

## DETERMINANTS OF THE BANK CHOICES IN LOAN PURCHASE OF INDIVIDUAL CUSTOMERS - AN EMPIRICAL STUDY IN HO CHI MINH CITY, VIETNAM

Vu Minh Hieu<sup>1</sup>, Tran Ngoc Thanh<sup>2</sup>

<sup>1</sup>Faculty of Business Administration, Van Lang University, Ho Chi Minh city, Vietnam

<sup>2</sup>MBA student, Van Lang University, Ho Chi Minh city, Vietnam

Email: [vuminihieu@vanlanguni.edu.vn](mailto:vuminihieu@vanlanguni.edu.vn), [thanhhvai2612@gmail.com](mailto:thanhhvai2612@gmail.com)

Received: 20.05.2020

Revised: 17.06.2020

Accepted: 04.07.2020

### Abstract

The banking industry reaches more challenges and increasing competitiveness from globalization and integration to the other economies of the world and in Vietnam, retail banking is a strategic focus for the banking industry. To come over those obstacles, the many approaches have been applied in which one of them is to identify the customers' issues and their related problems as their choice decision, their behavior, types of products, or services. Along with that trend, this study is to identify determinants influencing individual customers' decisions for the bank choice in loan purchase in Ho Chi Minh City through the qualitative and quantitative methods with tools of content analysis, the experts' consultations, group discussions, and in-depths structured interviews, and surveyed questionnaires. The findings show that Loan Policy, Price Perception, Service quality, Images and Reputation have a positive impact on influencing individual customers' decisions for the bank choice in loan purchase. Also, many managerial recommendations have been established to bank managers for loan products under the endeavor of single individuals.

**Keywords**--Bank Choice, Customers' Decisions, Ho Chi Minh City (Vietnam), Individual Customers, Loan Purchase.

© 2020 by Advance Scientific Research. This is an open-access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>)  
DOI: <http://dx.doi.org/10.31838/jcr.07.08.339>

### INTRODUCTION

With globalization and integration to the world, the banking industry reaches more challenges and its growing competitiveness (Hung, Anh&Binh, 2019) as new entrances and similarity of services products (Holstius & Kaynak, 1995). However, in developing and emerging economies, for national economic development and growth, the competitiveness and efficiencies of the financial sector is a prerequisite (Poshakwale & Qian, 2011) because banks play a crucial role in the maintenance of a healthy financial system and national economics (Ocampo et al., 2000). To face those challenges, many approaches have been applied. One of them is to identify the customers' issues and their related problems as their choice decision, their behavior, types of products or services, etc.

In Vietnam, since the reforms of the banking and financial system, retail banking is viewed as a growth driver of Vietnam banks' interest income (Financial Services, 2019). As defined by commercial banks, retail banking is a strategic focus and confirmed by the State Bank of Vietnam, that retail banking plays a crucial role in banks' business (The Banker, 2019). At the end of the year 2018, in Vietnam, consumer loans accounted for 17.3% of total outstanding loans in which the total consumer credit penetration reached 22.4% of GDP. Also, according to Dung (2018) and the banker (2019), only 15-20% of Vietnam's population is using the services of banks or non-bank financial institutions. On the other hand, it means that this market size is huge because only 15-20% of Vietnam's population is currently using the services and products of banks or non-bank financial institutions. Besides, under the report of the General Statistics Office of Vietnam in 2019 shows that the GDP growth of the whole year reached 7.02%, of which the finance - banking - the insurance sector is one of the main drivers. Also, the Vietnam credit growth in 2019 reached 12.1%, lower than 13.3% compared with the same in 2018, and this rate is the lowest growth in the past 5 years (Hai Yen, 2020).

Along with the direction and strategy of the Vietnam State Bank, retail banking is also selected as a key strategy of the Bank of

Agriculture and Rural Development of Vietnam (known and abbreviated by Agribank). To compete in a severe environment, Agribank has introduced various policies to care for customers, especially for individual customers as customer service quality improvement, incentives, interest rate cuts, simple loan procedures, etc. In recent years, the development of the individual credit session of AGRIBANK is slow. Therefore, the identification and exploration of potential customers' behavior and choice decisions are urgent and essential tasks of banks because it will help banks have suitable strategies and policies to attract new potential customers and maintain the existing ones and develop the banks (Aregbeyen, 2011). Therefore, this study is to identify determinants influencing individual customers' decisions for the bank choice in loan purchase with empirical study in Agribank in Tan Phu Branch in Ho Chi Minh City (hereinafter abbreviated with Agribank - Tan Phu). From the findings, many managerial recommendations are formulated to bank managers for loan products under the endeavor of single individuals.

### LITERATURE REVIEW

#### Understanding consumer behavior and consumer's buying behavior

According to Kotler (2001) and Kotler et al. (2012), consumer behavior study is a vital task because of its great impact on the decision of marketing strategies of almost every organization. Consumer behavior is to find out the causes of individuals' selection, buying or use, and disposal of products, services, and their different experiences or ideas reaching consumer needs and wants (Kotler, 2001; Solomon et al., 2014). In the study of Mowen and Minor (2003), consumer behavior is known as the research of purchasing or trading processes relating to the acquisition, use and disposal of products and/or services and/or ideas and/or experiences. Also, Peter and Olson (2008) affirms consumer behavior as "The dynamic interaction of effect and cognition, behavior and environmental events by which human beings conduct the exchange aspect of their lives". Consumer behavior is defined as the study of customers' psychological and physical activities on the purchase or the use of products or

services (Solomon, 2006). In addition, consumer behavior is to study the demands' satisfaction of its customers (Karsaklian, 2008) and it is the study of the processes concerning individuals or group's selection, buying, usage or offerings of the products, services, ideas, or experiences in meeting their needs and wants' (Solomon et al., 2014). In terms of a consumer's buying behavior, the social, cultural and personal factors, and cultural factors are found as the deepest and more influencing factors among others (Kotler et al., 2012). As such, a basic issue hiding in the study of consumer buying behavior is to understand the consumers' root reasons of their choice for purchasing/ buying and using the products and the services. Additionally, consumer behavior is a dynamic process due to its constant change in their perception, actions, and thoughts in their lives (Blackwell, Miniard & Engel, 2001; Peter & Olson, 2008).

**Applications of Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB) in the bank choice of customers**

The Theory of Reasoned Action (TRA) model developed by Fishbein and Ajzen (1975) which origins in the field of social psychology is defining the links between beliefs, attitudes, norms, intentions, and behaviors of individuals. In addition, it is widely applied in a variety of research settings and it has been used to test differences in pre-adoption and post-adoption beliefs and attitudes. (Nor, Shanab & Pearson, 2008). In TRA, attitude is a crucial variable relating to various behavioral domains (Fishbein & Ajzen, 1975). Besides, the Theory of Planned Behavior (TPB) (Ajzen, 1991) is an extension of the Theory of Reasoned Action (TRA) of Fishbein and Ajzen (1975), and Ajzen and Fishbein (1980). Both TRA and TPB theories posit subject norms affecting behavioral intention (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980). In the banking industry, there are various studies proving a significant direct relationship of attitudes towards behavioral intention (i.e. Eri, 2004; Shih & Fang, 2004; Ramayah et al., 2004; Gopi & Ramayah, 2007; Amin et al., 2011).

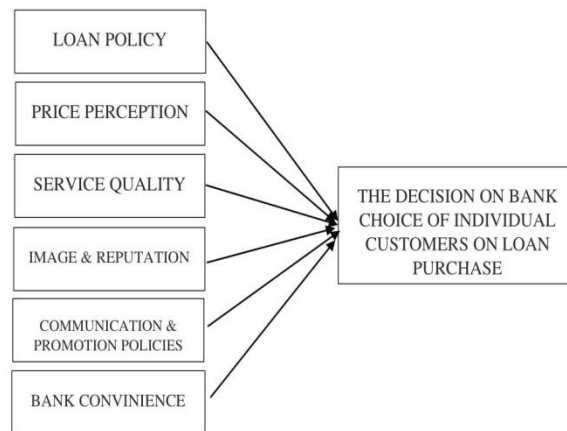
**Related previous studies on the choice of the customers on the bank services and bank loan borrow/purchase.**

In the study of Anderson, Fox and Fulcher (1976), Convenience, bank image, friend's recommendations, Interest charges on loans and other financial considerations are the factors affecting the choice of the customers on the bank services. In 2001, Almosawi's findings of the study, the key factors are determined in terms of college students' bank selection as bank's reputation, parking space availability, staff friendliness, and ATM availability and location (Almosawi, 2001). Rehman and Ahmad (2008), the findings show that the factors affecting the bank choice of individual customers in Lahore, Pakistan are customer service, bank convenience, bank facilities, and bank general environment. Also, in the study of Alina (2010) the impacting factors on the customers' bank choice are service diversifications. In the same year, Rao and Sharma (2010) find out the factors for Delhi's MBA students for selection of banks includes employee courtesy, parking facility, loyalty programs, brand name, security system, and low bank fees. Mariam (2011) depicts that, in terms of the bank choice of the customers for services and products offered by the banks, convenience/security, promotion strategy, service provision, bank image, influence, financial benefits, reputation, and technology. Frangos et al. (2012) show that shop design, personal marital status, interest rates, and customer service are the highest influencers of taking loans. In addition, Siddique (2012) reveals that the most important impacting factors on customers' choice of a private commercial bank are customer services, speed and quality services; bank image, online banking, and good management. On the other hand, on the side of public commercial bank customers choose the bank with the low-interest rates on the loan, branch location, safe investment,

service variety, and low e-service fees. In the study of Anshah (2014), customers confirm to choose bank upon the Savings interest, bank reputation, bank security, loan procedures, bank longevity, and low service fees. In 2016, as for Bodibe, Chiliya and Chikandiwa's study in the Islamic banking services, the relationships among of the factors like social norms, community influence, product awareness, and attitude are positive (Bodibe, Chiliya, & Chikandiwa, 2016), meaning that, they are impacting to those factors impact on the customer's choice toward Islamic banking. Later, Fatah (2018) show the result of the relationships with the customer's decision for loan services such as bank loan policy, service quality, marital status, and security are highly positive.

In Vietnam, there are many studies on the customers' bank choice as Giao and Dat (2014) Bao (2015), Huy (2015), Lan (2015), Nam and Van (2015), Chanh (2016), and Nguyen and Lien (2019). Giao and Dat (2014) identifies factors which make older clients pay their interests in bank choice are staff quality, price; prestige; experience; facilities; preferential treatment; and consultation. In addition, Nam and Van (2015) confirm factors influencing affecting individual bank's choice of bank as benefits from products - services bank staff, bank reputation, convenience, tangible, influence, and finally marketing. In the study of Bao (2015), the results show that there are 4 factors as Product characteristics, convenience; Loan Conditions influences to individual borrowers' decision on loan borrowing. And Huy (2015) suggests that the factors impacting the bank choice decision for personal loans include convenience, banks' credit policies, relationships' impacts, service qualities, and the bank image and reputation, the marketing policy, and the bank service fee. In addition, Lan (2015) confirms there are seven factors affecting individual customers' decisions on loan borrow comprising loan procedures, interest rates, bank media, bank staff, service styles, bank brands, and bank convenience. Furthermore, in the study of Chanh (2016), the study results show six factors like types of loans, procedures, processing time, bank locations, the bank and customers' relationships, interest rates, the bank size, and staff impact on the decisions of individual customers and business households in borrowing bank loans. In 2019, Nguyen and Lien finds the factors influencing to borrow credit of household business's decision include brand names of the bank, interest rates, service attitude, and loan procedures (Nguyen & Lien, 2019)

**Suggested research model and hypothesis**



**Figure 1.** Suggested research model  
**Source:** Own (2020)

After the above analysis, the hypotheses of the study are formed as follow:

- Hypothesis H1: Loan policy has a positive influence the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu.
- Hypothesis H2: Price perception has a positive (+) effect on the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu.
- Hypothesis H3: The service quality impacts positively on the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu.
- Hypothesis H4: The bank's image and reputation affect positively the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu.
- Hypothesis H5: The marketing communication and promotion policies have a positive (+) influence on the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu.
- Hypothesis H6: The bank convenience has a positive (+) effect on the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu.

### RESEARCH METHODOLOGY

The secondary data and primary data from the three sessions from qualitative and quantitative methods have been employed to achieve the study objective as follows:

In the first session, qualitative methods with 2 techniques have been used. First of all, the authors conduct the content analysis of which relates to the factors influencing individual customers' decisions for the bank choice in loan purchase from the relevant literature and studies in the publications as journals, websites, books, and others. Later, the 6 group discussions and 4 in-depths structured interviews with 25 persons, including 5 experts in the banking industry, 6 bank's managers/ heads of departments and

14 individual customers who come for loan purchase at Agribank – Tan Phu to gain a deep understanding of the measurement scales (observed variables) and the hidden issues which are not presented in the questionnaires.

In the second session, the authors use the quantitative method via the tools of the questionnaires survey. Based on the results of the first session, the questionnaire has been developed as the key tool to collect data. The content of the questionnaire has been adapted from previous works of literature on the related topics. Later, three pilot tests of the questionnaire have been implemented with 10 customers to check comprehensibility and gain feedbacks to enhance the questionnaire' clarity before conducting on the broad scale. In terms of the sampling technique, the study employs a convenient sampling method. 250 survey questionnaires have been delivered and 248 responses have been collected. After filtering, 9 responses have been rejected. Thus, the valid sample size for the study is  $n = 239$ . The sample size is determined at 239 because sample size is defined by Hair et al. (2006) as  $N = 5 * \text{items}$  (where items are for observations). More of that, Tabachnick&Fidell (2001, 2007) depicts the sample size should be as  $N = 8 * \text{var} + 50$  where var is independence variables.

The third as the last session is the data analysis and consultation of the results with experts and 3 in-depth interviews. The data is processed and analysed with statistical modes as Cronbach's Alpha, EFA, T-Test, ANOVA, etc. After all, the experts' consultation is done to present the results and get results consultations and recommendations for any adjustment if possible. More of that, the three in-depth interviews with bank managers/ heads of departments on the findings are to present and seek the confirmation of the results.

### FINDINGS AND DISCUSSIONS

#### Findings and discussion

Table 1. Demographic analysis result

Items	Frequency	Ratio (%)
<b>Gender</b>		
Males	110	46.0
Female	129	54.0
<b>Age range</b>		
From 18 to 25	17	7.1
From 26 to 35	103	43.1
From 36 to 45	97	40.6
More than 46	22	9.2
<b>Employment</b>		
Public servants	43	18.0
Office worker	97	40.6
Business owners	34	14.2
Self-trader/ self-employed	43	18.0
Retired	22	9.2
<b>Education</b>		
High school	44	18.4
Vocational/ 3-years college	107	44.8
Undergraduate	59	24.7
Postgraduate	29	12.1
<b>Income</b>		
Under 5 mil. VND	88	36.8
From 5 mil to <10 mil VND	115	48.1
From 10 mil to < 15 mil VND	30	12.6
More than 15 mil VND	6	2.5

Source: Own (2020)

In the evaluation of the reliability of scales by Cronbach's Alpha, the results show that Cronbach's Alpha of the scales is in the acceptable range and this proves that the used scales are good

for measurement. Also, the variables IRN1 and BCE4 reaching the correlation coefficients lower than 0.3 and equal to 0.288; 0.011, therefore, 2 of them have been removed.

Table 2. Cronbach's Alpha results for the scales

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item - Total Correlation	Cronbach's Alpha if Item Deleted
<b>Loan policy - LPY (Cronbach's Alpha = 0.789)</b>				
LPY1	11.812	5.414	0.630	0.721
LPY2	11.808	5.375	0.606	0.733
LPY3	11.887	5.697	0.555	0.758
LPY4	11.904	5.407	0.600	0.736
<b>Price perception - PPN (Cronbach's Alpha = 0.834)</b>				
PPN1	7.975	3.050	0.617	0.843
PPN2	7.720	2.698	0.736	0.728
PPN3	7.728	2.728	0.735	0.730
<b>Service quality - SQY (Cronbach's Alpha = 0.805)</b>				
SQY1	15.510	5.251	0.650	0.748
SQY2	15.498	5.360	0.692	0.735
SQY3	15.573	5.725	0.558	0.777
SQY4	15.427	5.842	0.530	0.786
SQY5	15.297	6.285	0.528	0.786
<b>Image and Reputation - IRN (Cronbach's Alpha = 0.813)</b>				
IRN2	6.858	4.543	0.690	0.717
IRN3	6.837	4.490	0.689	0.717
IRN4	6.950	4.787	0.614	0.794
<b>Communication and promotion policy - CPP (Cronbach's Alpha = 0.725)</b>				
CPP1	7.741	2.664	0.432	0.765
CPP2	7.464	2.099	0.632	0.528
CPP3	7.397	2.224	0.586	0.589
<b>Bank convenience - BCE (Cronbach's Alpha = 0.752)</b>				
BCE1	8.159	2.202	0.620	0.624
BCE2	7.766	2.256	0.557	0.697
BCE3	7.908	2.269	0.565	0.687
<b>Decision on the bank choice - DBC (Cronbach's Alpha = 0.859)</b>				
DBC1	7.021	1.298	0.721	0.819
DBC2	6.561	1.457	0.690	0.842
DBC3	6.803	1.377	0.799	0.746

Source: Own (2020)

The results show that all observations having the Alpha coefficients and the total Correlation are satisfactory. This proves that the measurement scales used in the model reach reliability

and it is appropriate to proceed into the next EFA analysis. And the below is the results of EFA of the independence factors.

	Component					
	1	2	3	4	5	6
SQY2	.815					
SQY1	.788					
SQY3	.743					
SQY4	.684					
SQY5	.622					
LPY1		.824				
LPY2		.763				
LPY3		.715				
LPY4		.679				
PPN3			.857			
PPN2			.843			
PPN1			.784			
IRN3				.824		
IRN4				.809		
IRN2				.797		
BCE1					.825	
BCE3					.810	
BCE2					.792	
CPP2						.848
CPP3						.838
CPP1						.686

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 a. Rotation converged in 6 iterations.

Here is the result of dependence factors

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.350	78.341	78.341	2.350	78.341	78.341
2	.406	13.536	91.877			
3	.244	8.123	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component
	1
DBC3	.918
DBC1	.878
DBC2	.859

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.712
Bartlett's Test of Sphericity	Approx. Chi-Square
	344.457
	df
	3
	Sig.
	.000

**Communalities**

	Initial	Extraction
DBC1	1.000	.770
DBC2	1.000	.738
DBC3	1.000	.842

Extraction Method: Principal Component Analysis.

The results point out all 3 observed variables extracted had Factor loading over 0.5 and met the requirements when analyzing the discovery factor. The EFA results show that the independent and dependent variables in the model have both acceptable convergence and discriminant values which are eligible to conduct an analysis of the next steps.

In testing models and research hypotheses, The results show a regression analysis between the independent and dependent variables having the adjusted R2 value is 52.3% (> 50%). This proves the explanatory ability of the independent factors reaches the explanation of 52.3% variation in the data of the dependence factor. Furthermore, the F test for the sig. <.05 proves that the regression model is appropriate.

**Table 3. Model summary**

Model	R	R2	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
1	0.731 <sup>a</sup>	0.535	0.523	0.39183	1.523

a. Predictors: (Constant), BCE.PPN.CPP.IRN.SQY.LPY

b. Dependent Variable: DBC

**Table 4. ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.952	6	6.825	44.455	0.000 <sup>b</sup>
	Residual	35.620	232	0.154		
	Total	76.572	238			

a. Dependent Variable: DBC

b. Predictors: (Constant), BCE.PPN.CPP.IRN.SQY.LPY

**Table 5. Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.536	.322		1.661	.098
LPY	.101	.039	.134	2.574	.011
PPN	.097	.035	.138	2.733	.007
SQY	.449	.048	.461	9.402	.000
IRN	.147	.028	.265	5.214	.000
CPP	-.021	.037	-.027	-.574	.566
BCE	-.018	.037	-.023	-.499	.618

a. Dependent Variable: DBC  
Source: Own (2020)

The results of the regression estimates show that the significance level of communication and promotion policy (CPP) and bank convenience (BCE) factors respectively are 0.566 and 0.618 (both are higher than 0.05), hence, these two variables are not a linear relationship with the dependent factors. Price perception

(PPN, Service quality (SQY), and Image and Reputation (IRN) are all valid of Sig. <0.05 and the adjusted  $\beta$  of these variables show that they have a positive effect on the dependent factor at 0.134; 0.138; 0.461; 0.265 accordingly.

**Table 6. Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.536	.322		1.661	.098
LPY	.101	.039	.134	2.574	.011
PPN	.097	.035	.138	2.733	.007
SQY	.449	.048	.461	9.402	.000
IRN	.147	.028	.265	5.214	.000
CPP	-.021	.037	-.027	-.574	.566
BCE	-.018	.037	-.023	-.499	.618

b. Dependent Variable: DBC

**Table 7. Result of Collinearity Statistics**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	Constant	.536	.322		1.661	.098		
	LPY	.101	.039	.134	2.574	.011	.742	1.347
	PPN	.097	.035	.138	2.733	.007	.788	1.269
	SQY	.449	.048	.461	9.402	.000	.834	1.199
	IRN	.147	.028	.265	5.214	.000	.776	1.289
	CPP	-.021	.037	-.027	-.574	.566	.930	1.076
	BCE	-.018	.037	-.023	-.499	.618	.949	1.054

Source: Own (2020)

The result shows there is no endogenous or multicollinearity and heteroscedasticity in the model.

**Table 8.** Correlation among independent variables and residuals

Correlations								
Spearman's rho		Standardized Residual	LPY	PPN	SQY	IRN	CPP	BCE
Standardized Residual	Correlation Coefficient	1.000	.001	.009	.022	.003	.019	-.011
	Sig. (2-tailed)		.990	.887	.731	.965	.776	.861
	N	239	239	239	239	239	239	239

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

Source: Own (2020)

The results depict that there is no correlation between the independent factors and the residuals. Therefore, there is no endogeneity in the model. In summary, from the above test results, it shows that the regression model does not violate the necessary assumptions in linear regression and the model reaches reliability.

After the analyses of the regression and suitability of the model, it is concluded that there are 4 independent factors having linear relationships with the dependent factor. They are Loan policy (LPY), Price perception (PPN), Service quality (SQY), Image and reputation of the bank (IRN). As a consequence, the research hypothesis is concluded as following:

**Table 9.** Conclusion for the hypothesis

Hypothesis	Content	Sig.	Result
H1	Loan policy has a positive influence the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu	.011	Accepted
H2	Price perception has a positive (+) effect on the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu	.007	Accepted
H3	The service quality impacts positively on the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu	.000	Accepted
H4	The bank's image and reputation affect positively the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu	.000	Accepted
H5	The marketing communication and promotion policies have a positive (+) influence on the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu	.566	Rejected
H6	The Bank convenience has a positive (+) effect on the decision on the bank choice of the individual customers on loan purchase at Agribank – Tan Phu	.618	Rejected

Source: Own (2020)

### Recommendations for the Bank

According to the analysis result, the factor of service quality is the directions of consumers in general and especially for individual customers in banking. Therefore, information related to loan policy or marketing programs or promotions of the bank should also be convenient and accessible for customers. In addition, customer care and customer service system should also be paid attention to. Besides understanding and creating favorable conditions for customers to comment, improvements on the bank's loan services will make the bank's services better meet the needs of customers. There are some recommendations as below:

In the aspect of "Image and reputation of the bank", as the shown result, the factor "Image and reputation" has a second influence on the choice of the bank for loan purchase borrowing decision of the individual customers Agribank - Tan Phu Branch (Standardized  $\beta = 0.265$ ). This proves that Agribank – Tan Phu needs to care to the investment in designing and development

the facilities of transaction offices in a convenient and modern manner to make customers feel comfortable.

Regarding "Price Perception", the bank interest rates are always a concern for all of the customers who intend to have loan purchase at banks. The bank's Board of directors should have a reasonable plan to focus on the potential segment of customers because each segment has different types of needs. More of that, the flexible interest rates and various payment methods should be set up depending on the loan product or on the loan duration of the customer. The adjustment of low-interest rate range is also a way to reduce interest rates for many borrowers.

Concerning the "Credit policy", Agribank – Tan Phu should re-organize credit activities toward the workflow processes in a professional manner. A credit support Team should be opened to implement relevant procedures to show professionalism and secure customers with the service. More of that, inter-department cooperation should be designed to simplify documents and procedures. In addition, the customers'

information must always be kept confidential and security because it will not only bring customers' trust to the bank but long-term customer engagement to the bank as well.

### CONCLUSIONS AND LIMITATIONS

The study objective is to identify determinants influencing individual customers' decisions for the bank choice in loan purchase with empirical study in AGRIBANK in Tan Phu Branch. The results show that Loan Policy (LPY), Price Perception (PPN), Service quality (SQY), Images and Reputation (IRN) have a positive impact on influencing individual customers' decisions for the bank choice in loan purchase. This research result is consistent with the results of Frangos et al. (2012), Zulfiqar et al (2014), Giao et al (2014) and Nam et al (2015). The results of this study will provide practical and scientific foundations for the Board of Directors of Agribank - Tan Phu in the establishment of policies to maintain and develop individual customers at present and in the near future. The limitation of the study is on the examined factors because there are many other factors which are not included to be examined.

### REFERENCES

- Ajzen, I & Fishbein, M (1980). *Understanding attitudes and predicting social behavior*. Pearson Publisher.
- Ajzen, I. (1991). Theory of planned behavior. *Organizational Behavior and Human Decision Processes* 50, 179-211.
- Alina, A. (2010). *Individual and Bank Characteristics that Impact an Individual's Demand for Services*. Master's Thesis. Ukraine: Kyiv School of Economics.
- Almossawi, M. (2001). Bank selection criteria employed by college students in Bahrain: an empirical analysis. *International Journal of Bank Marketing*, 19(3), 115-125.
- Amin, H., Muhammad, M. Z., Lada, S., Amran, A., & Abdul Hamid, M. R. (2006). Islamic Banking Development in Bimpeaga Countries: Issues and Potential Cooperation. *The Journal of Muamalat and Islamic Finance Research*, 3(1), 89-118.
- Anderson, W. T., Fox, E. P. & Fulcher, D. G. (1976). Bank Selection Decision and Market Segmentation. *Journal of Marketing*, 40(1), 40-45.
- Ansah, M. O. (2014). An Empirical Study on the Determinants of Banks Selection in Ghana: Application of Principal Factor Analysis on Senior High School Teachers in the Kumasi metropolis. *International Journal of Academic Research in Business and Social Sciences*, 4(7), 557-527.
- Aregbeyen, O. (2011) The determinants of bank selection choices by customers: recent and extensive evidence from Nigeria. *International Journal of Business and Social Science* 2, 276-288.
- Bao, T. K. (2015). *Factors affecting Ho Chi Minh City individual customers' decision for taking out banks loans at Viet Nam Joint Stock Commercial Banks for Industry and Trade*. Masters' thesis, Ho Chi Minh City University of Economics.
- Blackwell, R. , Miniard, P. , & Engel , J. (2001). *Consumer behavior*. Ohio: South-Western.
- Bodibe, S., Chilya, N. & Chikandiwa, C. T. (2016), The factors affecting customers' decisions to adopt Islamic banking. *Banks and Bank Systems*, 11(4), 144-151.
- Chanh, N. P. (2016). *The analysis of factors affecting ViThanh city individual customers' and business households' decisions for taking out banks loans at Agribanks, HauGiang province*. Masters' thesis, TraVinh University.
- Eri, Y. (2004). *Retailing on internet the Buying Intention*. (Unpublished Thesis). Penang: School of Management University Sains Malaysia.
- Fatah, N. (2018). *Factors affecting customers' decision for taking out bank loans: A case of Sulaymaniyah city commercial banks*. Master thesis of Near East University
- Financial Services (2019). Available from [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwLVCV\\_qPqAhUZA94KHTN6CoQQFjAJegQIBxAB&url=https%3A%2F%2Fstatic-02.vndirect.com.vn%2Fuploads%2Fprod%2FBanks\\_Initiation\\_20190625.pdf&usg=AOvVaw0qP072pjppGinH6TIEFwXN](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwLVCV_qPqAhUZA94KHTN6CoQQFjAJegQIBxAB&url=https%3A%2F%2Fstatic-02.vndirect.com.vn%2Fuploads%2Fprod%2FBanks_Initiation_20190625.pdf&usg=AOvVaw0qP072pjppGinH6TIEFwXN)
- Fishbein, M. & Ajzen, I. (1975) *Believe, Attitude, Intention and Behavior: An Introduction to Theory and Research*. Massachusetts, Addison-Wesley Publishing Company.
- Frangos, C. C, Fragkos, K. C, Sotiropoulos, I., Manolopoulos, G. & Valvi, A. C. (2012). Factors Affecting Customers' Decision for Taking out Bank Loans: A Case of Greek Customers. *Journal of Marketing Research & Case Studies* 2012, 1-16.
- Giao H. N. K. & Dat, H. M. (2014). Evaluating the factors of selection of commercial banks in of the elderly people, in Ho Chi Minh City. *UEH Vietnam - Journal of Economic Development* 280, 97 - 115.
- Gopi, M & Ramayah, T. (2007). Applicability of Theory of Planned Behavior in Predicting Intention to Trade Online: Some evidence from a Developing Country. *International Journal of Emerging Markets*, 2(4), 348-360.
- Hai Yen (2020). *Vietnam's credit growth remains low despite strong support from banks*. Available from <http://hanoitimes.vn/vietnams-credit-growth-remains-low-despite-strong-supports-from-banks-311255.html>
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R.L. (2010). *Multivariate data analysis*. Upper Saddle River, NJ: Pearson.
- Holstius, K. & Kaynak, E. (1995). Retail banking in Nordic countries: the case of Finland. *International Journal of Bank Marketing*, 13(8), 10-20.
- Hung, N. V., Anh, H. T. & Binh, N. T. T (2019). *Banking competition in banking industry - A view from the financial stability*. Available from <https://tinnhanhchungkhoan.vn/tien-te/canh-tranh-nganhang-goc-nhin-tu-su-on-dinh-tai-chinh-268191.html>
- Huy, D. L. (2015). Factors affecting Ho Chi Minh City individual customers' decision for taking out banks loans at Vietnam Joint Stock Commercial Banks for Investment and Development, TraVinh branch (pp.23-29). Masters' dissertation, Ho Chi Minh City University of Economics.
- Karsaklian, E. (2008). *Consumer behavior*. Paulo: Atlas.
- Kim Dung (2018). *Potential of consumer loan market in Vietnam*. Available from <https://ndh.vn/tai-chinh/tiem-nang-cua-thi-truong-cho-vay-tieu-dung-tai-viet-nam-1127486.html>
- Kotler, P. (2001). *A Framework for Marketing Management*. Prentice Hall.
- Kotler, P., Keller, K. L, Brady, M. & Goodman, M. (2012). *Marketing management (2nd Edition)*. Pearson Publisher.
- Lan, H. P. T. (2015). *The analysis of factors affecting customers' decision for taking out banks loans at Eximbanks, Can Tho branch*. Master's dissertation, Can Tho University.
- Mariam, W. G. (2011). *Bank Selection Decision: Factors Influencing the Choice of Banking Services*. Master's Thesis. Ethiopia: Addis Ababa University.
- Mowen, J. C & Minor, M. S. (2003). *Comportamento do consumidor*. Prentice-hall
- Nam, N. K & Van, T. T. T. (2015). The factors influencing to the bank selection of the individual customers in Ho Chi Minh City. *Banking review* 14, 23 - 28.
- Nguyen, H. H. & Lien, T. T. (2019). Factors Influencing Family Business Decision for Borrowing Credit from Commercial Banks: Evidence in TraVinh Province, Viet Nam. *Journal of Asian Finance, Economics and Business*, 6(2), 119-122



34. Nor, K. M., Shanab, E. A. A., & Pearson, J. M. (2008). Internet banking acceptance in Malaysia based on the theory of reasoned action. *JISTEM - Journal of Information Systems and Technology Management*, 5(1), 03-14
35. Ocampo, J. A., Zamagni, S., Ffrench-Davis, R. & sPietrobelli, C. (2000). *Financial globalization and the emerging economies*. United Nations Publications.
36. Peter, J. P & Olson, J. C (2008). *Consumer behavior and marketing strategy* (8<sup>th</sup>Eds). New York: McGraw-Hill.
37. Poshakwale, S. S & Qian, B. (2011). Competitiveness and Efficiency of the Banking Sector and Economic Growth in Egypt, *African Development Review*, 23(1), 99-120.
38. Ramayah, T., Nasurdin, A., Noor, M., & Sin, Q. (2004). The Relationships between Belief, Attitude, Subjective Norm, and Behavior Towards Infant Food Formula Selection: The Views of the Malaysian Mothers. *GadjahMada International Journal of Business*, 6(3), 405 - 418.
39. Rao, S. & Sharma, R. K. (2010). Bank Selection Criteria Employed by MBA Students in Delhi: An Empirical Analysis. *Journal of Business Studies*, 1(2), 56-69.
40. Rehman, H. U., & Ahmad, S. (2008). An Empirical analysis of the determinants of Banks Selection in Pakitstan: A customer view. *Pakistan Economic and Social Review*, 46(2), 147-160.
41. Shih, Y. Y. & Fang, K. (2004). The Use of Decomposed Theory of Planned Behavior to Study Internet Banking in Taiwan. *Internet Research*, 14(3), 213-223.
42. Siddique, N-E-A. (2012). Bank Selection Influencing Factors: A Study on Customer Preferences with Reference to Rajshahi City. *Asian Business Review*, 1(1), 80-87
43. Solomon, M. R. (2006). *Consumer behavior : buying , having and being* (7<sup>th</sup> edition). New Jersey, USA: Pearson Prentice Hall
44. Solomon, M., Bamossy, G., Askegaard, S., & Hogg, M. (2014). *Consumer behavior: A European perspective*. Harlow: Pearson Higher Education
45. Tabachnick, B. & Fidell, L. L. S. (2001). *Using multivariate statistics* (4<sup>th</sup> Ed). Needham Heights, MA: Allyn & Bacon.
46. Tabachnick, B. & Fidell, L. L. S. (2007). *Using multivariate statistics* (6<sup>th</sup> Ed). Needham Heights, MA: Allyn & Bacon.
47. The Banker (2019). *Vietnamese banks ride the retail tide: The Banker*. Available from <https://vietnaminsider.vn/vietnamese-banks-ride-the-retail-tide-the-banker/>