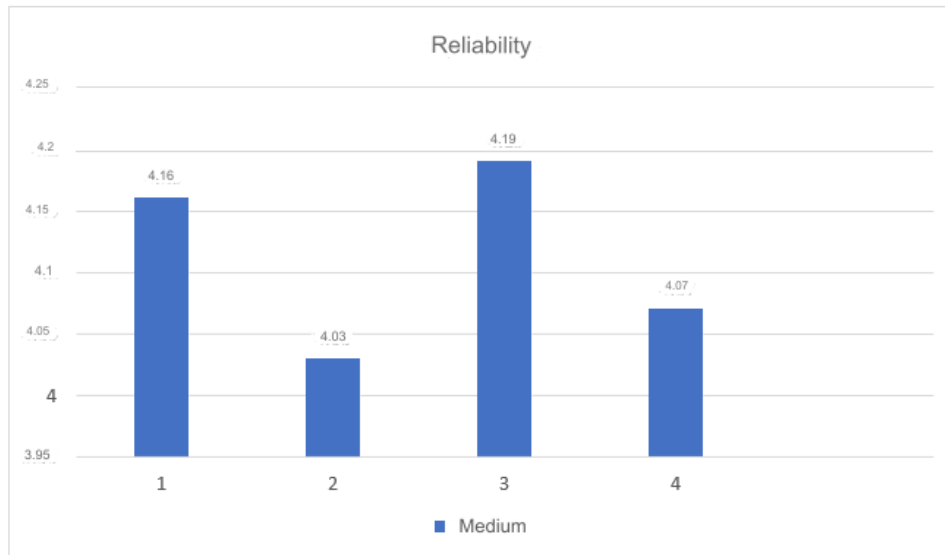
Numerical order	Targets	Result
1	Total number of ballots issued	350
2	Total number of votes collected	330

**Reliability:**

To evaluate this factor, we will evaluate according to the following questions:

1	The bank provides services in accordance with its commitments to customers
2	The bank performs the service correctly the first time
3	The bank performs the service on time as promised
4	The bank performs services accurately, without allowing errors to occur

From the results of the survey obtained, we have the following comments: We obtain the following chart:



Hanoi branch is doing quite well in providing services and ensuring quality and reputation from those services, this is shown through all 4 criteria above achieving an average score of over 4. The branch needs to set goals in providing services and delivery times faster because the time factor is also of great concern to customers..

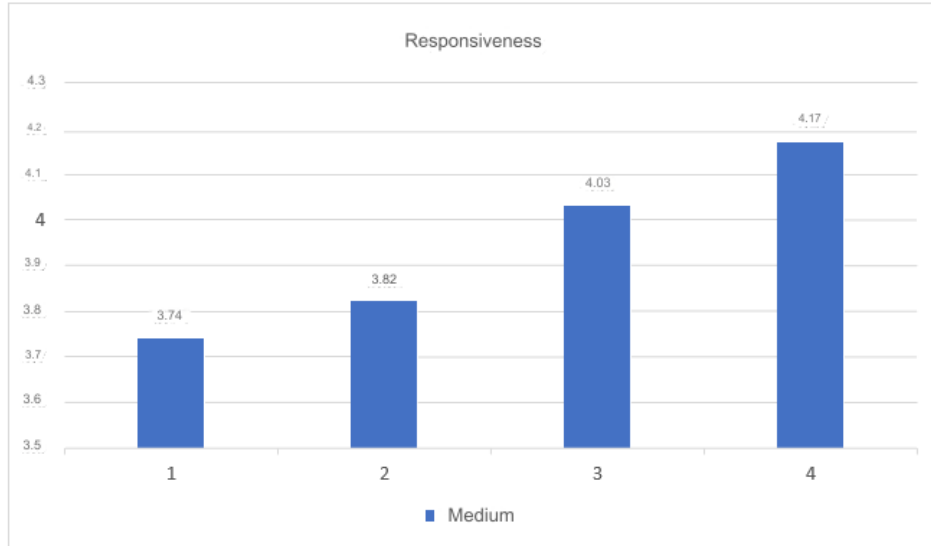
**About responsiveness:**

To evaluate this factor, we will evaluate according to the following questions:

1	The bank provides services to you quickly
2	Staff always express their readiness and enthusiasm to serve you

3	Staff let you know when the service will be completed
4	The bank shows interest and is willing to solve problems when you encounter difficulties

From the results of the survey obtained, we have the following comments: We obtain the following chart:



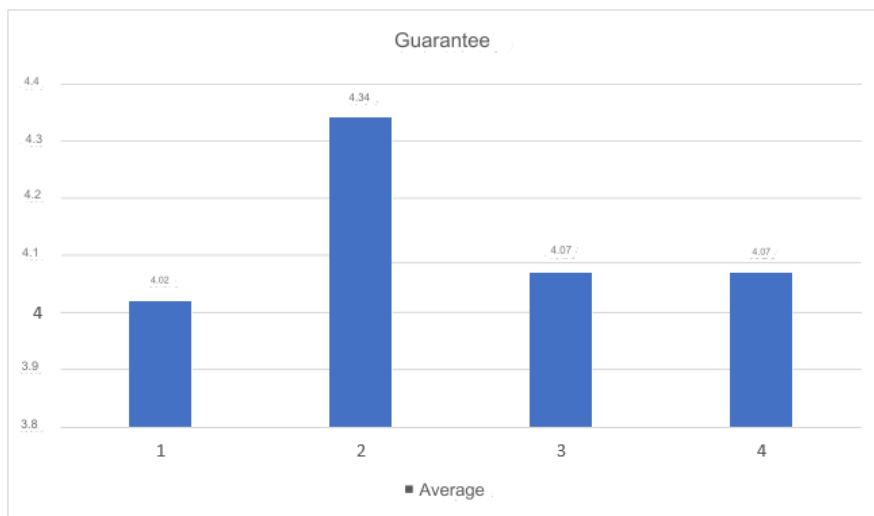
The average score for the criteria is only at a relative level. VPBank Hanoi branch needs to review the way it provides services to customers, the speed factor is not really taken into account. Staff are still not enthusiastic and thoughtful in consulting and answering customers' questions. Although in general, staff still have a positive attitude, are interested and ready to solve problems, it may be due to one department. The small number of employees still have limited professional qualifications and are affected by the surrounding environment, leading to the consulting and customer care process not being good.

**About the guarantee**

To evaluate this factor, we will evaluate according to the following questions:

1	Staff are qualified to answer your problems
2	You feel safer when transacting at vpbank, specifically the Hanoi branch
3	You realize that the staff has good skills, creating trust
4	You find that the staff is always welcoming and friendly

From the results of the survey obtained, we have the following comments: We obtain the following chart:



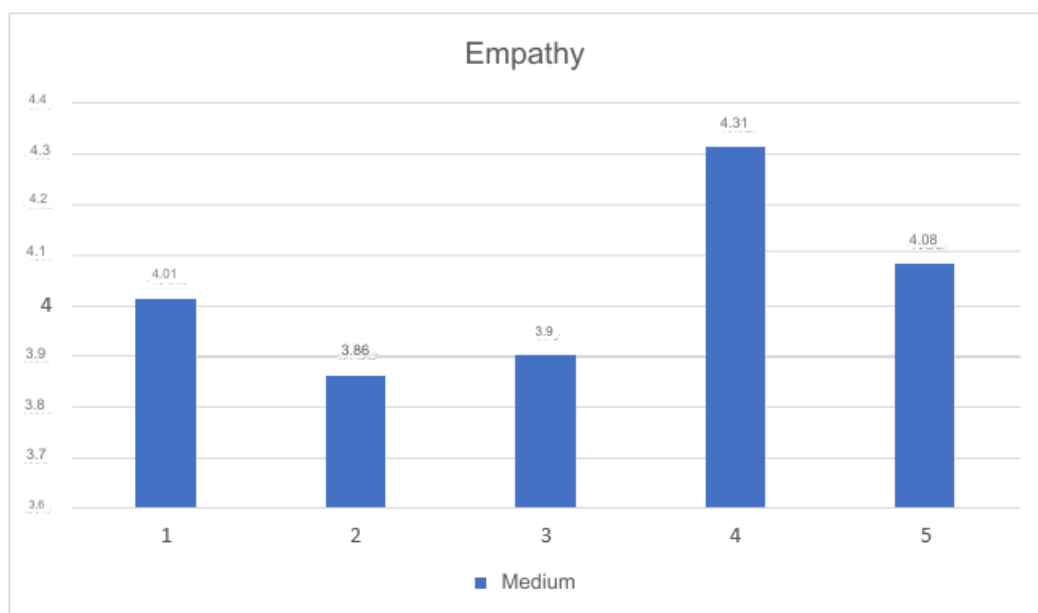
In general, all criteria scored relatively well, all on a 4-point scale. Employees and officers at the Hanoi branch are known to have the ability to solve customers' problems and questions, but this ability is still not highly appreciated, the Hanoi branch only needs to train and provide additional training in basic to advanced operations for all bank employees.

#### About empathy

To evaluate this factor, we will evaluate according to the following questions:

1	Staff always care about your needs
2	Staff always put your interests first before consulting
3	The consultant clearly explains in detail the things you don't understand
4	You receive wishes, greeting cards... on holidays and birthdays
5	You often receive policy changes, new services... from the bank

From the results of the survey obtained, we have the following comments: We obtain the following chart:



Empathy data are not really positive because knowing customer needs has been considered difficult due to changes in everything from technology to the economic landscape, which has greatly affected to changes in psychology, emotions and ways of using services, including banking services. In the coming time, banks should pay more attention to promptly announcing and updating information about promotions, new products or unusual system changes.

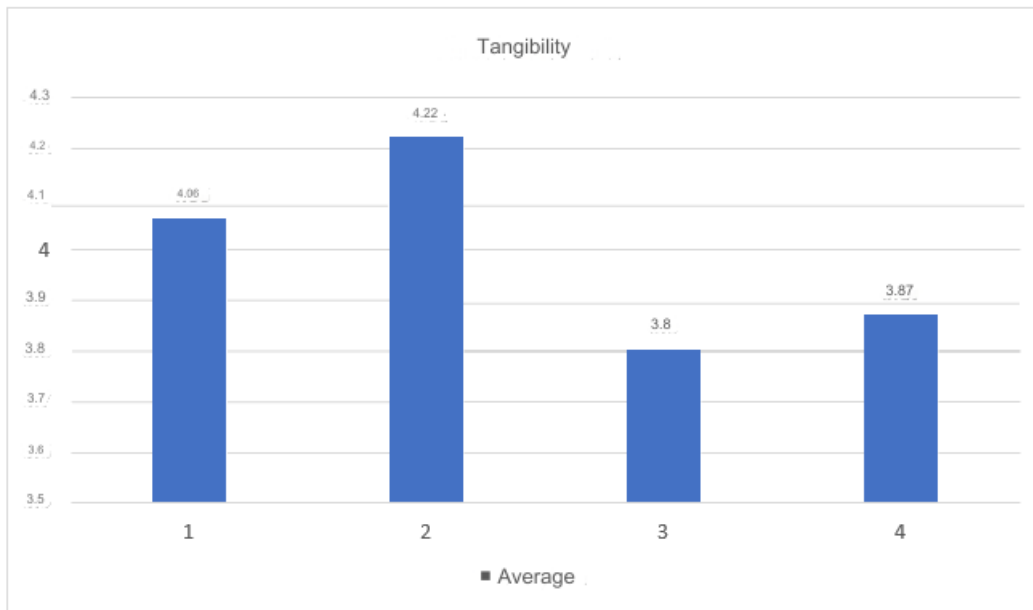
#### About tangibility

To evaluate this factor, we will evaluate according to the following questions:

1	The bank has a system of modern and new machinery and equipment
2	Brand identity system is easy to remember and eye-catching
3	Staff uniforms are polite, beautiful and look professional
4	Documents and space layout are presented and arranged scientifically and conveniently

From the results of the survey obtained, we have the following comments: We obtain the following chart:





With huge competition from many large and small banking brands in the financial market

For banks like today, having a brand identity enough to impress customers is not easy. The bank needs to reposition and periodically collect opinions to promptly come up with timely solutions.

**2.7. Overall assessment of service quality at VP Bank Hanoi branch**

**2.7.2. Result**

**2.7.2.1. Qualitative criteria**

*Diversity and convenience of services*

Media reputation and increased brand recognition are reflected in the level of awareness of the logo, the staff's uniform, the level of satisfaction... All thanks in large part to positive and promotional communication. images through online and offline channels (outdoor TVC, media advertising, social networks...)

Leading the digital banking trend, VPBank Hanoi branch is increasing customer scale with a digitalization strategy revolving around VPBank NEO and VPBank Biz applications with 37 automated operations including services: opening cards, transaction lookup, registration and credit processing... Experience enhanced service

*Security:* VPBank Hanoi branch has been further promoting the confidentiality and security of customer information with many inspections and reviews of operational areas to limit risks from bad actors.

**2.7.2.1. Quantitative criteria**

*Branch size (Number of customers, personnel):* from 2019 to 2020, the number of customers increased by more than 100%, specifically 150%

*Bank profits*

Year	Profit before tax
2019	169.245
2020	209.677
2021	217.636

VPBank Hanoi branch has had good growth, pre-tax profits have continuously increased over the years

### 2.7.2.2. *Other notable results*

*Human resources of increasingly high quality:* Continuing in 2020 - 2021, the board of directors still shows determination and commitment in investing and further developing human resources. Many programs to strengthen, promote and affirm employee capabilities have been implemented. Social responsibility activities: VPBank Hanoi also focuses on social activities. Specifically, during the recent epidemic, in response to the call from the government to "join hands to fight the epidemic and bring about business efficiency", VPBank reduced interest rates for more than 400,000 customers, spending more than 500 billion VND on anti-epidemic activities. epidemic and donated 60 billion to the vaccine prevention fund

### 2.7.3. *Limited and causes*

#### 2.7.3.1. *Limit:*

*Service scale is still small, growth rate is limited:* operating results are not really commensurate with VPBank's advantages and resources. Although overall there are impressive numbers, at VPBank branches this number is quite modest

*The number of ATMs and CDMs is small:* At the Hanoi branch, there is only 1 ATM and 1 CDM. This will certainly affect the number of transactions.

*The service provision process is still complicated:* VPBank Hanoi Branch is not really popular and the traditional form is still the most popular. This has caused VPBank Hanoi to lose points in the eyes of consumers and reduce the level of competition compared to other competitors in the same segment in the financial - banking market.

Not paying attention to promotion and communication: All transactions are still provided in the traditional way, customer care and attention still face many limitations..

#### 2.7.3.2. *Reason*

##### **Objective reasons:**

Due to the impact of the covid epidemic, the financial capacity of many customer segments has decreased.

Many SEM businesses are still overcoming difficulties affected by the epidemic and some businesses have not shown signs of recovery. The credit and bad debt sectors were heavily affected.

The habit of using cash among subjects in the economy is still high. Therefore, even though there are many preferential policies or good communication, it is still not enough to change the way this group of customers uses money.

##### **Subjective reasons:**

In addition to the positive perspectives, in retrospect, human resources at the branch are still limited in professionalism and communication skills, lacking enthusiasm and sociability with customers. Staff do not really care about customers during each consultation and answer session.

The network system at the branch has not really received attention from VPBank, and there is no specific communication strategy. The number of ATMs and CDMs is limited. Online distribution channels via mobile banking and internet banking exist but are not yet popular and not as effective as expected.

## 3. Directions for improving service quality of Hanoi branch 2022 - 2025

### 3.1. *General development orientation*

VPBank has also taken very clear steps in all areas, shown in detail through the following contents:

- Maintaining a growth rate higher than the industry average in both scale and operational efficiency. Efforts should be made to achieve growth in all sectors and scales (mobilization, lending...
- Promote credit growth and mobilization ability thanks to increasing productivity and improving the quality of the team and staff to serve cross-selling, up-selling and increased cooperation plans with customers. Fintech companies through data analysis.
- Develop and consolidate business platform systems following trends: centralization, modernization, automation, digitalization and simplification.

### 3.2. *Business strategy for 2022, vision for the year 2025*

VPBank has set key goals to effectively realize its ambitions than:

- Focus on scale growth by focusing on spearheads such as focusing on the best customer list, aiming at direct sales channels to reach a large workforce in businesses, as a premise to implement salary-based credit segment. Focus on launching new products suitable for each user field

- Taking customers as the focus, paying more attention to digital user experience. It is necessary to pay attention to deeply exploiting the current potential customer base, while developing the ecosystem, optimizing over-the-counter transactions, aiming for many automated operations without the need for staff to be present..

### **3.3. Solutions to improve service quality at bank Hanoi branch**

#### **3.3.1. Improved facilities**

VPBank needs to research and re-evaluate customer tastes around the area of VPBank Hanoi branch to open more ATMs and CDMs in accordance with the development orientation of the entire system.

Need to arrange more trees and more images of awards or socially responsible activities of the entire VPBank system and Hanoi branch. At the same time, it can be the goals, business orientation and image of team activities of departments at a particular VPBank branch... all of these will help customers first appreciate the prestige, neatness of the Hanoi branch and then have impressive views and assessments for the entire VPBank system.

#### **3.3.2. Enhancement of staff**

Although there is a lot of investment in training staff and encouraging officials and employees to actively participate in games and learning programs to develop more abilities, at the same time, There are still a small number of employees who do not really perform their duties and responsibilities towards the bank and customers well.

#### **3.3.3. Improve 2-way information between customers and banks**

There is a department or group of employees who will evaluate the information and make a judgment about the importance or urgency of the issue.

Having a team needs a fair level of professionalism and expertise to quickly handle customer complaints or questions. Information to customers requires completeness, assurance and accuracy

In addition, it is necessary to develop and become more popular in the digital technology era so that customers can contact hotlines or chatbots on the Internet.

#### **3.3.4. Improve customer service quality**

The VPBank system is developing products related to digital technology such as VPBank Neo, allowing customers to easily perform transactions with simple operations without having to go to the transaction office or meet with staff. pellets. Branches of the VPBank system need to train staff on how to use and how to handle problems arising from this VPBank Neo system to better serve customers in cases where customers have problems.

#### **3.3.5. Organize customer satisfaction measurement sessions**

Every month, it is necessary to organize a measurement session, so that the staff can measure the effectiveness of customer care and also for the bank to measure the satisfaction of the service through surveys, questionnaires, and direct interviews depending on each situation. object. For example, with individual customers, it can be a data survey, but with corporate customers, bank staff will come directly to get opinions.

#### **3.3.6. Strengthen Marketing work in all branch activities**

Here, the branch can plan to organize more activities such as: direct links with universities, seminars, programs on science, education, sharing and career orientation. career in the banking sector or participating in charity programs, volunteering, fundraising, sponsoring scholarships and educational programs... Activities like these not only help the branch leave a good impression on customers but also attract and increase brand recognition.

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## **4. CONCLUSION**

The proportion of the service industry in Vietnam is expected to be about 40 - 45% by 2025. Looking at this number, we can see that the service industry in general and banking services in particular are competing very fiercely. To highlight services and attract many customers is not easy. And on the basis of small-scale research and investigation along with the above analysis and survey data, it can be seen that the service quality at VPBank branches is quite good compared to the general level.

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