

ATM SERVICE OF AGRIBANK, SON LA BRANCH

Ngo Thi Nhung

The University of Economics and Business Administration, Thai Nguyen, Vietnam

Nguyen Van Anh

The University of Economics and Business Administration, Thai Nguyen, Vietnam

Abstract

Does the popularity of card services offered by the bank reach a balance between quantity and quality? The article analyzes the situation of card service development at the Bank for Agriculture and Rural Development, Son La Branch (Agribank Son La) and proposes some solutions to develop card services at the bank.

Keywords: *banking, card services, domestic debit card, international debit card*

I. Introduction

Cards issued by the banks are the most modern means of payment in the world today, which were originated from the method of sales on the credit of retail goods and developing in association with the application of information technology (IT) in the banking sector. To the overall economy, cards are a means of payment that minimize the use of cash transactions.

The use of card services bring great benefits such as increasing efficiency in payment, capital rotation which is crucial of card payment means; The card also contributes to promoting goods circulation, stimulating consumer demand of the population, attracting foreign tourists; Strengthening the State Bank's ability to control currencies; Creating a civilized and modern economic environment, attracting foreign investment is an inevitable consequence when the card provides the economy with fast and convenient payment means.

Agribank Son La is a branch located in a mountainous province, thus, in recent years, despite a number of efforts to develop card services, the results have not been achieved as expected, such as not satisfying customers or being able to compete with other banks in the area due to objective and subjective conditions. Therefore, the development of ATM services of Agribank Son La is now essential to further improve the ability to meet the increasing needs of customers.

II. ATM card service of Agribank Son La

* Card products at Agribank Son La:

- Domestic debit card includes: Standard card and Gold card
- International debit card includes: Visa and Master
- Domestic credit card

* In terms of card issuance activities:

In recent years, Agribank Son La has actively developed the card market in order to compete with branches of other banks in Son La province and to increase the bank's income as well as its image.

Currently, the bank has issued a lot of types of cards in order to diversify products and increase choices for customers. In detail, it has issued 6 types of bank cards including domestic credit cards, two types of international credit cards which are Visa and Master, international debit cards - Visa Debit, two types of domestic debit cards which are Gold cards and Standard cards. Compared to other bank's branches in the province, Agribank Son La has the most diverse card products issued.

Table 2.1. Card products are issued by banks

Banks	International credit card			International debit card	Domestic credit card	Domestic debit card		
	VISA	MASTER	DINERS	VISA DEBIT		Special	Gold	Standard
VCB	x	x	X	x			x	x
ACB	x	x		x	x	x	x	x
TECH						x	x	x
HBB								x
Agribank	x	x		x	x		x	x

(Source: Son La branch's report)

*** Functions of card products**

Agribank's cards have almost all basic functions of bank cards such as cash withdrawal, bank transfer, account lookup, payment (POS), scratch card purchase, bill payment, incentive services and overdraft. Compared to card products of other banks, Agribank's cards have superiority in services and bright development prospects.

Table 2.2. Functions of domestic debit card products are issued by banks

Banks	ATM cards	Basic functions					Advanced functions			
		Withdrawal	Transfer	Account Lookup	Money transfer via envelopes	Payment (POS)	Buy scratch cards	Bill payment	Incentive services	Overdraft
VCB	Connect 24	x	x	x	x	x	x	x	x	x
ACB	ACB eCard	x	x	x	x	x	x	x	x	
Tech	F@stAccess	x	x	x	x	x	x		x	x
HBB	Vantage	x	x	x	x	x	x			
Agri	Success, PlusSuccess	x	x	x		x	x	x	x	x

(Source: Son La branch's report)

Table 2.3. The basic fee schedule for the card

STT	Fee items	Fee (VND)	
		Applied during the promotion period	Applied normally
1	Issue fee		50.000
2	Quick issue fee		100.000
3	Annual fee		0
4	Renewal fee (if expired)	50.000	50.000
5	Renewal fee (if damaged)	50.000	50.000
6	Upgrade card fee	100.000	100.000
7	Downgrade card fee		
8	PIN renewal fee	11.000	11.000
9	Internal ATM withdrawal fee	1.000	1.000
10	External ATM withdrawal fee	2.200	2.200

11	Bank transfer fee in the same province/city system	2.200	2.200
12	Daily withdrawal limit	50.000.000	50.000.000
13	Daily transfer limit	100.000.000	100.000.000
14	Cardholder payment fee at POS		
15	ATM withdrawal fee		
16	Employee salary payment fee via account		

(Source: Son La branch's report)

*** Number of cards issued**

Due to such superiority as fees, withdrawal limits and card functions that meet customer requirements, the number of cards issued by Agribank Son La has increased sharply over the years.

Table 2.4. The total number of issued cards is categorized by card type

Card type	2017		2018		2019	
	Quantity	Increase by	Quantity	Increase by	Quantity	Increase by
I. Domestic debit card	31.288		48.672	55,5%	60.427	24,2%
1. Standard card	31.288		48.672	55.5%	59.968	
2. Gold card	0		0		459	
II. International debit card	154		215	39,6%	283	31,6%
III. International credit card	0		1		2	100%
Total number of cards	31.442		48.888	55.4%	60.712	24%

(Source: Son La branch's report)

Only from 2017 to 2019, the total number of cards issued by Agribank Son La nearly doubled from 31,442 to 60,712. The number of cards increased sharply and steadily over the years promising a strong development of the branch. Especially, with a branch in a remote and mountainous province, in the past, the branch wasn't able to issue international credit cards as well as gold debit cards but recently, there have been customers using these card types. Before 2018, no gold card had been issued, but in 2019, the branch opened up to 459 gold cards within a year.

Such success is gained due to the continuous efforts of the branch in marketing card services. The staff of the branch has actively disseminated the benefits of card services to help people understand, increase promotion services to attract customers to open cards. On the one hand, contact with a large number of customers of the bank as well as departments located in the area to open ATM cards for customers and pay salaries for employees via their account.

However, in the mountainous areas, people's income is not high so most of the bank's cards have a low balance. The majority of the branch's issued cards has a low balance of less than 0.5 million, accounting for nearly 50% of the total. The number of cards with a balance of over 5 million in the accounts is less than 10%. However, the number of cards with a balance of over 5 million in recent years has been on the rise. In the future, the number of cards with a high balance in the account will increase if the cashless payment policy is strictly implemented by the state. At that time, with a large number of cards issued, the branch may have a high balance and a large service fee may be collected.

Table 2.5. The total number of issued cards is categorized by the card balance

Card balance (million VND)	2017		2018		2019	
	Quantity	Increased by (%)	Quantity	Increased by (%)	Quantity	Increased by (%)
<0,5	14.320	-	22.270	155,5%	28.234	126,87%
0,5-2	3.750	-	14.601	389,36%	12.085	82,77%
2-5	9.386	-	4.867	51,85%	10.875	223,44%

>5	3.832	-	6.925	180,72%	9.233	133,33%
Total	31.288	-	48.672	155,56%	60.427	124,15%

(Source: Son La branch's report)

* Card service infrastructure

To develop card services, one of the most important factors is the service infrastructure. Whether or not customers use card services is largely due to the benefit of the card, especially for their convenience.

Automated teller machine (ATM) is a kind of device for customers to withdraw cash, pay loans, check their account balance at banks.

Card accepting units are units of trading in goods and services signed with banks on accepting card payments such as restaurants, hotels, shops, etc. These places must be equipped with technical equipment to receive cards for the purchase of goods and services and to pay debts instead of cash.

Point of sale (POS) is an electronic device equipped for card-accepting units to directly ask for permission from various licensing centers around the world, helping to make transactions in 24 hours.

The network of ATMs and card-accepting units is one of the most important factors in the card business. The network of ATM and POS of a bank will show its professionalism in providing services and satisfaction of customers of that bank.

However, in Son La province, the number of ATM and POS machines is very low, mainly concentrated in the city area. It seems that none of the machines has been used in mountainous districts; therefore, the cardholders may have difficulty in accessing card services. This leads to the fact that the branch's cardholders are mostly located in the city area. In Son La province, there were only eight ATMs in 2017, 10 in 2018 and 14 in 2019. There was a small number of POS machines, either. There were only 10 machines in 2017 and 2018. In 2019, 10 machines were used to increase the total number of POS machines to 20. However, with such a few numbers of machines, they are not enough to meet the needs of customers.

Therefore, there are complaints from customers about the quality of the bank's card services and they tend to prefer to use cash to cards in payment because of its convenience.

Table 2.6. Number of ATMs and POSs of the Branch has been installed

Type	2017		2018		2019	
	Quantity	Increased by (%)	Quantity	Increased by (%)	Quantity	Increased by (%)
ATM	8		10	25%	14	40%
POS	10		10	0%	20	100%

(Source: Son La branch's report)

* Turnovers gained from card transactions

Turnover gained from card transactions is an extremely important indicator showing the frequency of cardholder's use and the level of efficiency of business operations. The high and low level of card use will be a measure of their interest and trust in the use of products and the promotion services that card products bring to customers.

Turnover gained from card transactions includes cash withdrawal, payment, and transfer. Cash withdrawal turnover is the amount of cash that customers withdraw via ATMs or POS machines. Normally, this is the largest proportion of sales because other forms do not have many conditions to develop.

Turnover gained from payment is the amount of money paid for other transactions of customers such as buying scratch cards, paying bills, paying for shopping and spending activities at the card accepting units via the network of ATMs and POS.

Turnover gained from transfer is the amount of money transferred via bank accounts according to the request of cardholders.

In recent years, the turnover gained from card transactions of the branch has increased sharply. In 2017, the transaction turnover was 780 billion VND. In 2018, the transaction turnover increased to 865 billion VND and in 2019, the transaction turnover increased up to over 1,000 billion. However, compared to the whole bank, the percentage of sales is still very low and tends to decrease. This result is understandable because Agribank Son La is located in a mountainous area, which is one of the poor provinces of the country. The low income of people and

businesses here leads to few and small transactions.

Another reason affecting transactions turnover is that the card payment infrastructure of the branch in the area is poor, thus, it is inconvenient for customers to undertake transactions. If the infrastructure is improved, it will likely significantly improve transaction turnover in the near future.

Table 2.7. Transaction turnover via card (accumulated) of the branch

2017		2018		2019	
Transaction turnover (billion VND)	Percentage / total trading value of the whole bank	Transaction turnover (billion VND)	Percentage / total trading value of the whole bank	Transaction turnover (billion VND)	Percentage / total trading value of the whole bank
780	0.55%	865	0.47%	1.008	0,44%

(Source: Son La branch's report)

III. Solutions to develop automatic teller machine card services at Agribank Son La

In order to continue developing ATM card services at Agribank Son La, some solutions need to be concerned in the near future:

Firstly, enhancing marketing activities on ATM card services. Agribank Son La needs to carry out such activities below.

- Well-organized internal marketing. When recruiting personnel, it is necessary to objectively select those who have the capacity to perform the tasks, love his job and have work ethics. If employees have a lot of good business achievements, Agribank Son La can reward and create more promotion opportunities for them. Regularly send officials to attend training courses on professional marketing. The Board of Directors should organize professional exchanges along with competitions organized by the banking industry for their employees.
- Enhancing customer relationship marketing. Bank staff, especially those who directly deal with customers, need to be agile, careful and neat in order to give customers confidence and comfort when coming to undertake transactions.
- Organizing effective mixed marketing. The bank needs to invest in the human resources who are well qualified, knowledgeable about the market; are able to analyze quickly and accurately the information collected to plan an effective strategy; analyze competitors on the method of implementation and business efficiency; forecast the plan of card service development of competitors; proactively look for customers and partners to cooperate and develop card services in the area of operation.
- Ensuring the speed and stability of the POS system. Focusing on investment capital in card payment technology (POS, EDC machines). Strengthening the equipment and installation of ATM systems in convenient places for customers, especially densely populated areas. Reviewing the existing distribution network system to adjust appropriately the density accordingly and improve efficiency.

Secondly, strengthening risk card services payment management. To accomplish this, Agribank Son La needs to change the issuance conditions; update and widely circulate the lists; take crime prevention; limit risks in card issuance and usage.

- The bank needs to study changes in card issuance conditions based on the cardholder's actual income sources to determine the card rank and credit card limit. Therefore, it is possible to ensure the solid repayment ability of the cardholder. According to the regulations of each card organization, the banks which issue cards and use payment devices need periodically update lists and information related to banned and restricted cards, etc.; regularly upgrade the information security system, and install safety equipment.
- Along with that, guiding the units to check and detect counterfeit cards, train and regularly update the professional knowledge and regulations of each international card organization for their staff. Closely monitor card usage activities as well as the spending situation of cardholders. Strengthen coordination with the security authorities in investigating cardholder's identity when necessary or taking legal enforcement measures.

Thirdly, improving the qualifications of officials through the training and retraining human resources systematically and methodically in order to have a staff of professional qualifications suitable for the business operation requirements of the bank. When there is a change in policies, new operations need to be disseminated to all departments so that employees can promptly grasp, be trained to apply avoiding errors in the process of handling work.

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