

The Impact of Factors on Credit Risk Management in Kien Long Bank - Vung Tau Branch

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Abstract:- This study was conducted to explore factors affecting credit risk management in Kien Long Bank, Vung Tau Branch. With a sample size of 180, the results shown that there are three factors that influence credit risk management in Kien Long Bank: Credit Policy ($\beta = 0.238$); Customer factor ($\beta = 0.252$); Credit rating ($\beta = 0.437$).

Key words:- Credit risk management, Kien Long.

I. INTRODUCTION

In Vietnam, the credit risk management of commercial banks is concerned, but credit risk management has not been identified, measured, assessed and controlled accurately, strict and in accordance with international practice.

Credit risk management is a very important part of the Bank's operations, operations and development, not only to minimize credit risk but also to ensure profitability, reputation and performance. operating for banks. For the above reasons, the study of factors affecting the credit risk management at Kien Long Commercial Joint Stock Bank - Vung Tau Branch is very necessary.

II. MODEL AND HYPOTHESIS OF RESEARCH

Based on the qualitative research results of 5 experts in banking field, the proposed model and hypothesis of research at Kien Long Bank, Vung Tau Branch is shown in Figure 1.

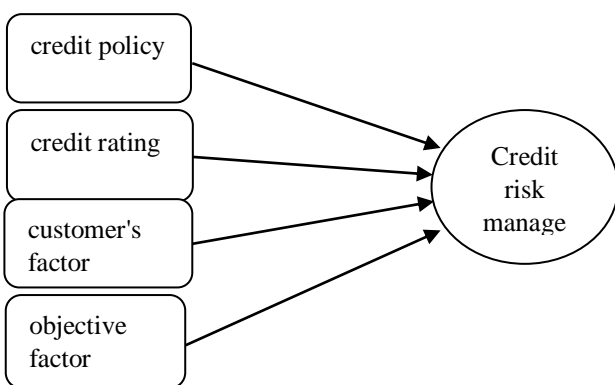


Fig 1:- The proposed research model

- Hypothesis H1: Credit policy has a positive impact on credit risk management
- Hypothesis H2: Credit rating has a positive impact on credit risk management
- Hypothesis H3: Customer factors affect positive credit risk management

Hypothesis H3: objective factor that positively affects credit risk management.

III. RESEARCH RESULTS

The results of CFA analysis with the critical measurement model show statistical significance $\chi^2 [98] = 132$ ($p = 0.000$). Other indicators such as GFI = 0.925; TLI = 0.972; CFI = 0.977; RMSEA = 0.042 < 0.80 are satisfy. The CFA weight of all observed variables is greater than 0.5; Confirm the uniqueness and convergence values of the scales used in the research model. Thus, the critical model attains compatibility with market data.

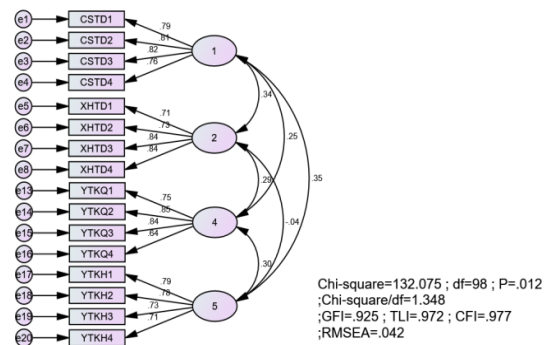


Fig 2:- CFA results of the saturated model

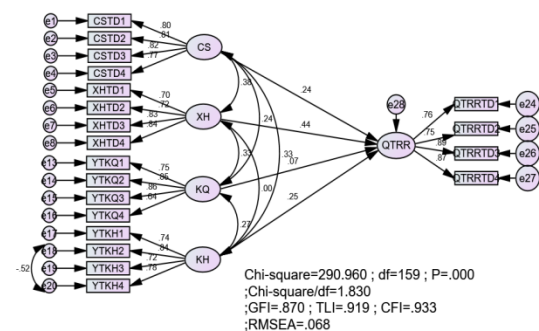


Fig 3:- SEM model estimation results

The SEM results (Figure 3) of the theoretical model have $\chi^2 [159] = 290.96$; $p = 0.000$; $CMIN / df = 1.830 < 2$; $GFI = 0.870$; $TLI = 0.919$; $CFI = 0.933$; $RMSEA = 0.068$. The Heywood phenomenon does not appear in the SEM estimation process so the model fits into the market data.

Relationships	Estimate			t	P-value
	B	S.E.	β		
QTRR <--- CS	0.219	0.075	0.238	2.934	0.003
QTRR <--- XH	0.45	0.093	0.437	4.839	***
QTRR <--- KQ	0.065	0.071	0.068	0.915	0.360
QTRR <--- KH	0.267	0.081	0.252	3.278	0.001

Table 1. SEM result

Note: B: unstandardized coefficient, β : standardized coefficient; S.E: standard deviation

The results of key parameters estimation are presented in Table 1. Credit policy has a positive impact on credit risk management ($\beta = 0.238$; $p = 0.003$). Next, the credit rating positively affects credit risk management ($\beta = 0.437$; $p = 0.000$). Finally, the customer factor has a positive influence on credit risk management ($\beta = 0.267$; $p = 0.001$). Objectivity does not affect credit risk management.

IV. CONCLUSION

The proposed study model consists of four factors that influence the credit risk management. The results of the measurement models show that the scale values are reliable (Cronbach's Alpha coefficient, composite reliability) and allowable values (unidirectional, covariance, and distinguish).

This study demonstrated a positive relationship between factors such as credit policy, credit ratings, and customer factors that positively affect credit risk management.

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