THE PRACTICE AND HOW TO IMPROVE SERVICES INFLUENCE THE ADOPTION OF INTERNET BANKING IN VIETNAM

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Abstract

The fact that undeniable impact of Internet on the global economy in general and of Vietnam in particular, which internet banking is also an effective tool and is increasingly popularized and has a hunger impact on the global economy. Especially in the covid-19 epidemic, the limited contact with surfaces is recommended; the use of online payment platforms demonstrates its convenience, speed and safety for users. The researcher adopts the quantitative research method and using Smart-PLS 3.3.3 to analyze the data. This research shows 4 variables Perceived Usefulness, Perceived Ease to Use, Government Supporting and Social Influence have significant on Adoption of internet banking which are directly influenced by the variables and Trust has no significant on Adoption of internet banking. The total valid participants are 150 people currently living in Vietnam almost is big city where internet banking more popular, who are approached via convenient sampling method. With 150 participants with 100% of respondent using internet banking, 78.5% usually using service and 18.1% always using service, that showing the biggest user of internet banking in Vietnam. Based on the findings, this study has the following previous research.

Keywords: Internet banking, E-banking, Perceived Usefulness, Perceived Ease to Use, Government Supporting, Social Influence, Trust, Adoption of internet banking. Vietnam

INTRODUCTION

The rapid development of information technology like the present era everywhere is connected to the means of communication and applications that make connecting simpler. Especially in the field of banking and finance, an important part of a market economy, strong and rapid development helps open a new competition(Ghane et al., 2011), where customer service is a measure of as the purpose of the bank's profit. Realizing the great potential of e-banking services, many banks have also deployed many types of services as well as built up a complete improvement mechanism to meet the increasing demands of customers. Access to and delivery of service types as well as their current situation are issues of concern (Salimon et al., 2015).

At the present time, when the national banks have the freedom to operate, this creates a great challenge in building an optimal system, modernizing technology to occupy the market. The customer base of domestic and international banks has become a topic of

concern (Ahmad & Ali, 2011). Along with the growth of the economy, domestic consumer activities also began to change. As a result, the rise of the middle class and enhanced internet access has led to a robust digital economy. Currently about 54% of Vietnam's population use the internet and this number is expected to increase in the coming years (Salloum et al., 2019).

E-payment is the backbone of the digital economy. In societies with high internet coverage and a growing digital economy, people rarely use cash to pay (Chong et al., 2010). Instead, e-payment is often the preferred option with a faster and more convenient advantage. Mobile and E-banking rates are constantly increasing, but cash is still used mainly in small transactions. The government is keen to increase cashless payments because it will narrow underground economic activities, expand access and use of financial - banking services to the people (Nimako et al., 2013). Consumers therefore will enjoy utilities such as saving time, costs, and safety. The merchant or service provider also minimizes the risk for storage, rotation and cash handling (Liem, 2016). The government's banking regulation helps to manage cash flow as well as put in place appropriate policies to promote the transformation of the traditional payment structure into internet banking and combat legal violations and risks. this service provides.

Based on the role of the "social influence" a new business strategy was devised by economists-the "social influence" business strategy. As a latecomer and not technologically superior to foreign banks, Vietnamese banks need to be aware of and take advantage of this microeconomic phenomenon and business strategy to be able to compete when Vietnam is in the transition period of integration with the world economy (Hsiao et al., 2017). This requirement has become increasingly urgent as e-banking has been widely applied in Vietnam in recent years. With the above concerns, the writer chose the topic "Applying business strategy" Social influence "in e-banking business in Vietnam". The impact of word of mouth, which people interact and see comments, advices, and suggestions from the people who have made actual purchase or using a service (Syahrivar, J., & Ichlas, 2018).

Through research, it helps to bring out the relationship between service quality and customers through internal quality criteria, customer support and convenience. In the process of developing services, it is necessary to give right directions in developing strategies in satisfying service use satisfaction in order to earn profits (Chong et al., 2010). The study was conducted based on building-map follow-up questions with 5 variables Perceived Usefulness, Perceived Ease to Use, Government Supporting, Trust and Social Influence and the Influence to Adoption of Ebanking in Vietnam with 200 respondents. In order to be reflective of the problem to be discussed, some participants come from Vietnam to ensure the experiences and opinions gathered are appropriate for the research purpose.

LITERATURE REVIEW

Electronic payment is the process of using connected means to transfer data, using this tool to make payments in micro-purchases and exchanges (Pham, 2013). This action is like the way you do not use your cash for payment but instead are transactions using the network connection method.

E-banking is the use of online payment or electronic payment through banks. In other words, a bank is a third party that provides services in the process of exchanging and paying users' money (Hsiao et al., 2017). The bank provides services with terms that users accept as a member of this payment. The two parties may use a different bank if the banks support payment during the transaction. These payment activities may have additional costs

depending on the banks that face different transaction values for certain transactions.

Perceived Usefulness was defined as "the degree to which a person believes that using a particular system would enhance his or her job performance (Davis, 1989). In another way, the usefulness of using ebanking payments helps customers believe it is useful, saves time and improves the productivity of using the new service.

Perceived Ease to Use is the process of approaching customers based on evaluation of customers' access to products and services of products and services. The evaluation criteria can be based on the user experience on the design, operation, speed, cost (Chong et al., 2010). Perceived Ease to Use is a factor affecting the number of users E-banking, this factor can create a good relationship between customers creating a loyal customer network and reaching new customers through easy-to-use operations. reach the masses (Pham, 2013).

Government Supporting as a major statement helps shape thinking about the majority of the population living in the community (Sánchez-Torres et al., 2018). Favorable views, complete laws and government press releases for the form of payment directly have a big impact on the market. Efforts to prove the convenience and safety of new payments compared to the media are the driving force to change the perception of customers in their choice (Chong et al., 2010).

Trust positively influences attitude towards e-banking adoption (Wong et al., 2009) Trust seems to be a major driver in changing the behavior of using cryptocurrencies. Since the traditional payment has been in society for so long, it's also great to stick to it. Electronic payment needs to create a solid trust in security, and trust in convenience is a good session in changing consumer perception of modern.

Social Influence is to use customers who have a high level of satisfaction with the service provided to promote their potential customers. Unlike normal marketing, this helps to assess the ability of the community to replicate and develop services (Goldenberg et al., 2010). Number of E-banking Users is the number of people who use the company's services, legally organized, can be loyal customers or new customers but there is a process of using and experiencing the service (Goldenberg et al., 2010). On the other hand, this number can increase through having potential customers who want to use the service.
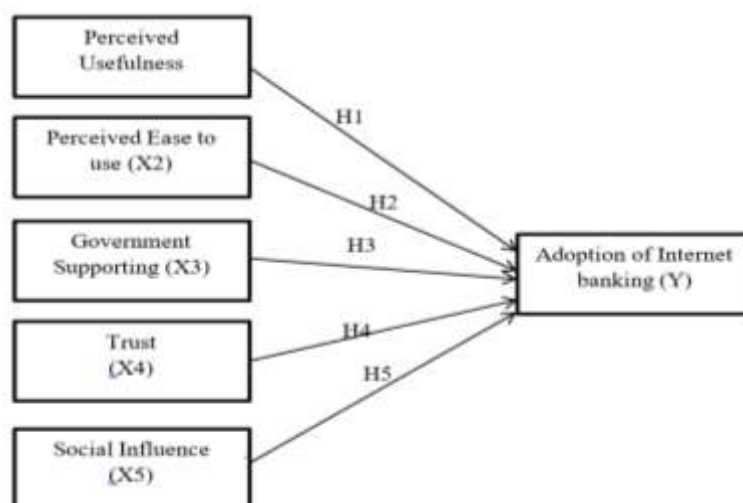
Figure 2. Theoretical Framework
Source: Adjusted by Researcher, 2021

Regarding the problem and theoretical framework above, hypothesis is determined, like follows:

H_1: There any influence of Usefulness on Adoption of E- banking in Vietnam.
H_2: There any influence of Perceived Ease to Use on Adoption E- banking in Vietnam.
H_3: There any influence of Government Supporting on Adoption E- banking in Vietnam.
H_4: There any influence of Trust on Adoption E- banking in Vietnam.
H_5: There any influence of Social Influence on Adoption E- banking in Vietnam.

RESEARCH METHODOLOGY

Quantitative research can begin with a perspective, depending on the extent to which the study participant assesses the extent to which the researcher uses the collected data to formulate a hypothesis or evaluate it. Quantitative research can use supportive tools to assess data after collection. New ideas and findings from research can become the basis for future analysis, evaluation and judgment.

In this study, the number of population cannot be determined because the number of internet banking users in Vietnam cannot be measured. Therefore, this paper is designed with a question of intentional probability sampling. Participants will spread out to cities in Vietnam with a high number of populations using internet banking services, as well as meeting some sub-criteria:
    a. Customers who live and use internet banking in Vietnam
    b. Have internet banking Account
    c. Already have experience to provide opinion at the time using service.
The number of samples was taken from internet banking users in Vietnam. The method used by distributing questionnaires that have been validated before. For prospective respondents who have never used it, they are not required to continue filling in the existing statements. The sample calculation used the formula below:
  $N = 5 \times q$.
Where q is the number of variables used. The results obtained are $N = 5 \times 27 = 135$ respondents. In practice, the number of questionnaires distributed exceeds this number, but they are filtered and taken according to their needs and accuracy.

This study aims to determine there are 5 variables that are researched and independently surveyed before giving the results of the thesis Perceived Usefulness, Perceived Ease to Use, Government Supporting, Trust and Social Influence effective to Adoption of internet banking in Vietnam, so it will use a descriptive analysis approach. According Kurniasih et al., 2019, this descriptive analysis is used only to analyze and describe the results of the data that has been collected without having to make conclusions. From the descriptive analysis, the mean, standard deviation, variance, minimum, maximum, range, elm, kurtosis and scenes will be obtained.

Structural Equation Model (SEM) is an umbrella term which encompasses a set of comprehensive statistical approaches to empirical data. SEM's most popular applications in social work literature are confirmatory factor analysis and cross-sectional structure models with latent variable. SEM analysis is employed to confirm the proposed hypotheses in terms of the observed means, variances, and covariance's of a set of variables (Bowen & Guo, 2012). Usage of SEM improves the quality and rigor of research involving such measures, thereby enhancing the credibility of results and strengthening the contribution of studies to the literature. PLS-SEM is now widely implemented in many social science disciplines, including hospitality management (Ali et al., 2018). Hence, this study employs SEM data analysis techniques with PLS-SEM types using SmartPLS 3.3 as the analysis application.

Perform external model analysis to obtain a performance comparison between each variable and the most hidden variable. The indicators checked in the external model analysis include convergence validity, discriminant validity and reliability. The indicators that must be considered include (Hair et al., 2014):

a. Loading factor> 0.7 or> 0.6 to measure convergent validity
b. Average Variance Extracted (AVE)> 0.5 to measure convergent validity
c. Composite Reliability (CR)> 0.7 to measure internal consistency reliability
d. Cronbach Alpha> 0.6
e. Cross-Loading and Fornell-Larcker Criterion must be higher than other
f. Variables are the determinant for discriminant validity.

The inner model (or structural model) consists of the factors and the arrows that connect one factor to another (Garson, 2016). The structural model and its latent variables represent the stable, theoretically and conceptually established a contextual link between observed data on the input and output sides. Based on the structural model the goal of analysis is to predict the output layer data by means of the input layer data. In other words, the structural model is used to illustrate one or more dependent relationships like the hypothesized model's construct (Janadari et al., 2018).

Path constant analysis is finished through bootstrapping procedure. The trail coefficient is employed as a really resistive guide to envision the indirect effect on the construction of the mediating variable (Randolph & Myers, 2013). In addition, it may also be seen the full result on all variable constructs. In different words, the constant is employed to interpret the direct and indirect effects on (Garson, 2016). To enable bootstrapping, the researcher should compare the T-statistic with the significance (P-value) (Sarwono, 2015 as cited in Sitohang, 2020). The significant result is claimed when Critical Ratio in T-table is higher than 1.96 at 5% significant level and pvalue is less than than 0.05 or 5% (Garson, 2016).

To examine the GoF price, a Q^2 and AVE price is wanted to calculate the importance of the predictions generated with the aid of using a structural model. However, the strength degree of prediction relevance is said as 0.1 = low, 0.25 = medium, 0.50 = large (Hair, et al., 2019). To calculate the GoF price, the subsequent formulation is used.

In PLS analysis, the anticipating function of a particular model or construct and the determination of the standard path coefficient of every correlation between dependent 64 and independent variable is tested using the R-squared (R^2) values of the endogenous counterparts. The R^2 values imply the amount of the construct's variance that is elucidated by the model R-square refers the measure of variance explained by the dependent variable in its independent counterpart (Chin, 1998 as cited Janadari et al., 2018). It expresses the quality of the model variables (Hair et al., 2010).

RESULTS

### Respondent Characteristics
a. Gender

As determined based on the characteristics of the people who fill out the survey. Specifically, who know or directly use electronic payment services to support the dissertation topic in Vietnam. The author uses a Google form to collect the answers to the form, because of its usability and crawl ability well enough the amount of results needed to serve the topic. There are some answers that cannot be used, but they can still help assess the tastes of users of electronic payment services. The author has written a paragraph with a brief introduction to the questions and the screening questionnaire will respond depending on the nature of each different question according to the characteristics of the sample.

Gender

150 câu trả lời

38%

62%
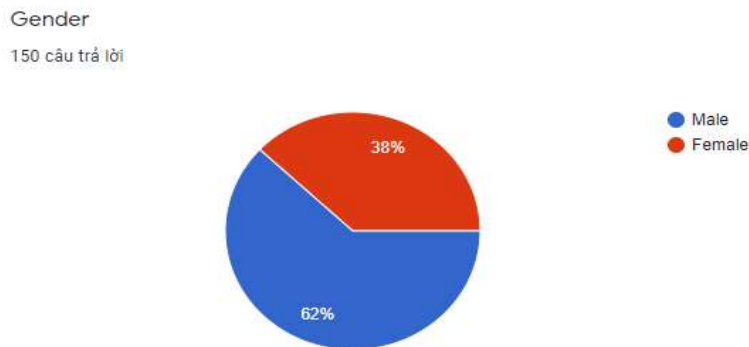
● Male
● Female

Figure 2. Gender

According to data collected of figure, the number of respondents with male majority with 62% of 150 respondents and the rest of 38% is female.

b. Age

Age

150 câu trả lời

8,7%

91,3%
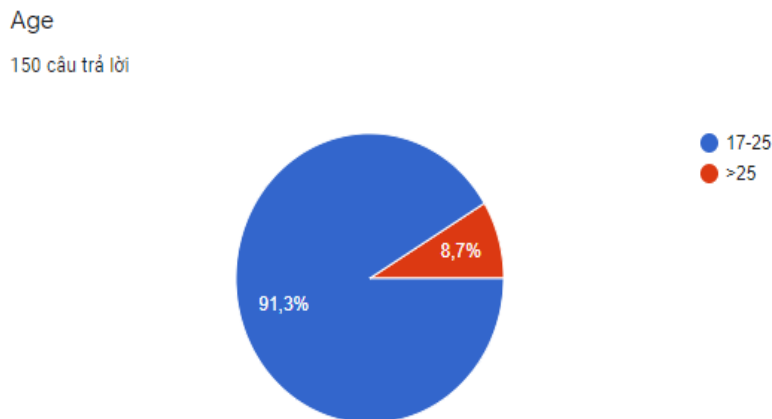
● 17-25
● >25

Figure 3. Age

Figure 3 shows that 91.3% the age of respondents were between 17-25 years old 8.7% respondents above 25 years old. The number is consistent with the study because the number of respondents needs to show a constructive spirit for electronic payment services, with the highly constructive audience of millennial.
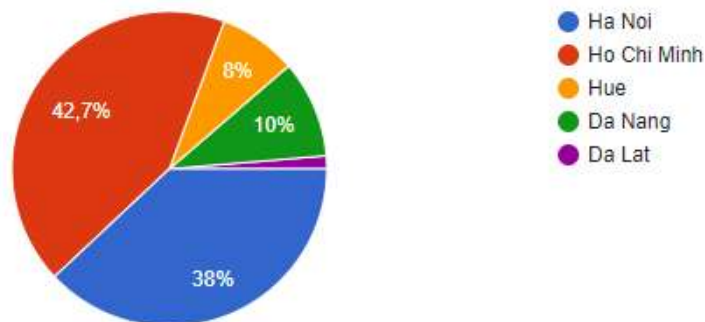
c. Occupation
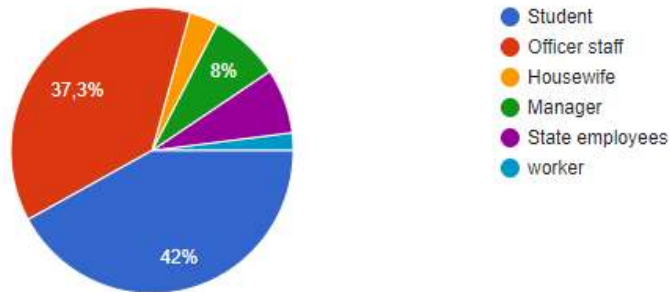
Figure 4. Occupation

From figure 4 almost respondents are student (42%) , Officer staff (37.3%), that show using internet banking is adaption with research, that user have request about service that can give advice for Banking place provide service.

d. Location

Figure 5. Location

Base on figure 5 shows the respondents from Ho Chi Minh (42.7%) and Hanoi (38%) is majority, which is biggest city and capital in Vietnam.
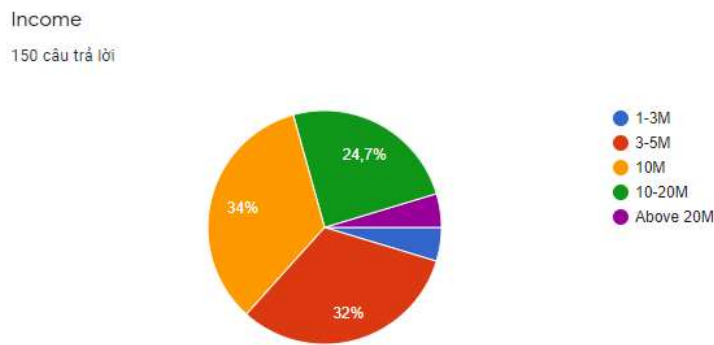
e. Monthly (Income + Allowance)

Figure 6. Monthly (Income + Allowance)

The figure 6 states that 32% respondents have income are 3-5 million VND is the biggest number on my result, income are 1-3 million VND is 4.7% respondents.

f. E-banking User

Figure 7. E-banking User

Base on figure 7 shows 100% respondent using E-banking. Its fix with my objective when doing thesis, solve make the answer all the respondents can continue the questionnaire and have opinion of the thesis.
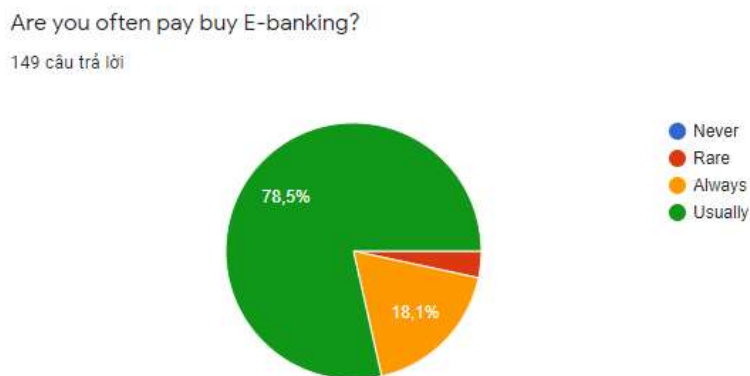
g. Frequency using E-banking

Figure 8. Frequency using E-banking

According to figure 8 shows that 78.5% respondents usually using E-banking, 18.1% respondents always using E-banking, 3.4% respondents Rare using E-banking, 0% respondent never using E-banking.
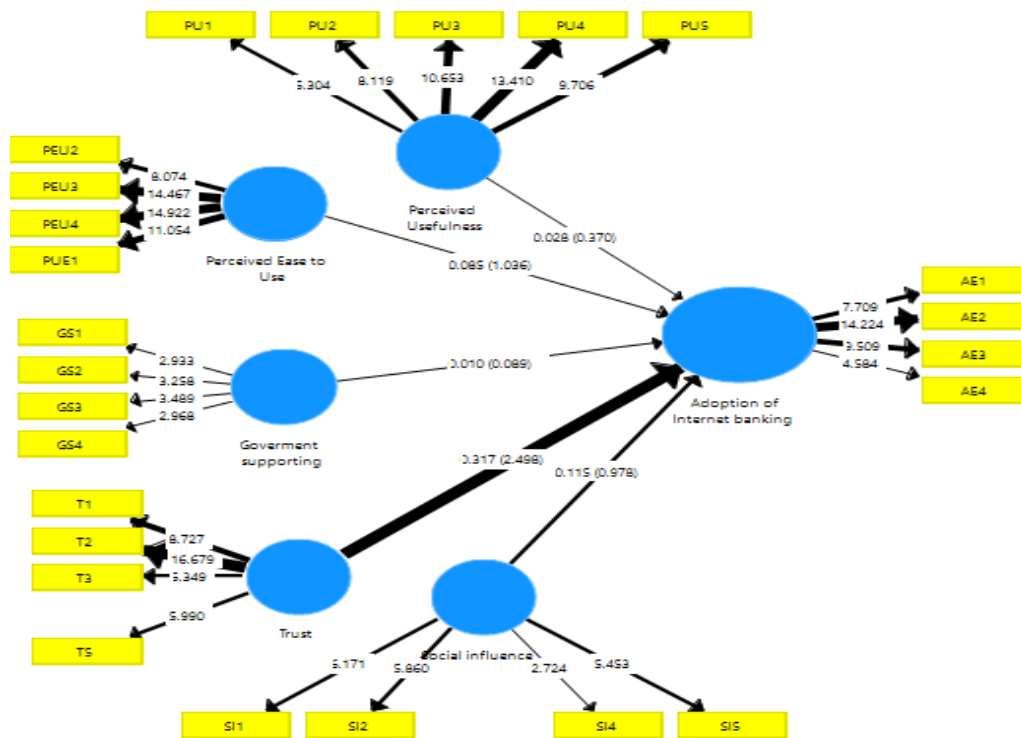
Hypotheses Testing

Figure 9. 1 Inner Model

The t-value test is used to see whether the independent variable (exogenous latent variable) and the dependent variable have some influence on each other (endogenous latent variable). The T value for each exogenous latent variable until the endogenous latent variable is obtained by utilizing the bootstrap feature in SmartPLS 3.0. Figure 4.6 displays the inner path coefficient model after bootstrapping in this analysis. Path coefficient is employed to test if the results of the hypotheses are significant (Hair et al., 2019). As mentioned above in section 3.6.3.2.2., the significant result is claimed when Critical Ratio in T-table is higher than 1.96 at 5% significant level and p-value is less than 0.05 or 5% (Garson, 2016). The path coefficient discussed in this research is the direct effect and the indirect effect by also considering the 83 role of Perceived Risk and Trust toward Hotel as the mediating variables.

Table 1. Total Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Government Supporting -> Adoption of	0.010	0.037	0.113	0.089	**0.929**

internet banking					
Perceived Ease to Use -> Adoption of internet banking	0.085	0.083	0.082	1.036	**0.301**
Perceived Usefulness -> Adoption of internet banking	0.028	0.038	0.075	0.370	**0.711**
Social Influence -> Adoption of internet banking	0.115	0.137	0.118	0.978	**0.328**
Trust -> Adoption of internet banking	0.317	0.330	0.127	2.498	**0.013**

As shown Table 1 out of 5 hypotheses have significant results. Except for SM to PR, all of the proposed constructs meet the requirements of T-statistics and P-value to have influences:

1. Perceived Usefulness have no significant influence on adoption of internet banking.
2. Perceived Ease to Use has no significant influence on adoption of internet banking.
3. Government Supporting has no significant influence on adoption of internet banking.
4. Trust has significant influence on adoption of internet banking.
5. Social Influence has no significant influence on adoption of internet banking.

Discussion of Findings
1. The Influence of Perceived Usefulness on Adoption of internet banking.
The direct effect of Perceived Usefulness (PU) to Adoption of internet banking (AI) has a statistical value of t 0.370 is less than 1.96 and a p-value of 0.711 greater than 0.05. The result means does not meet significant relationship criteria, which makes H_0 accepted and H_{a1} rejected. Therefore, it can be concluded that Perceived Usefulness (PU) has no mediation effect Adoption of internet banking (AI). It contradicts(Cheng & Yeung, 2010), that Usefulness have positive with Adoption of internet banking.
H1: Perceived Usefulness not significant influence on Adoption of internet banking.

2. The influence of Perceived Ease to Use on Adoption of internet banking.
The effect of Perceived Ease to Use (PEU) to Adoption of Internet banking (AI) has a statistical value of t 1.036 is less than 1.96 and a p-value of 0082 greater than 0.05.The result means does not meet significant relationship criteria, which makes H_0 accepted and H_{a1} rejected. Therefore, it can be concluded that Perceived Ease to Use (PEU) has no mediation effect Adoption of Internet banking (AI). It contradicts the study of Cheng, T. E., Lam, D. Y., & Yeung, A. C. (2010), that Usefulness have positive with Adoption of Internet banking.
H2: Perceived Ease to Use has no significant influence on adoption of internet banking

3. The influence of Government Support on Adoption of Internet banking.
The direct effect of Government Supporting (GS) to Adoption of internet banking (AI) has a statistical value of t 0.089 is less than 1.96 and a p-value of 0.929 greater than 0.05. The result means does not meet significant relationship criteria, which makes H_0 accepted and H_{a1} rejected. Therefore, it can be concluded that Government Supporting (GS) has no mediation effect Adoption of internet banking (AI). The results of the study same opinion with E-banking in Colombia: factors favoring its acceptance, online trust and government support

Sánchez-Torres, the research in Columbia about Government Supporting(Sánchez-Torres et al., 2018).

H3: Government Supporting has no significant influence on adoption of internet banking.

4. The influence of Trust on Adoption of internet banking.

The direct effect of Trust (T) to Adoption of internet banking (AI) has a statistical value of t 2.498 is greater than 1.96 and a p-value of 0.13 less than 0.05. The result means significant relationship criteria, which makes H_0 rejected and H_{a1} accepted. Therefore, it can be concluded that Trust (T) has mediation effect Adoption of internet banking (AI). That show this thesis has the same with journal Technology Trust and E-Banking Adoption: The Mediating Effect of Customer Relationship Management Performance in trust when using internet banking(Wahab et al., 2009).

H4: Trust has significant influence on adoption of internet banking

5. The influence of Social Influence on Adoption of internet banking

The direct effect of Social Influence (SI) to Adoption of internet banking (AI) has a statistical value of t 0.978 is less than 1.96 and a p-value of 0.328 greater than 0.05. The result means does not meet significant relationship criteria, which makes H_0 accepted and H_{a1} rejected. Therefore, it can be concluded that Social Influence (SI) has no mediation effect Adoption of internet banking (AI).

This finding is also consistent with previous literature in the researches To Trust or Not to Trust: The Consumer's Dilemma with E-banking(Wong et al., 2009), and Corporate reputation and customer behavioral intentions: The roles of trust, identification and commitment(Keh & Xie, 2009) regarding the relationship between Reputation and Trust. They share common ground where corporate reputation, or Banking Reputation, relates positively to customer trust toward brand or Banking.

H5: Social Influence has no significant influence on adoption of internet banking

CONCLUSIONS

The use of internet banking in Vietnam is growing rapidly. This phenomenon raises efficiency in terms of time and cost. Customers can be served well and quickly, customer satisfaction increases. Studies conducted quantitatively supported by elaboration of theory and previous research have succeeded in finding various results that can be recommended to companies, governments and further researchers. The results of the study are:

1. Perceived Usability has no significant impact on Internet banking Adoption in Vietnam (AI). Perceptions in the use of this new technology have not yet made a major contribution to customers.

2. Perceived Ease to Use does not have a high effect, this can be interpreted that if the Ease to Use internet banking service does not have a significant effect on internet banking adoption.

3. Government support has not been able to contribute significantly, even though the government has provided support, the results have not been maximized for internet banking users.

4. Trust has a significant effect on internet banking adoption in Vietnam (AI). Increased Trust in security has provided a sense of security and comfort for the community, especially business people.

5. Social Influence has no significant effect on internet banking adoption in Vietnam. The condition of the community as social beings does not increase customer confidence in adopting internet technology.

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