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External social capital banking and activities of commercial bank

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C H R O N I C L E

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A B S T R A C T

This study conducted a survey on 243 branches of 32 commercial banks in Ho Chi Minh City in 2016 to explore and measure the composition of social capital affecting capital activities, using capital activities and service provision activities of commercial banks. The paper uses Exploratory Factor Analysis (EFA), CFA affirmation analysis and the Structural Equation Modeling (SEM). The results show that social capital directly affects all three activities of commercial banks. In addition, the study found that capital activity has a direct impact on using capital, activities of using capital directly affect the provision of services, and capital activities indirectly impact on service provision.

1. Introduction

In the banking industry, trust is very important because customers often have to work with credit institutions, so when trust is available, all activities will be more convenient (Pastor & Ausina, 2006), they are more equal in comparing banks to one another (Danchev, 2006). Social relationship documents have proven that between the bank and its customers, repeated and long-lasting interactions will enable them to monitor, test and possibly correct the problem of asymmetric information (Boot & Thakor, 2000), reduce information costs, transaction costs (Levine, 1999). The bank not only benefits from social relationships with external entities, but also takes advantage of existing relationships in society. In an economy with good legal mechanisms, interpersonal trust or customer ethics create trust, which benefits the bank, the capital market and for the economy itself (Pastor & Ausina, 2006, Phuong, 2020a, Phuong, 2020b). Most directly, the impact of social relations on the operation of the bank is generally manifested by increasing the trust of entities when participating in banking relationships. This is beneficial for banks when they want to exploit, develop potential customers and expand market share. Therefore, the relationship between the bank and external entities should be fully realized to help the bank to formulate policies serving business activities. In order for the bank itself to be aware of the impact of external banking relationships on commercial bank operations, a theoretical framework is needed to help commercial banks effectively use This relationship in its business operations. In order for the bank itself to be aware of the impact of relationships outside the bank on their activities, the formulation of a theoretical framework through which commercial banks can effectively use their relationships. This relationship for their business operations is essential.

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From the aforementioned practice, we conduct external-bank social capital research affecting the operation of commercial banks in Ho Chi Minh City.

2. Literature Review

Social capital expresses friendship and mutual sympathy (Hanifan, 1916) are related to organizations, relationships and historical factors (Krishna & Shrader, 1999). Ghosal and Nahapiet (1998) argue that social capital consists of actual and potential resources within the network of relationships owned by an organization or individual in society (collectively referred to as the subject), through this network social actors are able to mobilize other resources. Ghosal and Nahapiet (1998) also point out three aspects of social capital (i) Network structure: showing who is in the network hierarchy, the frequency of connections between entities, structures in the network; (ii) Relationships: demonstrate the quality of relationships such as trust, expectation, and mutual sharing among network entities; (iii) Awareness: are the rules of sharing, language, symbols ... to communicate and behave with each other in the network. Social capital is the value created when individuals join together in a group or network, a social network where resources and information are invested (Holmes & Åström, 2014). Landry et al. (2002) and Yang et al. (2011) study the social capital impacting business innovation in Canada. The results show that the better the perception of businesses about the customer relationship network, the suppliers, the consulting units, the companies within the same group, the distribution system, the greater the motivation for improvement. However, other aspects of network quality such as support and sharing have not been addressed.

Altman and Taylor (1973) and Steinfield et al. (2010) show that social capital from external networks has a significant impact on performance and market access. In the same area, thanks to the company's relationships with stakeholders, partners expect to bring business development opportunities, reach out to new partners and gather relevant information. The company can then receive advice on financial issues and business support. Landry et al. (2002), Jansen et al. (2011) and Yang et al. (2011) point out the composition of an outside relationship network of firms horizontally, including: customers, suppliers, investors, businesses within the same group, advisory units, clubs, competitors in the same industry; and vertically, there are parent companies - subsidiaries in the same group and government at all levels. These studies only raise questions to measure the overall quality of the network of business relationships with external entities, but have not built a scale to assess the quality of relationships of each subject in net. Wyrwa (2014) refers to social capital outside the business as the quality of outside corporate networks associated with activities involving entities (such as customers, suppliers, business cooperation); environment (institutions, competitors, State officials, media); and markets (current and potential customers, clubs). The authors generally believe that the quality of networks outside the enterprise must be based on friendship, mutual support, social recognition and commitment to network entities. However, in order to measure the quality of each relationship in the external social network, the above studies have not provided a specific scale and there is no integration between quality and network structure.

The theoretical model of Hoai and Dien (2012) points out the direct and indirect contributions of social capital including external capital of enterprises to real estate enterprises' activities. However, the number of studies on external bank social capital affecting the activities of Vietnamese commercial banks is very small. Therefore, this article will exploit this research gap. The business activities of the commercial banks studied include: capital activities with the main activity of receiving deposits; activities of using capital with the main activity being lending; activities of providing services with the main activity of providing services (Rose & Hudgins, 2006).

3. Research method and model

3.1 Research method

To identify the research model of external bank social capital affecting the activities of Vietnamese commercial banks, the research process of the article will be conducted in two steps: (i) preliminary research: research qualitative research, and (ii) formal research: quantitative research. The first is from the theoretical basis of studies related to social capital external banks affecting the activities of commercial banks and the actual situation in Vietnam to form a scale for preliminary research. Next, conduct direct interviews with leaders (directors and deputy directors of branches) of commercial bank branches in Ho Chi Minh City. The objective of this step is to refine the research observation variables used to measure the research concepts mentioned in the analytical framework of this paper. In the official study, observed variables were measured using a 7-point Likert scale with [1: totally disagree] - [7: strongly agree]. The scale of concepts based on relevant studies: Landry et al. (2002), Steinfield et al. (2010), Jansen et al. (2011), Yang et al. (2011), Hoai & Dien (2012), Wyrwa (2014).

Through a review of theories and previous studies, combined with the discovery of the structure and quality of social networks outside the bank, the scale of external bank social capital is shown in Table 1.

Table 1
Scale of external social capital of banks

	Symbol	Scale content	Source
Customer relationship network (KH)	BN13	Always have policies to attract and take good customer care	Jansen et al. (2011)
	BN14	Create good trust with customers	
	BN15	Customers increased as expected	
Network of business partners (DT)	BN16	There is always a policy of maintaining cooperation with business partners	Yang et al. (2011), Landry et al. (2002)
	BN17	Creating good trust with business partners	
	BN18	Benefits received from business partners increased as expected	
Network of relationships with competitors (CT)	BN19	There is always a policy of maintaining cooperation	Steinfield et al. (2010)
	BN20	Create good trust with competitors	
	BN21	Benefit from competitors	
Network relationship with government (CQ)	BN22	Regularly participate in community support	Wyrwa (2014)
	BN23	Create good trust with the authorities at all levels	
	BN24	Always receive support from the authorities at all levels	
Network of relationships with associations (HH)	BN25	Always remain involved in the relevant associations	The author proposed
	BN26	Create good faith with the association	
	BN27	Information from the association is complete and accurate as expected	
Network of relationships with communication agencies (TT)	BN28	Always well established and maintained	Hoai & Dien (2012)
	BN29	Always get the trust, share information	
	BN30	Often receive support	

Source: Authors' recommendations from theoretical contacts, prior studies and qualitative research results

Rose and Hudgins (2006) pointed out that commercial banks' activities include (1) capital activities with the main objectives: mobilizing capital (from receiving deposits); (2) capital operation with the main activity being lending; (3) service provision activities. From the summation of the bank's operating groups through the face-to-face discussions with experts, the scale of these operational groups is the bank management's expectation of the group's performance, which is reflected in to Table 2.

Table 2
Scale of activities of commercial banks

	Target	Symbol	Scale content
Capital activities (HĐ)	Raising capital from personal deposits	HĐ42	Raising capital from receiving individual deposits achieved the expected results
	Raising capital from deposits of economic organizations	HĐ43	Mobilizing capital from receiving deposits of economic organizations achieved the expected results
Using capital activities (CV)	Personal loans	CV44	Individual lending activities achieved the expected results
	Lending to economic organizations	CV45	Lending to economic organizations achieved the expected results
Providing services activities (CU)	Providing services to individual customers	CU46	Individual customer service activities achieved the expected results
	Providing services to economic organizations	CU47	Service provision to economic organizations achieved expected results

Source: Summary from theoretical contacts, previous studies and qualitative research results

3.2 Data

Data collected by convenient sampling method. The questionnaire was sent in the form of a questionnaire via email and sent a hard copy directly to the survey subjects who are leaders of bank branches in Ho Chi Minh City. A total of 303 questionnaires were given out and 271 votes were collected. After revocation, there are 28 invalid votes should be disqualified. Among the omitted votes, there were 12 votes with the number of empty cells over 10% and 16 votes due to inappropriate respondents (not a member of the bank's board of directors). So, the paper will study data including 243 samples.

3.3 Testing and research model

Reliability analysis Cronbach's alpha, Exploratory Factor Analysis (EFA), and Confirmatory Factor Analysis (CFA) will be used to test the scale. Use CFA to get a final conclusion on the value of the scale (Conway & Huffcutt, 2003). The Structural Equation Modeling (SEM) will be used to test the theoretical model. SPSS and AMOS software is used to perform the analysis in the study.

4. Results and discussion

4.1 Descriptive statistics

A total of 243 suitable questionnaires from 32 different banks in Ho Chi Minh City were used for the analysis. In particular, banks with a large number of branches and more than 10 years of operation in Vietnam such as ACB, Agribank, CTG, BIDV, EIB, STB, VCB, all have 10 or more valid survey questionnaires. This shows that the research data is likely to represent the commercial banking system in Vietnam.

Table 3
Survey sample statistics at bank branches in HCMC

STT	Bank name	Branches	(%)
1	An Binh Commercial Joint Stock Bank (ABB)	2	0.82
2	Asia Commercial Joint Stock Bank (ACB)	25	10.3
3	Bank for Foreign Trade of Vietnam (VCB)	10	4.11
4	Bao Viet Joint Stock Commercial Bank (BVB)	1	0.41
5	Construction Bank (CBBank)	1	0.41
6	Dong A Commercial Joint Stock Bank (DAB)	10	4.11
7	Global Petro Commercial Joint Stock Bank (GPB)	1	0.41
8	Ho Chi Minh City Development Joint Stock Commercial Bank (HDB)	6	2.47
9	Kien Long Commercial Joint Stock Bank	1	0.41
10	Military Commercial Joint Stock Bank (MBB)	6	2.47
11	Nam A commercial Join Stock Bank	5	2.05
12	North Asia Commercial Joint Stock Bank	2	0.82
13	Ocean Commercial One Member Limited Liability Bank	1	0.41
14	Orient Commercial Joint Stock Bank (OCB)	7	2.88
15	Petrolimex Group Commercial Joint Stock Bank (PGB)	2	0.82
16	Sai Gon Commercial Bank (SCB)	13	5.35
17	Sai Gon Thuong Tin Commercial Joint Stock Bank (STB)	14	5.76
18	Saigon – Hanoi Commercial Joint Stock Bank (SHB)	3	1.23
19	Saigon Bank For Industry And Trade (SGB)	6	2.47
20	Southeast Asia Commercial Joint Stock Bank (SEABANK)	4	1.64
21	The Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)	28	11.5
22	TienPhong Commercial Joint Stock Bank (TPB)	1	0.41
23	Viet Capital Commercial Joint Stock Bank	2	0.82
24	Vietnam Asia Commercial Joint Stock Bank (VietAbank)	3	1.23
25	Vietnam Bank for Agriculture and Rural Development (Agribank)	37	15.2
26	Vietnam Commercial Joint Stock Export Import Bank (EIB)	14	5.76
27	Vietnam International Commercial Joint Stock Bank (VIB)	9	3.7
28	Vietnam Joint Stock Commercial Bank for Industry and Trade (CTG)	18	7.4
29	Vietnam Prosperity Joint Stock Commercial Bank (VPB)	3	1.23
30	Vietnam Public Joint Stock Commercial Bank (PVcomBank)	2	0.82
31	Vietnam Technology and Commercial Joint Stock Bank (Techcombank)	5	2.05
32	Vietnam Thuong Tin Commercial Joint Stock Bank (Vietbank)	1	0.41
	Total	243	100

Source: Author's survey at bank branches in Ho Chi Minh City in 2016

With a scale of an average of 3.5 (due to the level of assessment from 1 to 7), it can be seen that Vietnamese commercial banks are aware of external-bank social capital is quite high compared to the average. This implies that Vietnamese commercial banks are quite interested in external relationship networks. This is also a factor for commercial banks to exploit to support their activities through external banking networks.

Table 4
Statistics describing variables in the research model

Variable	N	Min	Max	Mean	Std. Deviation	Variable	N	Min	Max	Mean	Std. Deviation
KH	243	2.67	7.00	5.8422	0.8862	HD42	243	1.00	7.00	4.98	1.223
DT	243	1.00	7.00	5.6392	0.9936	HD43	243	1.00	7.00	5.16	1.247
CQ	243	2.33	7.00	5.4115	1.0311	CV44	243	1.00	7.00	5.37	1.115
HH	243	1.00	7.00	5.4005	1.2363	CV45	243	1.00	7.00	5.39	1.059
TT	243	1.00	7.00	5.2154	1.1033	CU46	243	1.00	7.00	5.64	1.075
						CU47	243	1.00	7.00	5.44	1.135

Source: Authors' calculations from survey data

4.2 Research results

Exploratory Factor Analysis (EFA)

The first factor analysis (EFA) eliminates 3 observed variables related to competitor network (BN19, BN20, BN21) due to low Factor loading factor of EFA (<0.5). Therefore, the external-bank social capital scale has 5 components including customer networks (observed variables BN13, BN14, BN15), business partners (BN16, BN17, BN18), government (BN22, BN23, BN24), associations (BN25, BN26, BN27), communication agencies (BN28, BN29, BN30). The single-direction scale of commercial banks' activities is unchanged compared to the original design.

Testing scales by Confirmatory Factor Analysis (CFA)

Testing the second-order component scale of external-bank social capital

The CFA results show that the model achieves market data compatibility, with $\chi 2(80) = 165,768$ (P = 0.000); TLI = 0.938; CFI = 0.952 and RMSEA = 0.067; CMIN / dF = 2.072. The results also show that the CFA weights of all observed variables are greater than 0.5 (the smallest is 0.573), which confirms the uniqueness and convergence value of the observed variables of external social capital.

Table 5
CFA weight of the variables

	Estimate		Estimate		Estimate
BN15	0.821	BN24	0.716	BN30	0.835
BN14	0.843	BN23	0.666	BN29	0.875
BN13	0.573	BN22	0.693	BN28	0.729
BN18	0.853	BN27	0.909		
BN17	0.810	BN26	0.871		
BN16	0.725	BN25	0.847		

Source: Analytical results of the authors

Next, the correlation coefficient of the components of the external social capital is less than 1 unit with a significance level of 1%. Therefore, these components achieve distinct values in the same concept.

Table 6: Correlation between components of the scale – CFA

Relationship			Estimate	S.E.	C.R.	P
KH	↔	DT	0.434	0.072	5.992	***
KH	↔	CQ	0.225	0.064	3.492	***
KH	↔	HH	0.460	0.084	5.451	***
KH	↔	TT	0.292	0.071	4.113	***
DT	↔	CQ	0.322	0.078	4.149	***
DT	↔	HH	0.465	0.095	4.878	***
DT	↔	TT	0.283	0.081	3.485	***
CQ	↔	HH	0.401	0.094	4.257	***
CQ	↔	TT	0.458	0.089	5.159	***
HH	↔	TT	0.808	0.115	7.044	***

Source: Analytical results of the authors

General Confirmatory Factor Analysis for external banks - social capital scales and commercial banks' activities

The CFA results show that the model achieves market data compatibility, with $\chi 2(92)=198,352$ (P=0,000); CFI= 0,931, RMSEA= 0,079 and CMIN/df = 2,156.. The results also show that the CFA weights of all observed variables are greater than 0.5 (the smallest is 0.57), confirming the uniqueness and convergent value of the component scales of the social capital, activities of the bank. Next, the correlation coefficients between scales are less than one unit with a significance level of 1%. Thus, the scale of social capital, the activities of banks are distinguished values.

Table 7
Summary Composite Reliability and Percentage of variance of concepts

Concept of first order	Quadratic component	Mean	Std. Deviation	Composite Reliability	Percentage of variance
External social capital (VXHBN)	Customer relationship network (KH)	5.84	0.87	0.78	0.70
	Network of business partners (DT)	5.64	0.99	0.84	0.75
	Network relationship with government (CQ)	5.41	1.03	0.73	0.65
	Network of relationships with associations (HH)	5.40	1.24	0.91	0.84
	Network of relationships with communication agencies (TT)	5.22	1.10	0.85	0.77
Capital activities (HĐ)		5.07	1.13	0.81	0.84
Using capital activities (CV)		5.36	0.91	0.73	0.81
Providing services activities (CU)		5.54	0.98	0.73	0.79

Source: Authors' calculations from survey data

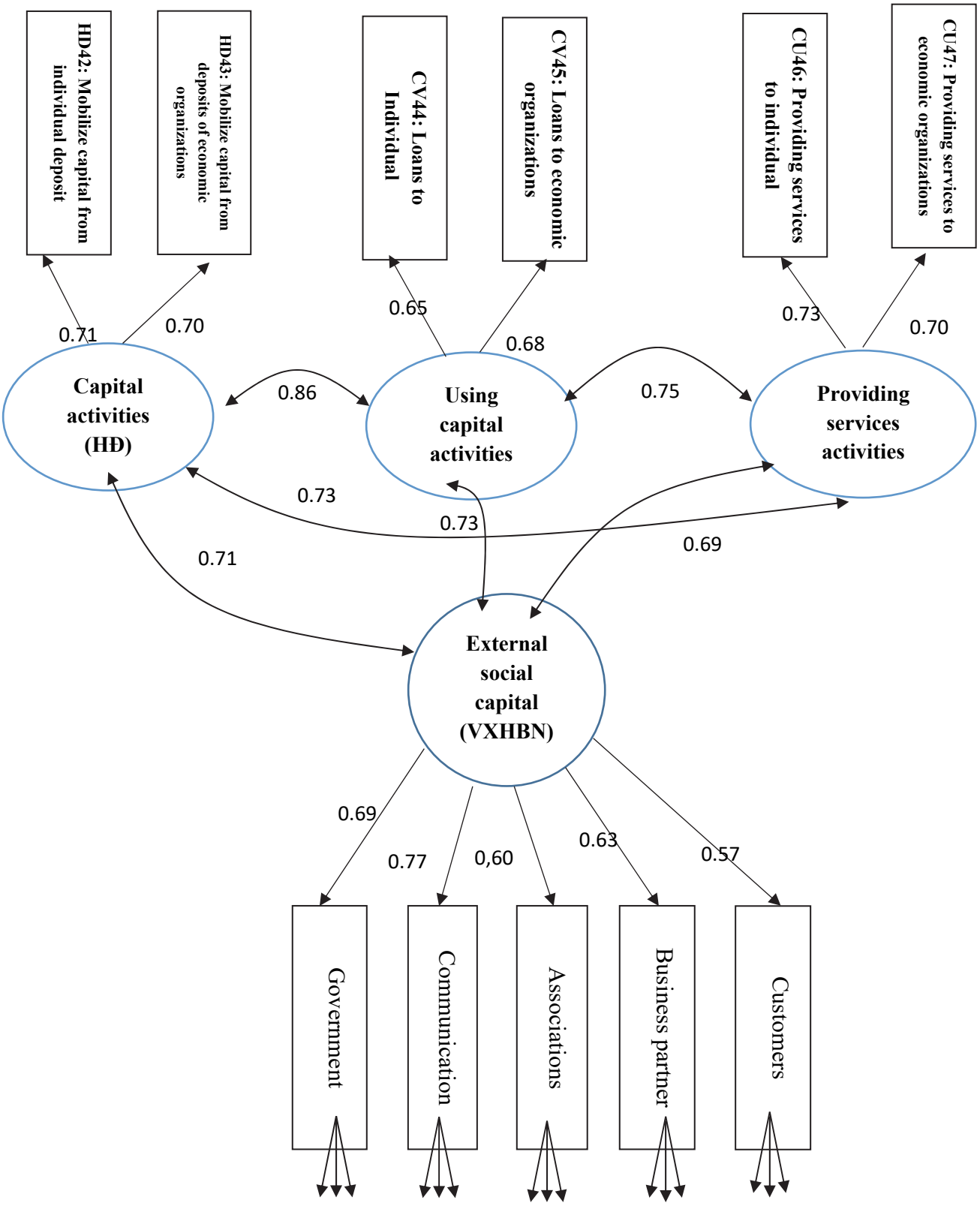

Fig. 1. CFA (standardized) between concepts in the research model

Source: Estimated results from author's survey data

Testing general Composite Reliability and Percentage of variance

Analysis Structural Equation Modeling (SEM)

Estimation of research model

After examining the distribution of the average variables belonging to the quadratic component of external-bank social capital and observed variables belonging to the commercial banks' activities, it shows that they are not much different from the standard distribution. Therefore, the Maximum Likelihood method is used to estimate the parameters in the model (Muthen & Kaplan, 1985).The SEM estimation results show that the theoretical model after adjustment reaches compatibility with market data, with: $\chi 2$ (92) = 191.820 (P = 0.000); CFI = 0.928, RMSEA = 0.072 and CMIN / df = 2.085. The model results are summarized in Fig. 2 .

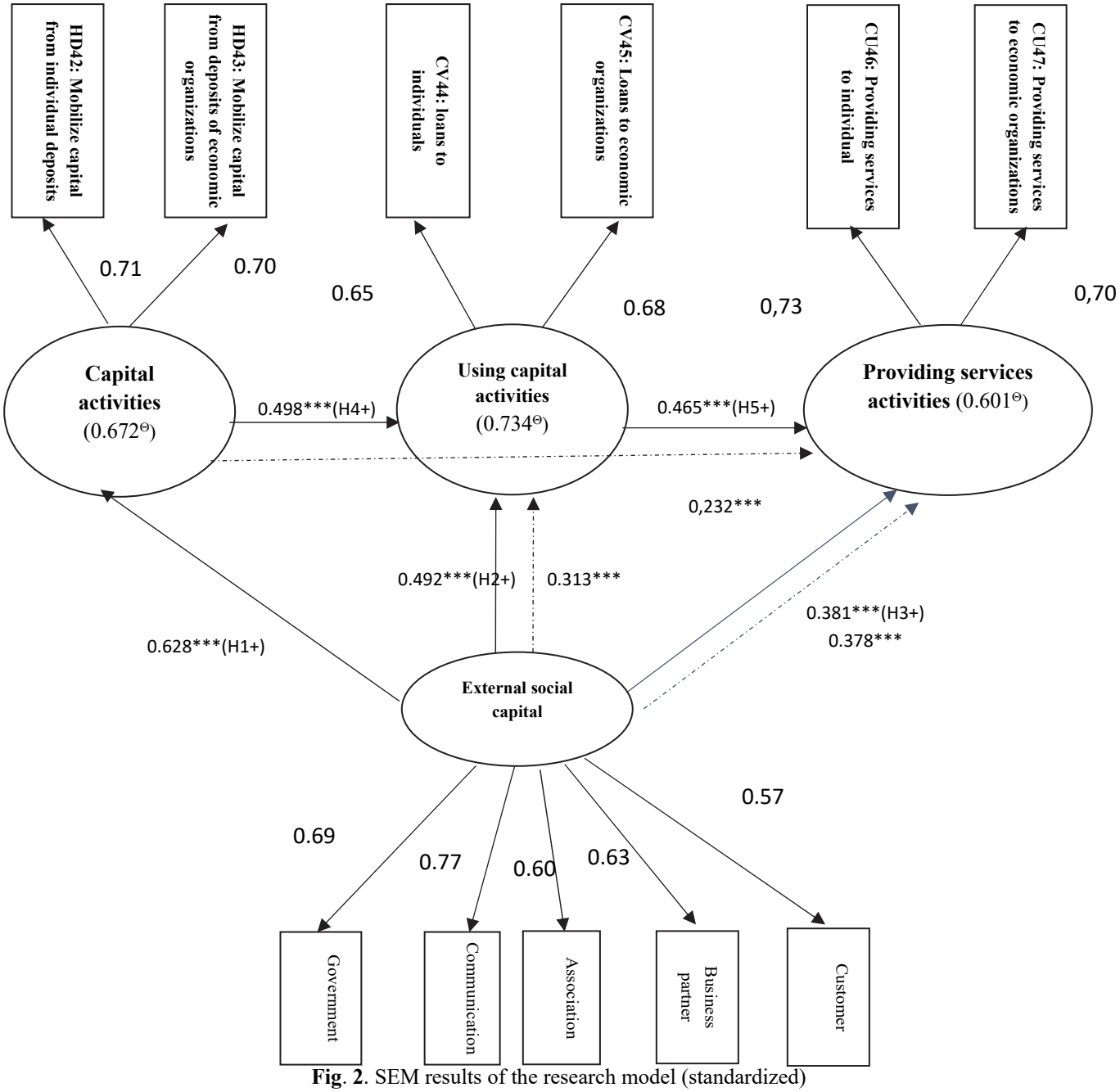

Fig. 2. SEM results of the research model (standardized)

Source: Based on estimates from survey authors
Notes: Θ Coefficient of determination,
(***) Regression coefficients are statistically significant at the 1% significance level.
→ Direct impact, --> Indirect impact.

The standardized SEM model results (Fig. 2) show that the components of the concept of social capital outside the bank explained 67.2% of the variability of capital activities, explaining 73.4%. variation of using capital activity, and explained 60.1% of the variation in service provision. This result is consistent with the study of Appold & Thanh (2004). The exploitation of social capital outside the bank will help banks strengthen the loyalty of old customers and increase potential customers, promoting activities that achieve better results.

Table 8
Structure relationship between components in SEM model

Hypothesis		Relationship		Estimate	P-value
H1	HD	←	VXHBN	0.628	***
H2	CV	←	VXHBN	0.492	***
H3	CU	←	VXHBN	0.381	***
H4	CV	←	HD	0.498	***
H5	CU	←	CV	0.465	***

Source: Authors calculated from survey data

4. Discuss the research results

External bank social capital affects the capital activities of commercial banks

The results of the standardized SEM model (Fig. 2) show that external-bank social capital directly influences the operations of commercial banks by accepting the hypothesis H1 with a standardized regression coefficient of 0.628 is accepted. received at the 1% significance level. This result is consistent with the research of Hoai and Dien (2012). This result is explained as follows:

The relationship of the bank with customers, with business partners affects customer satisfaction and loyalty, the ability to attract potential customers. Indeed, it is the reputation of the bank that will attract business partners, investors, potential customers in the future, thereby affecting the results of the bank's operations, especially those of capital mobilization. For all levels of government, they also introduce projects, provide customer information to the bank to help the bank have the opportunity to meet and reach potential customers, help the ability to mobilize capital will increase. Relationship with media agencies, mainly giving information about the bank. Therefore, if the information has a bad influence on the bank, it will affect the opportunity to raise capital from customers. The banking industry is very sensitive to information and can lead to sentiment. For example, in the case of Asian banks many years ago, customers withdrew money massively because there was information affecting their deposits. If there is a good relationship with the media, the bank will have access to the fastest information and the opportunity to explain the problem more clearly, close to the actual situation of the bank, before the negative news is in the press. Therefore, risks from unconfirmed rumors will be minimized, minimizing the impact on banking activities, especially capital activities.

Bank relationships with associations also have important implications for bank operations. By joining associations, banks have the opportunity to promote their image. Besides, members of the association are usually businesses, and this is the potential customer of the bank.

External social capital affects the use of capital by commercial banks

From the results of the standardized SEM model (Fig. 2), it shows that social capital outside the bank has a direct impact on the use of capital by commercial banks reflected by accepting the hypothesis H2 with standardized regression coefficients. 0.492 is accepted at the 1% significance level. This result is consistent with the research of Hoai & Dien (2012). This result is explained as follows:

Through its network of external parties, the bank has access to timely information for using capital activities and seizes opportunities to facilitate capital utilization. This result is also consistent with research results of Tansley & Newell (2007). In addition, studies by Altman & Taylor (1973), Steinfield et al. (2010) also show the role of network of relationships to help improve access to information and business partners. and transfer of knowledge. Accordingly, facilitating the use of capital by commercial banks. Therefore, it can be said that the linkage between social networks in banking industry in Ho Chi Minh City has contributed to the transfer of information and knowledge among the subjects in the network, helping commercial banks receive the best source of information for their business activities.

Besides, through the relationship of the bank with customers, business partners, with the authorities, they will introduce customers to the bank, thereby contributing to reducing information costs and expenses. transaction fees, help to increase the efficiency of using capital (lending) (Levine, 1999) and reduce information asymmetry (Boot & Thakor, 2000).

The relationship with the media is also very important. This means, when the relationship between the bank and the media is good, the bank can take advantage of this to serve capital operations. Because the media is the one who reflects information about the social situation, there is valuable information that guides the bank in providing its products and services. The

information that the media provides early to the bank, will be very helpful, creating opportunities for the bank to leapfrog some products to meet the needs of society. It also creates advantages for the bank in competition and facilitates its activities, including using capital. In addition, the relationship with associations also contributes to creating opportunities for the bank to promote its products and reach businesses that are potential customers of the bank.

In addition to the direct impact, external social capital of the bank also has an indirect impact on capital utilization through capital activities with a standardized regression coefficient of 0.313. External bank social capital directly affects capital activities with a standardized coefficient of 0.628. Capital activities directly impacted the use of capital by banks with a standardized coefficient of 0.498. This leads to the social capital of leaders indirectly affecting using capital is 0.628 × 0.498 = 0.313.

As a result, the total impact of external-bank social capital on using capital with a standardized regression coefficient is 0.805 (= 0.492 + 0.313).

External bank social capital affects the service provision of commercial banks

The results of the standardized SEM model (Fig. 2) show that external social capital has a direct impact on the service provision of commercial banks shown by accepting the hypothesis H3 with a standardized regression coefficient of 0.381 accepted at the 1% significance level. This result is consistent with the research of Hoai & Dien (2012). This impact is explained as follows:

The bank's network of relationships with customers, business partners, and authorities will help the bank full of its service provision when these entities can be both customers of the bank and at the same time. They are also a bridge for banks to reach new and potential customers. In addition, banks should participate in seminars organized by the banking association. These associations usually organize conferences when they can link with foreign financial institutions, with the State Bank and the World Bank. This is also an opportunity for banks to share experiences, learn to improve their qualifications and solve better jobs, contributing to improving the quality of customer service. As the service quality is improved, the ability to attract customers to use banking services will increase. Therefore, joining these associations contributes to improving the results of banking services.

In addition to the direct impact from external social capital on the bank's service delivery, it also has an indirect effect through the bank's using capital with a standardized regression coefficient of 0.232. External social capital directly affects the use of capital by banks with a standardized coefficient of 0.498. Using capital activities directly affect the provision of banking services with a standardized coefficient of 0.465. As a result, the social capital of the leadership indirectly affecting service delivery through using capital is 0.498 × 0.465 = 0.232.

External social capital directly affects the capital source activities of the bank with a standardized coefficient of 0.628. Capital activities directly impact the bank's capital utilization with a standardized regression coefficient of 0.498. In addition, using capital directly affects the service provision of banks with a standardized coefficient of 0.465. In other words, external social capital indirectly affects the bank's service provision through capital activities and using capital activities with a standard regression coefficient of 0.146 (0.628 × 0.498 × 0.465 = 0.146). As a result, the social capital of the leadership has an indirect impact on the service provision of the bank with a standard regression coefficient of 0.378 (0.232+ 0.146 = 0.378).

In summary, the total impact (both direct and indirect) of social capital of bank leaders on the service provision of the bank with a standard regression coefficient is 0.759 (0.381 + 0.378).

The relationship between the activities of commercial banks

The commercial banks' working groups are closely related and support each other. By accepting the hypothesis H4 with a standardized regression coefficient of 0.498, the results of this paper have demonstrated that capital activities have a direct impact on using capital activities of commercial banks. This result is consistent with the fact that for enterprises in general and the banking industry in particular. Because of the bank's currency-related business products, capital is extremely important. Without capital, the bank could not perform its currency trading function and affect the viability of the bank. Another fact is that many banks are now in need of raising capital, especially small banks, the increasingly fierce competition between banks to gain market share and their customers. It leads to effective capital mobilization activities (capital mobilization) to be able to effectively implement the using capital (lending) activities.

In addition, using capital directly affects the service provision of the bank through accepting the H5 hypothesis with a standardized regression coefficient of 0.465. In other words, bank lending to a customer has an impact on the bank's service delivery. For example, when a bank lends money to a customer to pay the supplier, in case of disbursement by direct transfer to the supplier, the bank will always provide this service to the customer; or if disbursed by credit to the customer's account, then the customer can use the account payment service to pay for the goods.

As such, capital activities directly affect the use of capital of banks, and using capital activities directly affect the provision of services, that is, capital activities indirectly impact. to service provision through using capital activities with a standardized coefficient of 0.232 (0.498 × 0.465 = 0.232). For example, if customers have deposited savings at the bank, then this customer will use the same savings book to pledge the bank to apply for a loan, make payment to the supplier, so the bank will provide the service. Pay through this account for this customer. Obviously, the bank's activities are closely related and supportive to each other. Therefore, the results of this activity have a significant impact on the results of the remaining activities of commercial banks.

Research results show that social capital has contributed positively to the activities of Vietnamese commercial banks. Thanks to the network of banking leaders, it helps increase operational results, reduce information costs, transaction costs (Levine, 1999) and reduce information asymmetry (Boot & Thakor, 2000). These social networks also provide the bank with accurate, necessary information and thus contribute to reducing transaction costs for network participants.

In addition to the positive effects of external social capital on the banking sector, there are also negative effects. Relationship with the authorities has brought positive results for the banking operations but it also has a negative effect on the banking industry because of the inequality in the behavior of governments at all levels commercial banks (Danchev, 2006). Because the authorities at all levels in addition to supporting the security, legal procedures for bank branches based in the area they manage, the government can introduce customers, introduce projects to the bank. or they themselves are customers of the bank. Therefore, the relationship with the authorities at all levels has an impact on the bank's use of capital. This relationship network will have a negative effect on the banking market due to the inequality treatment among commercial banks, especially between state-owned and non-state-owned commercial banks (Danchev, 2006). In fact, in Vietnam, state-owned banks are responsible for cooperating with authorities at all levels more clearly and closely than joint-stock commercial banks and foreign banks. The actual choice of bank to deposit or borrow money is also affected by this relationship. When districts have projects to compensate for ground, the Treasury will coordinate with project management to manage the compensation to the people. While the money has not yet been paid to the people, the project management board will choose a bank branch to deposit the money. Obviously the choice of bank will depend on the relationship with the authorities at all levels with the banks. This will lead to a movement to establish relationships with officials and authorities at all levels to access information and projects, rather than focusing on improving banking technology.

In addition, in recent years we have seen too many negative phenomena in the banking industry, reflected in a series of serious cases of the banking industry, causing huge losses to the economy and society. These cases are again caused by the bank's leader who violates the law and takes advantage of his position to corrupt (Phuong, 2020a). It can be said that most of the negative impacts of the banking industry in recent years have been associated with social relations including outside banking relations.

5. Recommendations

External social capital is a resource that has a significant impact on the commercial banks' activities (capital mobilization, lending and service provision activities) and these resources need to be commercial banks. efficient exploitation.

Banking exists in a business environment dominated by many relationships. Therefore, if the relationships are established and maintained well, commercial banks can take advantage of these relationships to give them an advantage in competition. Especially with the reputation and brand of the bank itself as well as the network of relationships that the bank has established in the course of business activities will greatly support the activities of commercial banks. This has been proved after testing the theoretical model in Ho Chi Minh City, external social capital has a significant impact on the activities of commercial banks.

Research results show that external social capital affects the operations of the bank, so it is necessary to be fully aware of this resource and develop an analytical framework so that banks can access social capital. outside, from which they can exploit and use this resource for their activities. Banks need to identify the vision, goals and criteria to develop social capital resources outside the bank.

Develop analytical framework for accessing social capital outside the bank

The overall goal is to improve the quality of bank relationships and to collaborate effectively so that they can benefit the bank. Therefore, it is necessary to have an analytical framework to be able to access and measure social capital outside the bank through specific measurement objectives and criteria including:(1) Maintain and exploit effectively the loyalty of customers and business partners. Measure "loyalty" based on the average number of transactions of old customers, the average number of transactions of old business partners. Exploiting "loyalty" based on the average number of new customers introduced by old customers, the number of newly registered business partners and the number of policies promulgated to maintain cooperation between the parties.(2)Building good relationships with authorities at all levels, banking associations, media agencies. Good relationships are measured by the average number of times each organization receives assistance.

Creating, maintaining, developing and using social capital outside the bank

In order to maintain and develop social capital outside the bank, it is necessary to create and develop the bank's relationship with customer networks, business partners, associations, media agencies and government.

First of all, the bank needs a specialized department to conduct activities connecting with external entities. The results of this study have shown that the subjects include customers, business partners, authorities at all levels and associations.

Secondly, the bank should focus on selecting personnel directly and indirectly developing relationship development activities with external entities. Once the direct and indirect person in charge is identified, the bank will have a policy on community relations training for them to achieve the best results for the bank.

Thirdly, it is necessary to develop specific policies for each external entity. The more practical the policy and its benefits, the more it will create a long-term bond from both sides. Specifically, for customers and business partners, the relevant policy maintains the quality of products and services; customer care; support business partners (enthusiastically support, encourage, discount, commissions, share business opportunities). For governments at all levels, banks need to regularly participate in programs launched by local governments such as sponsorships and donations. For related associations, the bank can send representatives to join, coordinate to sponsor programs, professional courses ... to create a connection with the associations.

Last but not least, banks should apply Customer Relation Management (CRM) software to effectively manage and exploit relationships with customers.

6. Limitations of the article and the next research direction

The main activities of the bank in this article mainly focus on accepting deposits; lending and service provision activities have not fully assessed all other banking activities. In addition, this study will be more comprehensive if it can be surveyed at bank branches of all localities in Vietnam. We expect that the following studies will overcome the limitations raised in this study.

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