



BACHELOR OF INTERNATIONAL BUSINESS THESIS

ANALYSIS OF FACTORS INFLUENCING THE SELECTION OF INTERNATIONAL PAYMENT METHODS IN IMPORT AND EXPORT COMPANIES IN VIETNAM

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Hoa Lac, August, 2021

Authors of the thesis

Executive Summary

Import and export activities between countries are increasing as a result of international economic integration, resulting in increased demand for international payment services at financial institutions, particularly import and export enterprises and commercial banks are increasing and play an important role in the economic development of the country.

In Vietnam, international payment activities have many opportunities for development but also face many challenges due to the limited understanding of international payment (IP) of enterprises. Moreover, the development of import and export activities in Vietnam also poses a requirement for international payment services to improve the quality to meet practical needs. Therefore, it is essential to learn, identify and analyze the factors affecting the decision to choose an international payment method of enterprises.

Many researchers from all around the world have been interested in this topic over the years. However, there have been few studies that clearly identify the elements that influence an enterprise's decision to use an international payment method and how to improve it in Vietnam. In this study, the authors tried to study the influence of these factors on the choice of payment method in import and export activities. This study is not only carried out by quantitative method but also by qualitative method to ensure both objective and subjective views. In addition, the authors also collect opinions of businesses by conducting a survey.

After 268 responses from business representatives, the study identified 5 main factors which influence the choice of IP method of the business:

Relationship between two parties (importer and exporter), the types of goods in import and export transactions, Political - economic situation (of partners), characteristics of each payment method, the opinions and requirements of external parties.

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ABBREVIATIONS AND ACRONYMS LIST

APEC	<i>Asia-Pacific Economic Cooperation</i>
ASEAN	<i>Association of South East Asian Nations</i>
ASEM	<i>The Asia-Europe Meeting</i>
CIA	<i>Cash in advance</i>
CPTPP	<i>Comprehensive & Progressive Agreement for Trans-Pacific Partnership</i>
D/A	<i>Document against acceptance</i>
D/P	<i>Document against payment</i>
DC	<i>Documentary collection</i>
DE	<i>The decision to use the enterprise's payment method</i>
EAEU	<i>Eurasian Economic Union</i>
EFA	<i>Exploratory factor analysis</i>
EVFTA	<i>European-Vietnam Free Trade Agreement</i>
EX	<i>The opinions and requirements of external parties</i>
FDI	<i>Foreign Direct Investment</i>
FTAs	<i>Free Trade Area</i>
GO	<i>The type of goods</i>
ICC	<i>International Chamber of Commerce</i>
IP	<i>International payment</i>
L/C	<i>Letter of credit</i>
MA	<i>Political - economic situation factor</i>
OA	<i>Open account</i>
PA	<i>Characteristics of payment method factor</i>
RCEP	<i>Regional Comprehensive Economic Partnership</i>
RE	<i>The relationship between the two parties</i>
SMEs	<i>Small and medium-sized enterprises</i>
SPSS	<i>Statistical Package for the Social Sciences</i>
UCP	<i>Uniform Customs & Practice for Documentary Credits</i>
URC	<i>Uniform Rules for Collections</i>
WTO	<i>World Trade Organization</i>



FPT UNIVERSITY

01 INTRODUCTION

This chapter focuses on introducing topic background, giving an overview of the practical problem of international payment activities. To investigate the problem, the research objectives, research scope, research questions are identified.



1.1. Background

1.1.1. Topic background

Vietnam's economy has expanded rapidly in recent years, and international economic integration has created numerous opportunities. Vietnamese companies have the potential to gain a broad understanding of international markets while foreign businesses gain a thorough understanding of Vietnam's lucrative investment opportunities. Therefore, import and export activities have become more bustling than ever. Import and export is the activity of buying and selling goods internationally. This is a critical part of the country's economy since it has an effect on the domestic currency's buying power and the political economy. It is the activity of the whole mechanism of formal foreign trade affairs, not just the purchasing and selling of individual goods. As a result, there will be a lot of complex, intertwined partnerships between the export and import sides. It caused a lot of conflicts and problems in issues of: method of delivery, deadline of delivery, method of payment, term of payment.

The use of payment instruments in the import and export industry is one of the most influential issues between importers and exporters. It is regarded as one of the most significant mechanisms in the development of international trade and the resolution of several relevant issues. Along with the above trend, it will inevitably be the development of international payment operations at commercial banks. The IP service provided by banks not only helps the business operations of import-export enterprises, but also helps businesses limit risks in IP. Many research papers exist in the world and in Vietnam that examine the factors that influence a customer's choice of bank. However, no considerations influencing the entity's decision to use a payment mechanism for foreign transactions or an overview of its levels have been given. As we all know, deciding on a payment scheme for a transaction is crucial. The performance of any project is likely to be determined by the payment system's suitability for the project's features and customer specifications. It has the potential to influence both the transaction's outcome and the two parties' relationship.

As a result, understanding, identifying, and analyzing the factors influencing international payment methods is critical, particularly in the context of extremely emotional international economic integration. The topic "***Analysis of factors influencing the selection of international payment methods in import and export companies in Vietnam***" is chosen to analyze these factors more clearly. Since then, proposing solutions and recommendations

in order to create conditions for import-export enterprises in Vietnam to make better and more effective decisions.

1.1.2. Practical problem

Vietnam has initiative and actively participated in multilateral and regional economic institutions, with the important milestones of joining Association of SouthEast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), founding member of The Asia-Europe Meeting (ASEM), and especially joining the Organization World Trade (WTO), marking the comprehensive integration into the global economy. In addition, Vietnam has been participating in many Free Trade Areas (FTAs), both at the bilateral and multilateral levels necessary to promote foreign trade activities in Vietnam.

Following the 2016-2020 period, the world economy faces many difficulties and challenges, affecting export growth. The US-China trade conflict began in April 2018 and the Covid-19 epidemic that broke out from the beginning of 2020 is still not controlled, having a heavy impact on global trade. For more specific, according to preliminary statistics of the General Department of Customs, in the first quarter of 2021, the total value of goods import and export of the whole country reached 154.01 billion USD, up 25.2% over the same period last year. In which the value of exported goods increased by 23.7% and imports increased 26.8%. Besides, Vietnam has taken advantage of the new generation of free trade agreements, especially Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), European-Vietnam Free Trade Agreement (EVFTA), and Regional Comprehensive Economic Partnership (RCEP) Agreements, to promote import and export activities, improve opportunities for competition and enhance the value of export's especially advantageous Vietnamese goods.

From achievements mentioned above and the current global trade trend, Vietnam's import and export activities have more opportunities and are connected to more diverse markets and partners. However, in that context, choosing the right international payment methods for each transaction - with different markets, partners, products... also becomes more complicated. Enterprises must choose a payment method that both balances their interests and ensures the ability to develop relationships with customers and expand markets. According to statistics, the structure of international payment transactions at Vietnamese commercial banks has changed a lot, the proportion of remittance methods (including cash in advance (CIA) and open account (OA)) is increasing (Chau, 2018). Specifically, in

payment for export goods, the proportion of Vietnamese exporters using CIA and OA payment methods has reached 65% and the Letter of credit (L/C) method decreased to 19% in 2017. Meanwhile, for import goods, the proportion of payment by L/C gradually decreased from 40% in 2013 to 24% in 2017. Each import - export shipment has its own appropriate international payment method. Therefore, both buyers and sellers must evaluate, negotiate and make decisions with the best possible efficiency. Also, the selection of the appropriate international payment method in each transaction has important and practical significance for the import and export business of the countries, especially in light of today's increasingly strong worldwide economic interdependence.

1.2. Research scope

In this topic, we will focus on analyzing the factors influencing the selection of international payment method in import-export firms in Vietnam under the below conditions:

- Firstly, the thesis relied on in-person interviews and a survey to collect data (both online and offline). Import-export firms in Vietnam are among the survey's participants.
- Secondly, the secondary data is collected from 2016 to 2021
- Thirdly, there are four main international payment methods mentioned in this research: Cash in advance, Open account, Documentary Collection, Letter of credit.

1.3. Research objectives

The primary goal of this study was to identify the key factors that influence the choice of international payment methods in Vietnam. The authors then give some theories and solutions, as well as suggestions for how to expand this selection. The research was conducted by implementing the following objectives:

Objective 1: Determine the theories of international payment methods in import-export activities

Objective 2: To overview the situation of the using international payment methods in import-export activities in Vietnam from 2016 to now

Objective 3: To identify the critical factors and evaluate their impact on the selection of international payment methods in import-export companies in Vietnam

Objective 4: To propose some feasible recommendations to deal with existing limitations in the selection of international payment methods of the import - export firms in Vietnam

1.4. Research questions

It is important to investigate the relationship between each factor and the import-export background in Vietnam in order to achieve its objectives. As a result, recommendations for all variables were made based on the findings of the survey that evaluated them. Since then, choosing IP methods has become simpler and will have more beneficial consequences in the future. To complete those tasks, it is important to seriously answer the following questions:

1. What is international payment? What are the characteristics of the international payment methods (Cash in advance (CIA), Open account (OA), Documentary collection (DC), Letter of credit (L/C))?

2. What is the situation of using international payment methods for import and export activities in Vietnam from 2016 to now?

3. Which factors influence the decision to select a payment method and extent of their influence?

4. What are appropriate recommendations for businesses to make decisions on selecting the best method of international payment for import and export activities to achieve the best results?

1.5. Methodology and data overview

In this study, in order to select the factors affecting the decision to choose the appropriate international payment method for businesses, our team of authors synthesizes, reviews and selectively re-selects the factors used from previous research papers. Furthermore, through research and investigation, in order for the selected factors to be authentic and bring the best research results, we decided to interview some experts in the industry to make appropriate recommendations on those influencing factors. And then, primary research was carried out through distributing questionnaires that gathered data via email surveys and direct interviews. Data were gathered from more than 300 employees in the import-export firms, then statistically analyzed through exploratory factor analysis by the Statistical Package for the Social Sciences (SPSS) program to determine the influence of those factors on their choice of payment method. Secondary research material was gathered through newspapers, research publications, and the company's websites.

This study will demonstrate the causes using both quantitative and qualitative techniques, it will show us the factors that influence the decision to choose an international

payment method in Vietnam, then render constructive recommendations aimed to improve and support the more efficient selection of international payment methods in their business.

1.6. Conclusion

In summary, this chapter gives readers a quick overview of the as well as basic facts on the subject. This chapter presents research purposes through research objectives, research questions, research scope, and the importance of the topic. Moreover, authors provide the situation of selection international payment method of Vietnamese import – export enterprises.

1.7. Thesis outline

This thesis is divided into five chapters (excluding the abstract, appendix, preference, list of table and configures, abbreviation and acronyms list)

Chapter 1: *Introduction* provides a brief summary of information about the research topic overview, background, objective, research issue and the methodology as well.

Chapter 2: *Literature review* presents relevant theories that serve as the basis to develop research questions. Definitions and general theories of international payment methods are indicated in order to support the research as well.

Chapter 3: *Methodology* discusses the method approach to the thesis, contains qualitative, quantitative and observational experiments included. The result of these studies point out factors affecting the selection of international payment methods for individuals and companies involved in the import and export sectors.

Chapter 4: *Findings and analysis* analyzes the data using the proposed methods to classify the factors, and how these factors impact on the selection of international payment methods in Vietnam.

Chapter 5: *Recommendations and conclusion* Final chapter responds to the research question by summarizing the highlights and providing recommendations for improvement in the selection of international payment systems of companies in Vietnam.

02 LITERATURE REVIEW

The second chapter focuses on definitions and characteristics of IP, four main widely used IP methods, and previous research. The last part develops hypotheses for research into six factors:

- The relationship between the two parties (RE)
- The type of goods (GO)
- Political - economic framework factor (MA)
- Characteristics of payment method (PA)
- The opinions and requirements of external parties (EX)
- The decision to use the enterprise's payment method (DE)



2.1 General theories of international payment

2.1.1 Definition and characteristics of IP

2.1.1.1 Definition

Economic ties (primarily foreign commerce) play a critical role in international relations, as they serve as the foundation for other international ties to exist and flourish. Economic exchange operations generate demand for payment and payment transfers between entities in other countries, resulting in the formation and development of international payment activities, in which banks serve as a bridge between the two sides.

So it can be concluded *“International payment is the implementation of the obligations to pay and rights to receive monetary benefits arising on the basis of economic and non-economic activities between the organizations and individuals of these nations and ones of the other nations, or between a nation and an international organization, through the relationship between the banks of the nations concerned.”* (Hinkelman, 2002)

International payments serve both economic and non-economic activities, as demonstrated by the above idea. People frequently classify international payment activities into two distinct categories in commercial bank regulations foreign trade payment (trade payment) and non-foreign trade payment (non-trade payment)

- *Trade payment* is payment dependent on the market price of imported and exported commodities, as well as the provision of commercial services to other countries.

- *Non-trade payment* has nothing to do with importing and exporting commodities or providing services to foreign countries. That is payment for non-commercial activities.

2.1.1.2 Characteristics

To begin with, international payment occurs on a worldwide scale, utilizing the world bank network to facilitate commerce, investment, and international cooperation transactions. Therefore, international payment activities are carried out on the basis of international laws and trade practices, and at the same time, it is also governed by the laws of countries, economic policies, and international policies and foreign exchange policies of participating countries in payment. To minimize unfortunate misunderstandings in trade and payment operations, the international chamber of commerce has produced regulations such as Uniform Customs & Practice for Documentary Credits (UCP), Uniform Rules for Collections (URC), INCOTERMS, and others in order to provide a fair legal situation for parties interested in international trade and payment activities.

Secondly, payments between countries are conducted through banks, with cash being used only in exceptional circumstances. Therefore, international payments are essentially international banking operations. They are formed and developed on the basis of foreign trade contracts and international currency exchanges.

In overseas payments, the currency is frequently not cash, but payment instruments such as money orders, wire transfers, drafts, promissory notes, and checks printed in foreign currencies.

2.1.2 Roles of international payment

The global economy is becoming increasingly integrated as a result of globalization. A country's development cannot be based on a closed-door strategy; instead, it must promote its comparative advantage, along with that must be combined with domestic strength and international economic environment. Recognizing the need of extending economic exchanges, countries are continually strengthening their internal economies, opening up and collaborating with the economies of other nations. At the same time, in most nations, foreign activities are at the forefront of economic growth strategies. Foreign economic operations, they believe, are an essential component of the country's economic growth plan. As a result, international trade activities are accelerating and becoming increasingly important to each country's economy.

2.1.2.1. In the national economy

IP help to expand and promote foreign economic contacts, which is a prerequisite for building a bridge between nations' payment relationships. It's also an essential stage in the purchase and sale of products and services among individuals and organizations in various nations, and it's a crucial link in the chain of national economic activity. Furthermore, IP aid in the concentration and control of domestic foreign currency sources, as well as the effective use of foreign currencies, facilitating the good implementation of the foreign exchange management mechanism of the government. Simultaneously, assisting the state in effectively managing import and export activity according to the set foreign trade policy.

Without IP, foreign economic activities will face many difficulties in survival and development. And vice versa, once IP activities are well implemented, it will increase the prestige of each country in the international market, increase the amount of foreign currency, contribute to improving the balance of payments, and at the same time attract investment capital to develop the domestic economy and promote strong foreign economic activities.

2.1.2.2. In import-export companies

For import-export enterprises, IP activities are mainly used to meet the payment demands of goods and services of import-export activities. IP activities assist businesses in limiting risks in the process of implementing import-export contracts, and instilling trust in customers in their trading relationships with companies in other countries.

Exporters and importers will be able to control their interests and prevent dangers from the other side by utilizing international payment methods. When an exporter conducts business, they may manage and control their products by managing the documents according to the features of the proper payment methods, ensuring that they can control the products until the payment is taken from the importer. Importers may also ensure that their finances will not be harmed if they have not accurately identified the items they desire in the contract by using suitable international payment methods.

As a result, the role of IP is critical for import-export enterprises; it facilitates transactions and secures the benefit of both parties provided they select the appropriate payment method.

2.1.3 Main popular international payment methods

2.1.3.1 Cash in advance

a. Definition

- Cash in advance is one of the conditions in foreign trading that requires the importer to pay the owner of the goods in cash before exporting the goods.

- Before the exporter ships the merchandise, the importer pays the exporter by telegraphic transfer or international cheque. The parties may also commit to “cash on order” so that payment actually comes before the sale, or they may demand credit cards where substantial sums of money are involved.

b. Process

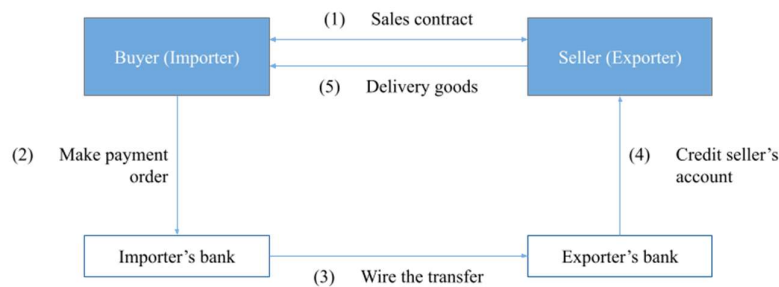


Figure 2.1: Cash in advance process

Notes:

(1) The exporter and importer agree to sign a sales contract in which they agree to pay by cash in advance.

(2) The importer makes a payment order to their bank by check, draft or wire transfer

(3) The importer's bank receives the request and approves, transfers the money to the exporter's bank

(4) Exporter's bank pays to seller's account

(5) Upon receipt of full payment for the shipment, the seller delivers the goods to the buyer

2.1.3.2 Open account

a. Definition

This is a payment system in which items are delivered and papers are sent back to the customer, with a request for payment at the proper time, which may be promptly or at a future date agreed upon. An open account transaction ensures that the products are shipped and delivered before payment is due, which is normally 30 days, 60 days, or 90 days.

b. Process

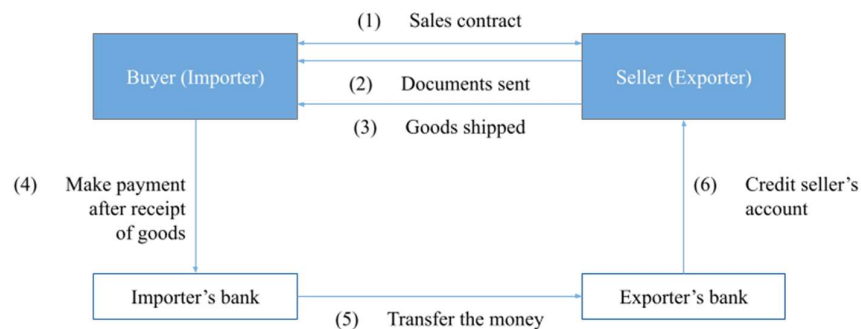


Figure 2.2: Open account process

Notes:

(1) The exporter and importer sign a sale contract and agree to pay in open account method.

(2) (3) The exporter ships the goods and send shipping documents to the importer

(4) After receiving the goods, the buyer makes the due payment to his bank (in accordance with the contract terms).

(5) The importer's bank transfers the money to the exporter's bank.

(6) The importer's account is paid for by the exporter's bank.

2.1.3.3 Collection of payment

a. Definition

Documentary collection is a type of trade finance in which an exporter is paid for its goods by an importer after the banks of the two parties exchange the required documents. The exporter's bank collects funds from the importer's bank in exchange for documents releasing title to the shipped merchandise, usually after the goods arrive at the importer's location (Chris B.Murphy, 2021)

b. Types of collection

Based on the documents, there are 2 types of collection:

- Clean Collection: This is a method whereby the seller entrusts the bank to collect money from the buyer based on the draft the seller has made, and the documents are sent directly to the buyer without going through the bank.

- Documentary collection: This method of payment entails the seller entrusting the bank with collecting money from the buyer not only on the basis of the draft but also on the accompanying shipping documents, with the understanding that if the buyer pays or approves the draft, the presenting bank will pass the shipping documents to the buyer in order for the goods to be delivered.

Based on the term, there are 2 types of Collection:

- Document against payment (D/P): Pay immediately before receiving the documents
- Document against acceptance (D/A): This method allows the buyer not to pay immediately but to sign the acceptance of payment on the demand draft, drawn by the seller/exporter. Usually the signed draft will be kept in a safe place of the collecting bank (importer's bank) until the due date.

c. Process

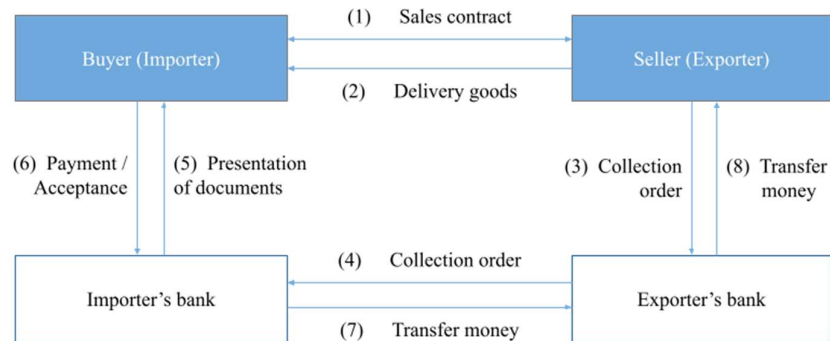


Figure 2.3: Document collection process

Notes:

(1) The contract stating the payment method (Collection) and shipment terms is made between the importer and exporter.

(2) The seller sends the goods and shipping to the buyer.

(3) The seller makes a draft for demanding buyer money with a set of documents and authorizes his bank to collect money for him by collection instruction.

(4) Seller's bank sends the collection instruction with the draft to its correspondent bank in the country of the buyer for collection, also known as the Presenting bank/ Collection bank.

(5) The correspondent bank requires the buyer to pay the draft. The bank only gives the documents to the buyer if the buyer pays or accepts to pay the draft.

(6) Customers can pay immediately (D/P) or sign to accept to pay the draft if they pay later (D/A).

(7) The correspondent bank will transfer the proceeds to the remitting bank.

(8) The remitting bank will transfer money to the seller.

2.1.3.4 Documentary credit

a. Definition

In Article 2, UCP 600, International Chamber of Commerce (ICC) Publication No. 600, issued in 2006), Documentary Credit is defined as follows: Credit means any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honor a complying presentation.

Documentary credits facilitate international payments by providing security for both the exporter and the importer. The seller receives an advance assurance of payment upon presentation of documents conforming to the terms and conditions of the letter of credit, and the buyer is assured that the bank will not pay unless the seller has actually submitted documents strictly complying with the documentary credit.

b. Process

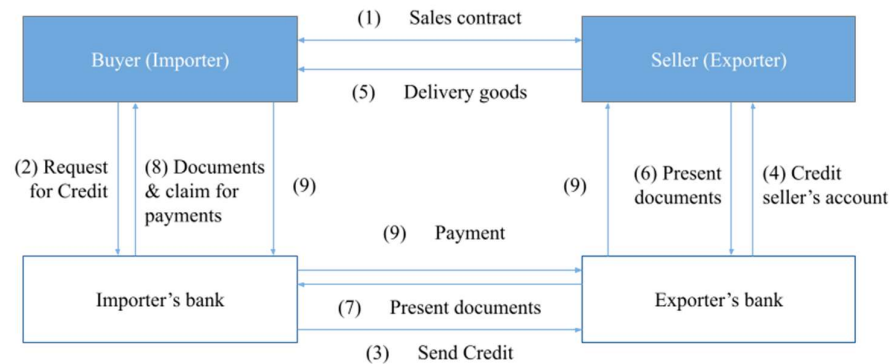


Figure 2.4: Document credit process

Notes:

(1) By executing a sale contract that incorporates the L/C payment method, the buyer and seller agree to conduct business.

(2) The buyer submits a request to the issuing bank in order to issue a letter of credit.

(3) The Issuing bank approves the Buyer's credit risk, issues the credit, and delivers it to the Advising bank.

(4) The advising bank authenticates and advises the Beneficiary on the L/C.

(5) If the beneficiary approves the contents of the L/C, the beneficiary ships the goods to the applicant.

(6) After delivery, the Seller submits the relevant documentation to his bank (which may be the Advising bank) for payment processing.

(7) After reviewing the documents, the Advising bank sends them to the Issuing bank together with payment claims.

(8) (9) The documents are checked by the issuing bank. The Issuing bank pays the Seller and seeks repayment from the Buyer if all of the documentations are complied.

c. Types of L/C

According to common properties, L/C is divided into many types. Some basic types as Revocable L/C, Irrevocable L/C, Confirmed irrevocable L/C and Transferable L/C.

Revocable L/C: This is a type of letter of credit that, once opened, can be unilaterally added, corrected or cancelled.

Irrevocable L/C: As a type of letter of credit, after it has been opened, the amendment, supplementation or cancellation can only be carried out by the bank according to the agreement of all concerned parties. In international trade this L/C is most commonly used.

Confirmed irrevocable L/C: Confirmed, irrevocable letters of credit give the seller the greatest protection, since sellers can rely on the commitment of two banks to make payment. The confirming bank will pay even if the issuing bank cannot or will not honor the draft for any reason whatsoever. In accordance with the additional risk assumed by the banks, however, confirmed, irrevocable letters of credit are more expensive than unconfirmed letters of credit.

Transferable L/C: A transferable credit is one where the original beneficiary transfers all or part of the proceeds of an existing credit to another party (typically the ultimate supplier of the goods). It is normally used by middlemen as a financing tool.

Standby L/C: A standby documentary credit is an obligation on the part of an issuing bank to pay a beneficiary in the case of the nonperformance of the applicant (Hinkelman, 2002)

Back to back L/C: A back-to-back documentary credit is a new documentary credit opened in favor of another beneficiary on the basis of an already existing, irrevocable, non-transferable documentary credit (Hinkelman, 2002)

Revolving L/C: A revolving documentary credit is an obligation on the part of an issuing bank to restore a credit to the original amount after it has been utilized, without the need for amendment. A revolving documentary credit can be revocable or irrevocable, cumulative or noncumulative, and can "revolve" in number, time, or value (Hinkelman, 2002)

2.1.4. Evaluation of IP methods

Risks in international payment activities are economic risks arising in the process of conducting international payment activities. International transactions are not as stable, secure, transparent, or reliable as domestic transactions and many things can happen between the time of the sale and the expected time of payment (Hinkelman, 2002). It occurs due to causes arising from the relationship between the parties to international trade (exporters, importers, banks, organizations, individuals and intermediaries...). Similar to risks in domestic commercial transactions, but more complicated due to geographical distance, differences in culture, laws, etc.

Each of the payment methods mentioned by the authors (Cash in Advance, Open Account, Document Collection, Letters of Credit) provides different benefits and exists different risks for exporters and importers.

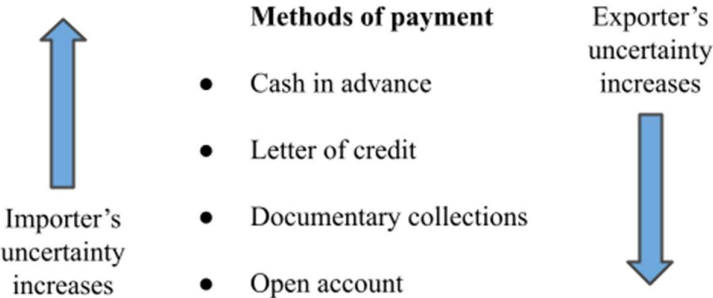


Figure 2.5: The impact of each IP method on the exporter/importer

To begin with Cash in Advance, that is considered to be the most secure and the least risky method of international trading for the seller as they receive the payment before the shipment. However, it will be very disadvantageous to the buyer if, after the money transfer is completed, the seller goes bankrupt or delivers the goods with the wrong quantity, type, poor quality or does not guarantee the delivery time as agreed, etc. CIA is rarely chosen by the importer unless the seller is fortunate, has unique or high-demand products or the buyer is unknown from an unstable country (Hinkelman, 2002).

In contrast, the Open Account method is completely beneficial to the importer, who only has to pay when the goods or services have been received or even when the goods and services have been consumed. The exporter shall bear the risk of delay in payment or incomplete payment by the importing party. The seller's capital is stagnant until the buyer receives the goods, sometimes encountering the buyer's non-payment because the buyer did not need to issue any promissory notes in the first instance.

By Collections, it is more beneficial for the exporter because the bank in this method has replaced the exporter to control the goods through documents, the importer has to pay or accept to pay to receive the documents to receive the goods. So, Documentary collections are more convenient to use than Letters of Credit, and bank fees are typically lower. However, this method has the disadvantages of not guaranteeing the interests of the seller, because the payment completely depends on the wishes of the buyer, slow payment speed and the banks act merely as intermediaries to facilitate payment for a shipment.

Finally, Letters of credit are one of the most secure instruments available to international traders (International Trade Administration, 2012). In fact, in international goods sale and purchase activities, the payment method of letter of credit has transferred the payment responsibility from the importer to the bank to ensure that the exporter delivers and receives money safely and quickly. Importers receive the shipping invoice on time. Therefore, to a certain extent, L/C is a payment method that balances the interests of both exporters and importers and resolves conflicts of distrust of both parties.

However, in the process of applying the Letters of Credit method, there are still some risks for import and export enterprises. In case the exporter presents a set of documents that do not conform to the L/C, any payment (acceptance) may be refused and the exporter will have to deal with it himself by unloading, storing and auctioning... until the problem is resolved or the goods have to be shipped back to the country. The exporter has to pay expenses such as overdue storage, storage fees, insurance for goods, etc. Besides, the bank only checks for the apparent validity of such documents, there is no guarantee to the importer that the goods will be in accordance with the contract in quantity, type and undamaged, etc.. In this case, the importer still has to refund the full amount paid to the issuing bank.

2.1.5. Government policies on IP activities

One of the factors that dominate IP activities is the policies of the State bank in particular and the Vietnamese government in general. And some of the main policies of the state applied in this activity are mentioned as follows

The law defines the legal status of entities that are businesses and banks in the market economy when they participate in international transactions. For example, a goods import-export contract signed between a Vietnamese enterprise and a US enterprise stipulates that the buyer is a Vietnamese enterprise, will have to pay to the seller who is a US enterprise by L/C and the payment currency is USD. In this case, there are two enterprises in two different countries that participate in transactions and the payment currency is the foreign currency for Vietnamese enterprises. Importers who want to pay for goods to US exporters must study Vietnam's regulations on exchange rate policy, money transfer abroad, and especially choose a reputable bank to open L/C. In addition, buying and receiving USD, opening a payment account in foreign currency, paying foreign sellers... must comply with the provisions of both national and international laws. If violating this regulation, enterprises will be responsible in accordance with the provisions of the law. For example, according to the

provisions of Article 7 of the 2005 Ordinance on Foreign Exchange, Vietnamese enterprises are allowed to buy foreign currencies to pay for the import of goods and services, but only buy foreign currencies at authorized credit institutions and must transfer all foreign currency earned from the export and services to foreign currency accounts opened at authorized credit institutions in Vietnam. Regarding opening foreign currency accounts abroad, Article 23 stipulates that Vietnamese enterprises have branches or representative offices in foreign countries or wish to open foreign currency accounts abroad to perform contracts with foreign parties must be permitted by the State Bank of Vietnam...And Article 43 clearly states that organizations and individuals that commit acts of violating the provisions of this Ordinance shall, depending on the nature and seriousness of their violations, be handled. discipline, administrative sanction, or criminal prosecution; if causing damage, they must compensate according to the provisions of law.

In order to guide the parties involved in international payment activities to carry out these activities in accordance with the law, countries often establish state management agencies for this activity. In Vietnam, the state management agency for international transaction activities includes the Government, the State Bank, ministries. The regulations and policies on the responsibilities of the bank and the interests of the business will be clearly reflected in the official issued documents. According to the 2010 Law on Credit Institutions, article 146 stipulates the responsibility of the State Bank in inspecting and detecting cases in danger of insolvency or insolvency in order to place these banks under the direct control of the State Bank...The above provisions not only contribute to creating a healthy legal environment for the development of IP activity but also create a mechanism to ensure that the law on international communication activities is strictly enforced.

The second is the decision of the Governor of the State Bank No. 711/2001/QD-NHNN on May 25, 2001 about the regulations on opening letters of credit for import of deferred goods. This is one of the rules that lays out the procedures and conditions that businesses must follow in order to open a letter of credit. For example, certain escrow, pledge, mortgage, guarantee, and payment ideas and requirements. This is generating problems for businesses, particularly small and medium-sized organizations (SMEs). Because, in order to create an L/C, companies must show their financial stability as well as fulfill the bank's credit requirements in accordance with state legislation.

One of the policies worth noting, on June 12, 2017, the National Assembly passed the Law on Supporting SMEs. Accordingly, the Law clearly stipulates the criteria for determining this type of enterprise, the principles of support, the source of support capital, and the prohibited acts in supporting small and medium enterprises. In this policy, SMEs will be supported to access credit, tax, accounting, support for production premises; technology, incubators, technical facilities and co-working spaces, market expansion, information, consulting and legal support, human resource development support. Regarding the responsibilities of supported enterprises, the Law also stipulates that agencies supporting SMEs must make public the contents, subjects, order, procedures, funding sources, and other relevant information.

2.2 The importance of choosing the suitable payment method

In the context that international trade is increasingly large-scale and fast-growing, constantly developing along with the increasing trend of opening up the economies of other countries, international trade has also grown more complicated. International payment is an important aspect of international trade in general and import-export operations in particular, but it is also a high-risk sector due to fraud in both export and import activities. For example, for the import-export sector, it has to face the "defects" of payment for goods, insolvency, errors in documents, etc.

It can be seen, like the payment methods described above, it can be seen that each method has its own characteristics. Therefore, the risks in transactions will be greatly reduced when using payment methods appropriately, and one of the most visible risks is credit risk. Trade credit risk arises when a business partner goes bankrupt, as well as when clients purposely delay payment. External circumstances, such as an unpredictable political and economic environment, also have an impact. Unusual changes in nature, such as drought, flood, natural catastrophe, disease, etc. that disrupts company activity may cause the customer's capacity to repay to deteriorate. Businesses can reduce the above-mentioned trade credit risks by thoroughly researching the counterparty before conducting a transaction to analyze the counterparty's solvency and select the suitable international payment method. Specifically in this case, if the two parties have mutual confidence and a thorough awareness of the economic circumstances and political environment in the other country, it is appropriate to choose simple and cost-effective payment methods. On the contrary, in the absence of careful research and high credibility, using a mechanism like a letter of credit

will enhance the bank's obligation in the transaction and the bank will share the credit risks trade faced by the business.

Furthermore, selecting the appropriate payment method aids companies in reducing costs. For small import-export companies with low-value transaction contracts and a generally excellent relationship, using payment methods like open account or cash in advance rather than more difficult ways like LC or collection is suitable. It will help businesses save costs as well as not need to spend time and effort to prepare complicated papers, documents or procedures. However, according to research by Chau (2018), from 2013 to the present, there has been a tendency of businesses shifting to money transfer and direct payment methods, seldom adopting preventative measures and payment methods through banks or credit institutions to reduce costs. Nevertheless, companies stand the risk of being targeted by technological thieves when using these methods, especially when the business community primarily trades and transacts over the Internet. Banks often charge a fee that is proportional to the risk that the bank may face and the bank's duties. As a result, when importing and exporting businesses, conducting high-value transactions, and dealing with new partners, they will need to adopt ways with a better degree of protection at a greater expense to prevent danger. The bank's responsibility in this transaction is larger at this point; the bank will commit to paying the exporter as well as checking the documents for the importer. This assists firms in reducing avoidable risks (Hinkelman, 2002)

The international payment process's time component is also critical since it assures the progress of the parties' agreed contract. If there is a backlog at the payment step, it may result in late payment or delivery delays, etc. Failure to make payments on time as agreed between the parties will result in financial loss as well as a disruption in both parties' goods and business operations. Choosing an effective international payment method helps businesses reduce financial loss due to lengthy transit time, especially when they import and export particular products, such as commodities with substantial price fluctuations in the market.

The choice of international payment methods will directly affect the interests of exporters and importers. When making import and export shipments, both buyers and sellers must agree and choose a payment method. Therefore, for international trade and international payments, businesses need to carefully research their partners before transacting, and businesses must consider carefully before choosing a payment method fit.

2.3 Recent studies relating to thesis's topic

2.3.1 Foreign studies

Internationally, there are many articles describing international payment methods. However, observational research and analysis about the factors affecting the decision to choose a payment method is quite modest, of which it is worth noting the following articles:

Firstly, most international articles and research refer to the interaction between the exporter and importer by researching the factors affecting the ability to select payment methods of firms. According to Petersen (2009), the aspect of an exporter's relationship with its customers, whether recent or long-term relationships with its clients, must be evaluated. This element is also considered by Agbonika (2015), Becker (2014), and Candemir et al. (2011), they mentioned in their analyses. When advising exporters on the right payment method to utilize, Agbonika (2015) indicated that exporters may opt to use CIA or L/C when the importer is a new client whose reliability is uncertain. For the exporter, Cash in Advance is the least risky option because he is paid in full before exporting the products. Similarly, in an article by Becker (2014), while referring to the relationships and the degree of trust between importers and exporters, the author states that if the degree of trust is low and the partner is a new firm, it is advised that firms employ Cash in Advance or L/C payment methods; contrary, Collections and Open Account should be utilized for the relationship has been established and high-trust firms.

In addition, the authors highlighted another important aspect, namely product characteristics. Including the article by Becker (2014), after evaluating and analyzing he said that for custom-made items which are specialized goods, businesses should consider carefully when choosing a payment method. For example, if this is one of the special products, not for everyone, it is difficult for businesses to find alternative partners when the importer refuses to receive the goods in the case of using documentary collections. On the other hand, when analyzing possible payment methods for importers, Laurel Delaney (2019) pointed out that for this factor, businesses should consider more about product consumption in the country they import, whether customer demand is large or not. As such, exporters may be willing to be more flexible with payment terms. Specifically, the exporter can allow the importer to pay a part in advance, or extend the payment period in case a potential partner needs time to recover capital when processing a large shipment. Aside from the influence of the items' qualities, a new aspect stated is the transaction's value. Only Petersen (2009)

believes that this is an independent factor that affects the selection decisions of businesses. Specifically, for example, for transactions of medium to high value, the author recommends that importers and exporters need to use international payment methods with high security, typically the L/C method. In fact, high-value shipment always has potential financial risks for businesses. Therefore, if L/C is selected, there will be the participation of a third party who is the issuing bank to safeguard the interests of the parties in the transaction.

Besides, the nature of international trade activities is the exchange and purchase of goods between countries, trading from one country to another always involves political and economic risks. As a result, the authors consider this as an objective element having a high degree of influence on the choice of payment method. More specifically, when referring to the unstable political situation and economic situation Becker (2014) recommends the CIA and L/C approach for businesses. Similarly, when analyzing economic conditions in the country that will import goods, Delaney (2019) asks the question “Does money easily flow in and out of the country you import?” If exporters confront challenging conditions, the author suggests that they explore shipping, trading, or consigning products.

Furthermore, in cross-border transactions, it is critical to comprehend the risks that firms may encounter, particularly cash flow, interest rates, and currency adjustment factors. As simple as in Becker's article (2014), the exporter doesn't have the risk of price changes and cash flow when using Collection payment and Open Account payment methods. However, when assessing this factor, Petersen (2009) pointed out in the "Payment Options table" that it still has a low influence. Meanwhile, Delaney (2019) is more specific: “If you are trading in US dollars, this may not affect you, but if you are dealing with a high order volume with the possibility of repeat business and your selected currency is highly volatile, this can damage your bottom line.” Many suppliers (and importers) do not include money markets in their decision-making, which the author emphasizes is not true because if they did, they could get more with the same amount. For this area, the author's recommendation is that businesses should consult with a banker to handle currency fluctuations.

However, most of the articles and research suffer from some limitations because the factors provided have not been directly quantified. In recent years, quantitative analysis has been more common in research articles than qualitative analysis, as it has been demonstrated to be more accurate for quantitative factors by examining each unique aspect, according to researchers. As authors Becker (2014), Petersen (2009), Delaney (2019), and Agbonika

(2015) using a qualitative approach to evaluate the factors affecting the decision to choose an appropriate international payment method for businesses. One of the few studies using quantitative methods is the study “The analysis of Aegean exporters” by Aykan Candemir et al. (2011). The survey was based on exporters located in the Aegean Region - one of the important trading and manufacturing hubs of the Turkish economy. The purpose of the study is to assess the level of risk of each payment method for businesses, thereby making recommendations for businesses to be able to choose the appropriate payment method to minimize risks for them. The authors used Independent t-test and one-way ANOVA (independent T-test and ANOVA test) to assess the impact of the risks of each payment method on businesses. The results show that the factor that can be considered as important and has more influence than the commonly known factors is the export experience, the age of the enterprise. Furthermore, in their analysis, a company's years of export experience and financial awareness were completely independent factors with no relationship whatsoever.

Generally, most of the factors mentioned in the above articles represent the views of the authors towards the general trade of the world.

2.3.2 Domestic studies

Currently, there are different research articles about factors affecting the choosing international payment method in Vietnam. With this research topic, the qualitative analysis approach has been the most extensively utilized research technique in Vietnam. It is an analytical method that has become popular in many studies and focuses on theoretical analysis based on the experience and qualifications of the researcher. And in the majority of research papers in Vietnam on this topic, the authors base their decisions on theory, personal knowledge, and experience from those who have gone before them to identify the factors that influence the decision to choose the best payment method. Notably, research papers such as Duyen (2015), Thuy (2014), and Anh (2020). The authors presented the theoretical framework, factors affecting the decision to choose international payment methods, as well as the advantages and disadvantages of using these methods by combining documents from textbooks, scientific articles, circulars of the Vietnamese government, and the law on international trade. Specifically, the study of Anh (2020) on assessing the current situation and proposing solutions to develop international payment services by letter of credit of Vietnam Joint Stock Commercial Bank for Industry and Trade, Thanh An branch. This study approaches the research object on the basis of applying a theoretical framework focusing on

the synthesis and analysis based on data collected from secondary data sources taken from the Bank's reports state, Joint Stock Commercial Bank for Industry and Trade of Vietnam Thanh An Branch and on other press and television channels.

In recent years, quantitative analysis, as well as a mixture of qualitative and quantitative methodologies, have become more common in research articles. Because it has proved to be more accurate for quantitative variables due to its specific evaluation of each determinant. However, as previously mentioned, the majority of research papers on this subject use qualitative analysis to assess the factors influencing the decision to select a right international payment method for business. Therefore, there haven't been many studies in Vietnam that use this methodology to analyze issues surrounding international payment activities. A prominent example can be mentioned is the research of Chau (2018) on the selection of suitable international payment methods for businesses. This study included both qualitative and quantitative analyses. In addition to gathering information and statistics on banks' international payment activities from the websites of commercial banks in Vietnam from 2013 to 2017, the author has combined with conducting surveys and interviews with international payment experts from several Vietnamese commercial banks. These are the following banks: VCB, Vietinbank, BIDV, ACB, Agribank, Techcombank, SCB, VIB, ABbank, Sacombank, LienVietPostBank, Eximbank to determine the proportion of each international payment method at the banks.

The research scope of previous research papers mostly focuses on a specific aspect or a specific object. For example, the article of Anh (2020) mainly studies the international payment method by letter of credit (L/C) at the Joint Stock Commercial Bank for Industry and Trade of Vietnam Thanh An Branch. Thuy (2015) conducted research on foreign payment risks at Vietnam's Joint Stock Commercial Bank for Investment and Development. Chau's (2018) research on the decision to choose an international payment method by import-export businesses in general is one of the few studies with a bigger reach.

In today's world of foreign trade, there is a variety of payment options. Any payment method you choose becomes extremely significant. The number of studies directly related to deciding to use the suitable payment method in Viet Nam is quite modest. Among them, there are some typical research papers published in Vietnam such as the study of Thuy (2014), Duyen (2015), Chau (2018) and Anh (2020) mentioned and analyzed the factors affecting the decision to use international payment methods. Notably, a number of factors

such as the level of trust, commodity characteristics, traits of each payment method are given by authors. For more detail, Duyen (2015) has conducted an assessment of the relationship between the two parties that impacts the choice of payment method. In fact, when companies have a regular collaboration with each other, distribution and delivery happen cyclical. Thus, while signing the contract import and export, the two firms will usually agree to utilize the revolving credit payment method. Chau (2018) further demonstrates that the relationship between exporters and importers has a direct impact on the amount of trust between the parties and, which leads to the selection of an appropriate approach. On the other hand, believes that the business capability of import-export firms to be the decisive aspect of this factor (Anh (2020)). When a company has a high level of business capability, it is accompanied by the trust of its partners every time they participate in a transaction. Besides, the level of credibility depends on the morality of the parties, it arises from the importers and exporters when they do not properly perform their obligations (Thuy, 2014). The authors also provide a payment method theory to highlight the characteristics and different points appropriate for each specific transaction circumstance. This is clearly demonstrated in practically all of the study publications on this issue in general, as well as four specific research studies presented by the authors in particular. Along with that, due to the difference in scope as well as research subjects, the writers put forward a wide variety of different factors that influence international payment activities. Anh (2020) and Chau (2018) both pointed out that the choice of payment method depends on objective variables such as the situation of the partner's country. In particular, changes in a country's policies on foreign exchange reserves, taxation, imports, and exports... will have a direct impact on associated parties' international payment operations. In fact, these changes frequently render the parties involved unable to meet their payment obligations, leading the payment process to be delayed or even terminated, inflicting harm to both parties in every aspect.

Agreeing with the above point of view, the research of Master Pham Thi Nhu Thuy (2014) has been based on unforeseen situations called international payment risks to demonstrate that the economic context has a significant impact on the status of the business of firms directly under. If a country has an economic crisis, it will lead to a business crisis in the company. This makes the solvency of businesses decrease and vice versa. Furthermore, the monetary stability factor was emphasized by Thuy (2014) and Anh (2020) as very important. The foreign currency chosen as the payment currency has a great influence

on the business performance of import-export enterprises. If the payment currency is depreciated, it will affect the efficiency of export activities. On the contrary, if the payment currency appreciates, it will affect the import activities of enterprises (Anh, 2020). Fluctuations in foreign exchange rates cause delays in payment. Not only that, but it also affects the foreign exchange position of the bank, causing difficulties in payment activities.

Previous studies have revealed that with each different payment method, the bank's responsibilities and obligations are also different. Therefore, the bank's responsibilities and obligations are also important elements in the decision (Duyen, 2015). The author assesses that based on the high or low transaction value, the exporter/importer will choose appropriate payment methods for the bank to fulfill its responsibilities and commitments. Because according to the characteristics of the payment methods in the remittance method, the bank merely performs the function of transferring money, without any commitment or responsibility, or obligation in the transaction. In contrast, the bank plays an important role in the Letter of Credit method; the bank is not only a collection and payment intermediary, but also a representative of the exporter, paying for the goods to the importer and ensuring the importer receives the goods in the correct quantity and quality as specified in the L/C. Notably, Chau's (2018) research papers introduced newer factors such as transaction fees regulated by banks, the ability of customers to meet regulations set by commercial banks to clarify more clearly the influence of banks on the decision to use the appropriate method of the customer. The bank shall base itself on the assessment of the customer's reputation as well as the financial capacity to decide on an appropriate payment method. Specifically, the author hypothesized that when the bank appreciates the financial ability and reputation of the importer, the bank can apply the payment method by L/C and vice versa. Because when applying this method, it means that the bank has committed to pay the exporter on behalf of the importer. As well as being responsible for checking documents and records for the importer before making payment.

However, each researcher chooses different determinants, research time, and market, resulting in a wide range of outcomes. In detail, the monetary stability factor is assessed by the Anh (2020) as "a sensitive factor determined by supply and demand in foreign trade". On the other hand, Duyen (2015) assesses the relationship between the partners as the top factor along with the responsibilities and obligations of the bank that has the strongest influence on the decision to choose a payment method. At the same time, this study

emphasizes the role of banks in making the most appropriate decision for businesses. In addition, all the influencing factors mentioned by Chau (2018) are of certain importance to international payment activities. Enterprises need to carefully research their partners before transacting: transaction history, reputation, products, services, size, solvency as well as consult the bank about the partner's business process (Chau, 2018). The table below summarizes the main research related to the thesis.

Table 2.1: Summary of recent studies

No.	References	Thesis/Article title	Factor
1	Petersen (2009)	Getting Paid for Your Exports: Payment Options for International Transactions	<ol style="list-style-type: none">1. Value of the transaction2. Relationships are new or long-standing3. The country ordered goods4. Received money after shipment5. Characteristics of goods
2	Becker (2014)	7 Factors for Determining the Right Method of Payment for Your Exports	<ol style="list-style-type: none">1. Customer Relationship2. Nature of Order3. Political Situation4. Economic Situation5. Competitors offer terms6. Risk of price changes7. Need to control cash flow

3	Delaney (2019)	What Method of Payment to Choose for Imports	<ol style="list-style-type: none"> 1. Availability cash flow 2. Relationship with supplier 3. The economic conditions 4. Interest rates and currency 5. Type of product 6. Supplier's creditworthiness 7. The terms are offered by competitor 8. Supplier's demands 9. The urgency of the transaction
4	Candemir et al. (2011)	Perception of financial and payment terms risks: The analysis of Aegean exporters	<ol style="list-style-type: none"> 1. Reality 2. Delivery time 3. Inspection of goods 4. Creditworthy 5. The ability to pay promptly 6. Getting the goods on time 7. Credit terms are offered by competitor 8. The political and economic conditions 9. The value of the goods 10. One-time shipment or additional orders 11. The product standardized or specialized

5	Duyen (2015)	International payment transactions	<ol style="list-style-type: none"> 1. The level of mutual trust 2. Type of import and export goods 3. Benefits and risks in international payments 4. Responsibilities and obligations of the bank
6	Chau (2018)	Choosing the right payment method - Some suitable recommendations for businesses	<ol style="list-style-type: none"> 1. Relationship between importers and exporters 2. Transaction fees are regulated by the bank 3. Customer's ability to meet regulations set forth by commercial banks in customer's payment procedures 4. Characteristics of the customer market 5. Characteristics of the goods 6. Characteristics of each payment method
7	Anh (2020)	Developing international payment services by letter of credit (L/C) at Joint Stock Commercial Bank for Industry and Trade of Vietnam Thanh An Branch	<ol style="list-style-type: none"> 1. Economic, political and social environment in the country and in the world 2. Legal environment 3. Customer's business capacity 4. Stability of the currency
8	Thuy (2014)	Risk management for international payments at Joint Stock Commercial Bank for Investment and Development of Vietnam	<ol style="list-style-type: none"> 1. Type of goods 2. The relationship between the seller and the buyer 3. Exchange rate 4. Influence of the bank

2.4 Literature gaps

Currently, there are numerous research articles on the use of international payment methods by import-export companies both internationally and domestically. Although the factors influencing the decision to choose the appropriate method were mentioned in the previous articles researches, however the authors' method was still limited. It is clear that they have not yet thoroughly analyzed and evaluated the degree of influence, nor have they provided appropriate recommendations for import-export companies.

Firstly, there are many studies on the quality of commercial banking services in international payment activities (Anh, 2020; Huong 2020; Thuy 2014) and the risks of each payment method when participating in transactions can be found in Vietnamese research articles. However, research articles can combine both evaluation of the influencing factors and recommendations for businesses, there are very few, typically only the post of Chau, but this study has been conducted before 2018. No research has been done on this topic until now.

Second, the research scope of previous studies was not embraced. Authors often focus on certain bank branches or one of the payment methods; more specifically, Huong (2020) analyzed Agribank Thanh Hoa, Thu et al. (2020) analyzed BIDV bank.

Third, most previous studies on this topic have used qualitative methods to analyze; the authors almost unused quantitative methods to increase authentication and objectivity when evaluating factors that influence a company's decision to use a particular international payment method. For more detail, some articles just normally ask questions for exporters and importers so they have considerations before participating in transactions (Delaney, 2019; Becker, 2014; Petersen, 2009).

In summary, we are the first authors to analyze factors influencing the selection of international payment methods in import and export activities in Vietnam through both qualitative and quantitative methods and more updated data to provide a more general picture of Vietnam's foreign trade economy.

2.5 Proposed research model - Hypothesis development

2.5.1 Proposed research model

Based on previous studies, combined with the situation of international payment activities in Vietnam, the study has proposed the model with 5 following factors affecting the choice of payment methods of import-export enterprises in Vietnam.

The research model in Figure 2.5 is proposed with 5 hypotheses from H1 to H5. In which, the groups of factors are hypothesized from H1 to H5 as independent variables that directly affect the dependent variable which is the decision to choose the appropriate payment method for each import-export firm.

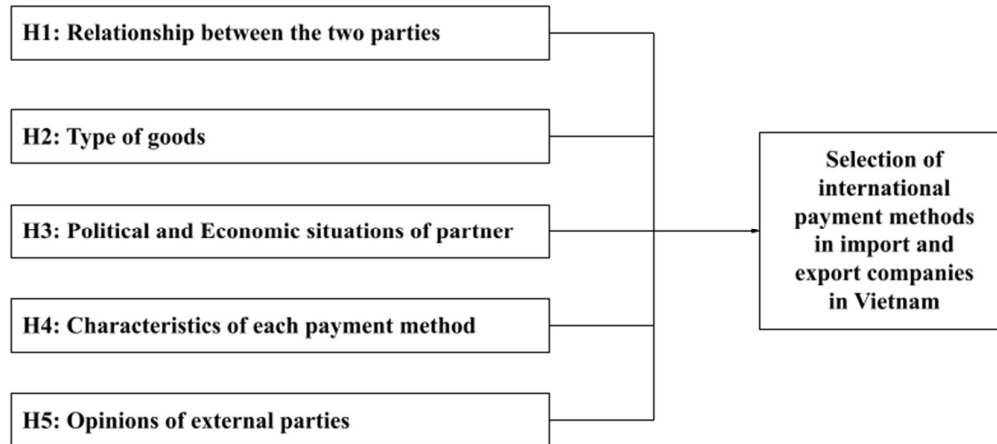


Figure 2.6: Proposed research model

2.5.2 Description of variables and Proposed hypothesis

2.5.2.1: The relationship between the two parties (importer and exporter) (RE)

The relationship between exporters and importers has a direct impact on the parties' dependability, and hence has a direct impact on the choice of international payment systems. The relationship between the exporter and the importer is built on the time and frequency of cooperation; the reliability will be high if the two parties have had a long-term cooperation relationship or if the two parties have never incurred any violations in the payment or delivery process in the previous cooperation process. Clients with a high level of reputation in the business may also provide their partners with a certain amount of trust when dealing with new customers. Particularly from the standpoint of the exporter, with a low degree of trust, usually choose the method of cash in advance or documentary credit to ensure payment to avoid the possibility of the buyer misappropriating the seller's capital during the payment process, the buyer misappropriated the seller's capital, slows down or lacks payment, even refuses to pay. As a result, it is critical to carefully analyze the payment options available in order to reduce the risk of payment for organizations.

For the RE factor, there are 5 variables that have been identified that affect the decision to choose a payment method of an enterprise as follows: RE1: For partners with

whom our business frequently deals, we prefer used payment methods or basic Remittance methods according to Agbonika (2015) as a factor first influence. RE2: For businesses that cooperate for the first time, we will choose payment methods that are less risky for our businesses, RE3: If our partner is a reputable business in the industry, we do not definitely use the method that requires the bank's commitment because we will trust their ability to pay, RE4: When working with a partner who has lost credibility in previous transactions (delay in delivery/payment,...), we will use a highly secure payment method such as L/C and RE5: If the partner has a more important position and power in the transaction, they have the ability to dominate the decision to choose a payment method for our business according to Chau (2018) and Duyen (2015) are the next influencing factors.

→ **H1: The relationship between the two parties (importer and exporter) affects the selection of international payment methods at import-export companies in Vietnam.**

2.5.1.2. Type of goods (GO)

Depending on the type of import and export goods, enterprises will choose different payment methods following their specific characteristics (Chau, 2018). Businesses can consider simple payment methods for goods that are easy to exchange/trade on the market. The complicated nature of commodities, on the other hand, has an impact on the decision to choose the method of enterprise. For items with a high level of intricacy (such as machinery and equipment, production lines), sometimes it is necessary to use binding methods or mix different methods. In addition, the parties also need to understand the value of the shipment, if the shipment is of high value, it is also necessary to use payment methods with high safety and low risk. Furthermore, the seasonality of the product and the preferences of the consumer should be taken into account. Specifically, if the delay in the transaction time can affect the quality of the goods, the importer will consider choosing a method with guaranteed delivery time or if the product has a strong change in price in the market the field will make the parties give the decision to choose a complex and highly secure method.

For the GO factor, there are 5 variables that affect the choice decision of enterprises according to Chau (2018) and Petersen (2009) proposed in the research are GO1: We will choose the most optimal payment method in terms of time to avoid affecting the quality of the goods, GO2: For the transaction with large value goods, we often use the L/C

method, GO3: For items with strong price fluctuations in the market, we use the L/C method to avoid risk of transactions, GO4: For goods requiring large production capital (such as machinery, lines, equipment, etc.), the combination of using different methods is often used, GO5: For the same recurring and revolving shipments, we always use revolving L/C.

→ **H2: The type of goods affects the selection of international payment methods at import and export companies in Vietnam**

2.5.2.3. The political and economic situation of partner (MA)

Import and export is a typical activity in foreign trade, one country and another will exchange goods or services with each other. Every foreign market has its own characteristics. Therefore, the parties need to raise questions about the political and economic conditions within the importer and exporter's nationals.

When conducting international trade, the parties need to pay attention to the political situation in each country. Issues related to import and export policies or tariff barriers should be carefully considered. Trade policies of each country will create favorable conditions for domestic enterprises to penetrate and expand overseas markets, fully exploiting the comparative advantages of the domestic economy. Moreover, increased import and export activities create great value of goods and materials for each country. Based on tax policies, tax collection from these import and export activities also increases over time, playing a significant role in the state budget.

In addition, the economic growth rates of different countries vary significantly. Some countries are developed, while others are still developing, but many others are underdeveloped. If the trading partner market is a country whose economy is not stable and is regularly adjusted, the risk is high (Chau, 2018). Similarly, when a country changes its policies on foreign exchange reserves, taxes, import and export, it will directly affect international payment activities for related parties, especially import and export enterprises. In fact, these changes often make banks and related parties difficult to fulfill their commitments, causing the payment process to be delayed or even canceled, causing damage to the parties. Another risk on monetary policy is the change in interest rates and exchange rates. When interest rates and exchange rates change, the financial capacity of one enterprise increases and the other decreases. Causes of economic risk often change the value of each country's currency and are the main cause of exchange rates between currencies.

For the MA factor, the authors found 4 variables that affect the choice decision of enterprises according to Becker (2014) and Candemir (2011) proposed in the research are MA1: If a country has an economic crisis, the solvency of businesses will decrease and vice versa, MA2: Businesses who are well-versed in the partner country's legal environment (import-export rules, tariffs, and so on) will minimize unnecessary risks in international payment transactions, MA3: For countries with constantly fluctuating currency rates, cash in advance methods are preferred, MA4: For countries with political instability (terrorism, war,...), we certainly use the L/C method to limit the risk of delay in implementation of their obligations

→ **H3: The political and economic situation of partner affects the selection of international payment methods at import and export companies in Vietnam**

2.5.2.4. Characteristics of each payment method (PA)

An article by Bluewhale states that “Payment terms form the backbone of any negotiation”. When choosing a suitable payment method for businesses, the characteristics of each method is a factor that businesses cannot ignore. Because each method has its own advantages and disadvantages, characteristics for each party (importer and exporter). However, common issues can be mentioned such as the cost when choosing this method, the level of risk faced, the interests of the transaction participants are guaranteed or not or the speed of payment processing when using this method each, etc. These characteristics all influence the choice decision of the business.

In the PA factor, based on Chau's (2018) and Thuy (2014) research papers, the authors have identified 4 variables that affect the choice of enterprises are PA1: We often choose payment methods that do not involve the bank's commitment to reduce transaction costs, PA2: We prefer to use payment methods regulated by international practices such as URC, UCP to ensure clarity in the responsibilities & interests of the parties involved in the implementation process, PA3: With a payment method with easy preparation procedures, we only need to prepare simple documents to proceed with the delivery/receipt process, PA4: Using a payment method with fast transaction processing speed through banks will help save time when transacting.

→ **H4: Characteristics of each payment method affect the selection of international payment methods in import and export companies in Vietnam**

2.5.2.5. The opinions and requirements of external parties (EX)

External parties have a strong impact on companies as they are deciding which international payment method to use. Specifically, companies are well aware that the bank is a neutral third party with sufficient expertise and experience to choose an appropriate payment method. As a result, the bank will provide guidance and suggestions during the conduct of trade will have a significant effect on the judgment of the trader. In terms of other aspects, although the choice of payment method is decided by the import-export trader, it is not always accepted by the bank because the customer does not meet some regulations of the bank. Typically about credit requirements, in case your business wants to open an L/C, but currently the credit requirements of the business cannot be met, it cannot open an L/C, you must switch to another payment method.

Besides, considering today's technology development, the 4.0 era, there are resources and material available to help companies learn about and compare various payment methods. So it is completely common for them to make their own judgments to decide which payment method to use. Not only that, many import-export companies tend to choose payment methods based on observation, following the way other businesses have used in the past. Typically, from 2013 to now, companies often use the money transfer method (Chau 2018). Even though it does not really fit some of the idiosyncrasies of each trading, it is still considered a lot by traders before making a decision.

For the EX factor, the authors found 4 variables that affect the choice decision of enterprises according to Chau (2018) and Anh (2020) mentioned in the research are EX1: We feel secure when using the payment method advised by the bank, EX2: The most used payment methods by other businesses would be a good suggestion for us when starting a new transaction, EX3: We often research and consider choosing a payment method based on warning information and advice from competent authorities, EX4: The requirements of the bank (such as credit requirements) and the ability of the business to influence the decision to choose a payment method.

→ **H5: The opinions and requirements of external parties affect the selection of international payment methods in import and export companies in Vietnam**

2.6 Conclusion

In this chapter, the research team has clarified the basic theories about international payment activities by systematically defining, characteristics, the role of each payment method in the import-export field. Based on the literature review, the authors have compared and evaluated documents related to this study. Furthermore, the literature gap is also given to make sure that this thesis is implemented with more completeness. [N9] On that basis, the authors propose 5 groups of factors affecting the decision to choose international payment methods of Vietnamese import and export enterprises.

H1: The relationship between the two parties affects the selection of international payment methods at import-export companies in Vietnam.

H2: The type of goods affects the selection of international payment methods at import and export companies in Vietnam

H3: The political and economic situation of partner affects the selection of international payment methods at import and export companies in Vietnam

H4: Characteristics of each payment method affect the selection of international payment methods in import and export companies in Vietnam

H5: The opinions and requirements of external parties affect the selection of international payment methods in import and export companies in Vietnam



METHODOLOGY

03

The third chapter gives the clarification of the methods used in this research. There are six parts in this chapter: Introduction includes research philosophy, research process, research approaches, research methods, data sources include primary data, secondary data. The data collection method consists of 3 parts: preliminary research, adjusting the design questionnaire to official

3.1 Introduction

The onion model is a research paradigm suggested by Mark Saunder, Adrian Thornhill, and Phillips Lewis in 2009. This is a technique that is extensively employed at universities. This model depicts research as an onion, a multi-layered process with the data collection stage at its center. To get to the heart of a topic, researchers must peel away several "shells" around it in order to comprehend and lead the study. The Onion technique is a helpful tool for researchers who want to structure their study in a logical and orderly manner. With this model, The researcher can clearly identify the aspects that need to be determined before conducting data collection.

3.1.1 Research philosophy

All stages of the research process are predicated on assumptions about the origin and nature of knowledge. Research philosophies are the author's reflections on important assumptions. And it is on the basis of these assumptions that the research plan is built. In general, philosophy of study contains various branches that are connected to a wide range of fields. There are four major research philosophies in business studies: Positivism, Interpretivism, Pragmatism, and Realism.

To begin with, positivism is a philosophical philosophy that claims that each legitimately reasonable assertion can be scientifically validated or is logically or mathematically verifiable. Based on the evidence, these researchers form an impartial opinion on the topic they are studying. As a result, they frequently seek quantifiable data to demonstrate their point. In contrast to positivism, interpretivism maintains that each individual is an objective and independent entity, and that the heart of the problem is determined by each person's opinion, according to Collins, H. (2018). Therefore, this research frequently gives a subjective viewpoint through qualitative data. The third is pragmatism, which is a problem-solving research technique focused on differences. Pragmatists believe that an ideology or concept is valid if its meaning can be discovered in the practical implications of accepting it, and they reject unrealistic notions. Finally, there is realism, which is a philosophy that explores realism based on the premise that reality is independent of the human mind. For the study of factors affecting international payment using decisions, the research philosophy used is pragmatism. Using this approach, the authors obtain objective and reliable results that can be viewed from many perspectives. Through a number of approaches which are applied to information and data collection, data are collected by questionnaires and direct surveys.

3.1.2. Research process

The research process of the thesis consists of 6 steps as follows:

Step 1: Determine the research objective: the main research objective of the model is analysis of factors influencing the selection of international payment methods in import and export companies in Vietnam

Step 2: Building a theoretical framework:

- Factors affecting the selection of international payment methods in import and export companies in Vietnam based on the approaches of previous researchers to identify 5 independent factors: Relationship between the two parties (RE), Type of goods (GO), Political and economic situation of partner (MA), Characteristics of each payment method (PA), Opinions and requirements of external parties (EX).

Besides, the authors also built up 3 dependent variables for factor: The decision to use the enterprise's payment method (DE).

Step 3: Building and adjusting the scale:

Tasks in step three will conduct discussions with 2 target groups:

- Group 1: In this group, the authors will interview 11 experts, some of which are lecturers or scientific researchers with PhD or higher degrees who teach and research international business majors at several of Vietnam's leading universities some are directors of typical import-export enterprises in the Vietnam market (priority in Hanoi area), and a number of experts in the field of international trade finance of banks – these are people with in-depth knowledge and many years of experience in handling international payment transactions of import-export businesses and they all have International Certified Documentary Credit Specialists. The authors will provide a preliminary survey for the group of experts to comment, evaluate and make suggestions to improve the survey.

- Group 2: After interviewing group 1, the authors will revise the survey based on recommendations and assessments of expert group 1. Then conduct an in-depth survey with a group of subjects before being included in the survey widely. Respondents will be staff of typical import-export enterprises in the Vietnam market. These staff are knowledgeable about the export (import) activities of their businesses, so the answers to the questionnaire are highly reliable. The purpose of this interview is to revise the survey again, to see if the variables are appropriate, clear and stick to the research objective.

Step 4: After collecting the complete group of factors from step 3, completing the scale, then conducting a formal survey, using the SPSS 25.0 tool to analyze the data of the research model.

Step 5: Test models and research hypotheses by:

- Test by Cronbach's Alpha's confidence coefficients to eliminate variables that are correlated with total variables <0.3 and Cronbach's Alpha coefficients not ≥ 0.6 .

- Exploratory factor analysis (EFA) aims to eliminate variables that have Factor Loading factor <0.5 , total extracted variance is not $\geq 50\%$, KMO coefficient is not guaranteed ($0.5 \leq KMO \leq 1$).

- Then tested by Pearson correlation coefficient analysis, multivariate regression analysis.

Step 6: On the basis of the research results on the influence of factors, present a discussion of the research implications of 5 hypotheses, from which proposing recommendations for businesses to be able to select a more suitable payment method.

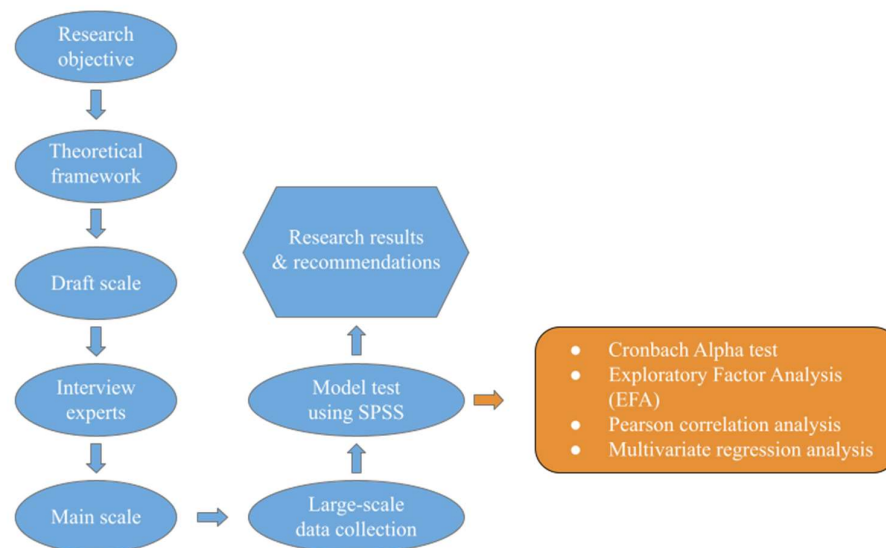


Figure 3.1: Research process of the thesis

3.1.3. Research approaches

In order to be solved and explained, various types of research problems necessitate a clear research strategy. According to (Saunders et al., 2009), the process of conducting research can be divided into two types: inductive and deductive.

The inductive approach is the process of collecting facts relevant to the topic of interest. Inductive theories are proposed near the end of the research process as a result of observation and the development of explanations – theories – for those patterns

through a series of hypotheses. In other, an inductive technique is related with qualitative research since it progresses from evidence to theory, or from the specific to the general.



Figure 3.2: Deductive approach model (Saunders et al., 2009)

The deductive approach is formulating a hypothesis (or hypotheses) based on existing theory and then devising a research plan to test it (or hypotheses). Hypotheses, which can be derived from the theory's propositions, can be used to describe the deductive methodology. In other words, a deductive approach is concerned with deducing conclusions from premises or propositions.

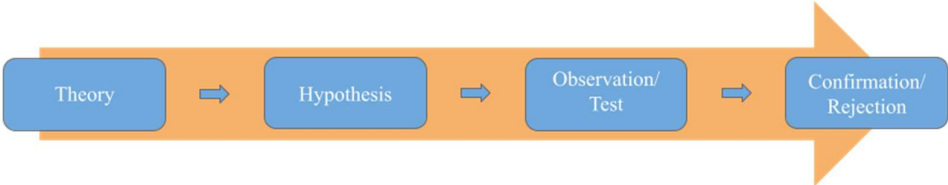


Figure 3.3: Inductive approach model (Saunders et al., 2009)

The table below shows more clearly the difference between Deductive and Inductive approach

DEDUCTION	INDUCTION
<ul style="list-style-type: none"> ● Moving from theory to data ● Common with natural sciences ● A highly-structured approach ● Explain the causal relationship between variables ● Select samples of sufficient size to generalize the conclusion 	<ul style="list-style-type: none"> ● Moving from data to theory ● Common with social sciences ● Flexible structure to permit changes ● Understanding of meaning humans attach ● Less concern with the need to generalize

Table 3.1: Major differences between Deduction & Induction (Saunders et al., 2009)

The deductive approach was chosen as the most appropriate approach strategy for this research. The authors have adopted a deductive approach to observe the 290 observations, then determine and analyze the factors influencing the selection of international payment methods in import and export companies in Vietnam. A pre-existing theory is used to develop hypotheses. The data would next be collected objectively and transparently in order to test the theories and hypotheses that had been

raised beforehand. Based on the outcome, the evaluation, comments, and remedies would be roughed out as well.

3.1.4. Research methods

In fact, scientists employ a variety of study approaches. The focus of this study, on the other hand, will be on qualitative and quantitative research approaches.

- Qualitative research is an approach that uses empirical, cognitive, motivational, intentional, and behavioral surveys to explore, characterize, and explain phenomena. It has the potential to lead to the formulation of hypotheses and explanations.

- Quantitative approach method was defined as a series of questions and theories presented to clients in order to gather numerical data (Saldaa et al., 2021). Data collection methods such as interviews, observations, and other tools.

In this research, when using the qualitative method, the authors researched through two methods: expert interview and in-depth interview. For the quantitative research method, the authors use the SPSS tool to evaluate the data.

3.2. Data sources

Data sources for this thesis research include both primary and secondary data sources. For each data type, the author team has its own data collection method to get the most honest and reliable data source for the research:

3.2.1. Primary data

Primary data is the form of data collected directly from the research subject, it is also known as the original data, which has not been processed. Specifically, through the process of distributing questionnaires or face-to-face interviews. The primary data helps the researcher delve into the research objects and discover the relationships in the research objects. Primary data has many advantages; for example, high accuracy and up-to-date assurance because it is collected directly. The collected data is almost objective without the intervention of any other factors. However, time consuming and costly are two major disadvantages of this data type.

3.2.2. Secondary data

Secondary data is the available and widely known form of data, namely internal secondary data and external secondary data. Internal secondary data means data collected by each company for financial purposes or for reporting marketing activities. External secondary data is described as data collected by external sources such as government publications, company websites, books, articles, etc.

The secondary data is found through the Internet sources or available information in the international trade field (accounting and financial reports of enterprises in the period 2016-2020, annual reports via commercial banks' websites, banking review journals) and international trade sources: mof.gov.vn, data.worldbank.org, trademap.org, Trade Finance (tradefinanceanalytics.com), International Chamber of Commerce (ICC) (iccwbo.org), Global Trade Review (GTR) (gtreview.com), SWIFT - The global provider of secure financial messaging services (swift.com)

3.3 Data collection methods

3.3.1 Preliminary research

Preliminary research was carried out using qualitative research methods. The process of systematizing individual documents and data to develop scales for the model's variables is known as qualitative research.

In this study, the authors have evaluated and analyzed previous studies (both domestic and foreign) on this research topic, combined with the expert method, to develop scales for the model's independent and dependent variables. Then the authors combined the use of in-depth interviews with survey subjects to adjust the draft scale to suit the actual context selection of international payment methods in import and export companies in Vietnam and for the design of questionnaires used for quantitative research.

3.3.1.1. The expert method

The authors employ the expert approach to create and adjust draft scales for the model's independent and dependent variables in order to create the official scale that will be utilized in a large-scale survey for quantitative research.

The group of authors self-composed questionnaires to interview experts based on data collection, evaluation, and analysis from previous research at home and abroad on variables influencing the decision to choose IP methods of import-export firms.

Following that, the authors conducted an interview with 11 experts in the field of international trade finance of universities, businesses and banks.

The author conducted interviews in two ways: face-to-face conversations at the interviewee's office or home, and indirect phone conversations (email).

The results of the expert interview show that most of the experts agree on the form and content of the questions in the draft scale. The interviewees all wanted to support the author's research and were willing to give comments to build a complete scale. However,

experts have suggestions to correct and add a number of observed variables to make the scale more complete, namely:

- 9/11 experts suggested adding the observation variable 1.5 - "If the partner has a more important position and power in the transaction, they have the ability to dominate the decision to choose a payment method for my business" to the Relationship between two parties.

- 11/11 experts all recommend changing or removing the observation variable 4.2 - "Depending on each transaction, I will choose suitable payment methods to minimize the level of risk (shipment, solvency, discrepancy...)", because this factor meaning is very broad and they felt vague about the impact of this factor, so they suggested changing it to "I prefer to use payment methods regulated by international practices such as URC, UCP to ensure clarity in the responsibilities and interests of the parties involved in the implementation process".

- 11/11 experts think that the factor "The opinions of external factors" should be renamed "The opinions and requirements of external parties".

- And finally, all 11 experts agree that in the factor related to external subjects, banks have a great influence on the choice decision of enterprises, so the experts propose one variable that observation is 5.4- "The requirements of the bank and the ability of the business to match with such requirements have influence on the decision to choose a payment method".

The above are suggestions to correct and add some observed variables of experts to make the scale more complete. With this complete scale, the author team will put in in-depth interviews to perfect it before putting it into the large-scale survey.

3.3.1.2 In-depth interview method

The purpose of the in-depth interview technique is to adjust the content of the scales produced based on the findings of the above-mentioned expert interview technique in order to complete the official scale before entering it into the large-scale interview for quantitative research. The survey questionnaire will be interviewed with 15 people working in import and export departments of companies for the purpose of commenting on the clarity and reasonableness of the observed variables in the questionnaire. The form of the scale is evaluated by verifying the suitability of language and grammar used in interview questions to guarantee consistency, clarity, and that interviewees are not confused throughout the interview process. The author also conducted in-depth

interviews in two different ways: face-to-face interviews at the interviewee's office or indirect telephone interviews based on questionnaires supplied to each person's email address.

The results of the in-depth interview showed that basically all the questions in the draft scales were assessed as having consistency in form and content. However, there is one scale that should be corrected in terms of words and context to make it easier to understand. When it comes to bank requirements, for example, the team that conducted the demo survey said that specifying with particular emphasis on credit requirements would make it easier for the reader to visualize. The comments from the in-depth interview team help the author have a more objective view from the surveyor's side, and from there, the author's team adjusts the scales for perfection.

3.3.2 Adjust the design questionnaire to official research

3.3.2.1 Design questionnaire

There are seven steps in the design of a Questionnaire according to Hair et al. (2020): Confirm research objectives; Select appropriate data collection methods; Develop questions and scale; Determine questionnaire layout and evaluation; Pretest, revise, and finalize the questionnaire; Implement the survey. After those steps, within this study, the questionnaire was designed in Vietnamese and divided into three main parts:

Part 1: Includes questions to collect information about interviewees and general information of the business.

Part 2: Designed to collect assessment of import-export enterprises on variables affecting the decision to choose international payment methods according to 5 independent variables and 1 dependent variable in the proposed research model

Part 3: Contains two open questions which requires interviewees to provide recommendations to improve the efficiency of choosing the suitable international payment method

In this questionnaire, part 2 includes a total of 25 observable variables. There are 6 groups of variables in all. The RE variable group includes observable variables from RE1 to RE5, the GO variable group includes observable variables from GO1 to GO5, the MA variable group includes observable variables from MA1 to MA4, the PA variable group includes observable variables from PA1 to PA4, the EX variable group includes observable variables from EX1 to EX4, and finally the group of independent variable DE includes observable variables from DE1 to DE3. Evaluation of variables affecting the

choice of international payment method according to the proposed research model including 22 observable variables to measure five components of influencing variables: The relationship between two parties, the type of goods, the political and economic situation of the partner, characteristics of each payment method and the opinions and requirements of external parties. The remaining three observable variables are used to measure decisions of selecting an international payment method (dependent variable). This measurement is based on a five-point: Likert scale corresponding to 1 = strongly disagree, 2 = slightly disagree, 3 = moderate (either disagree nor disagree), 4 = slightly agree, 5 = Very agree.

3.3.2.2 Sampling

a. Sampling method

According to Hair (2012) distinguishes between two types of sampling designs: probability and nonprobability.

The first is the probability sampling method, in which the sampling methodology is used in the form of random selection. Every unit in the population has an equal chance of being chosen by some pre-established process or procedure.

The second is the nonprobability sampling method. In contrast to the above-mentioned approach, nonprobability sampling is dependent on the researcher's judgment or intuition. Varied units in the population have different chances of getting chosen throughout the collection procedure. (Hair et al., 2012).

The observed sample in this study was selected according to the nonprobability sampling method. This method helps the researcher to save more costs. In addition, the nonprobability sampling process meets the demand for sampling objectives set by the authors. In this study, all respondents selected to participate in the survey questionnaire are import-export enterprises nationwide.

b. Sampling design

The major purpose of the survey questionnaire is to gather data from a specific sample and evaluate the relationship between the five parts of the proposed research model and the decision to use an international payment method. To minimize misconceptions from survey respondents, all questions must be precise and succinct. As a result, the measuring scales must be explained in order to categorise various sorts of data. In statistics, data is measured using four scales: nominal, ordinal, interval, and ratio.

The nominal scale is the simplest and least powerful scale since it allows the researcher to arrange responses into mutually exclusive categories with no gaps between them.

Ordinal scale often assesses non-numerical notions such as satisfaction, enjoyment, discomfort, and so on, with the categories established independently but the difference between them unknown.

The interval scale is a numerical scale in which the exact sequence of integers and the difference between them are known. According to Hair et al. (2020), the interval scale exposes not just hierarchical but also quantitative discrepancies across data.

When it comes to data scales, the ratio scale is the last since it tells us the precise value between units and has absolute zeros. This permits descriptive and inferential statistics to be used.

To summarize, the data in this research were measured using the nominal scale and the interval scale. The study's authors were able to obtain actual data by utilizing existing import-export companies that give information on the selection of suitable international payment methods. As a result, the scales listed above are the best fit for this investigation.

c. Sample size

The sample size depends on the analytical method, this study used exploratory factor analysis (EFA). Factor analysis requires at least 200 observations (Gorsuch, 1983); Some other researchers do not give specific numbers on the number of samples needed, but give the ratio between the number of samples needed and the number of parameters to be estimated. For factor analysis, the sample size will depend on the number of variables included in the factor analysis. According to Hair et al. (2006), the minimum sample size to use EFA is 50, preferably 100, and the number of observations/measurement variables is 5:1, 1 measure requires a minimum of 5 observations. Meanwhile, Tabachnick & Fidell (2018) argue that the sample size for the multivariate regression model is calculated according to the formula:

$$N \geq 50 + 8p.$$

Inside:

N is the sample size.

p is the number of independent variables included in the regression model.

Applied to the regression model of the author group with 22 independent variables, the minimum sample size will be $50 + 8 * 22 = 226$.

3.3.2.3 Designing the content of the scale

A scale is a tool used to convention units of analysis according to the expression of variables. Within the scope of this topic, the authors based on the proposed research model to establish a scale for the factors affecting the decision to choose international payment methods of import-export enterprises. At the same time, based on preliminary research results (second group discussion) to adjust and supplement accordingly.

As preliminary research results, the author has adjusted the scale with 22 variables to measure 5 independent factors: (1) Relationship between two parties, (2) Type of goods, (3) The political and economic situation of partner, (4) Characteristics of each payment method, (5) The opinions and requirements of external parties and three dependent variables to measure, (6) The decision to use the enterprise's payment method.

3.3.2.4 Collecting data

Data for the research were obtained by online survey, face-to-face survey and personal interview. The total number of surveys performed was 300, with the following target sample:

Type of survey: Direct survey and indirect survey.

Expected number of respondents: 250 units.

Respondent: Import-Export companies in Vietnam.

The questionnaire consists of 25 questions. For each different survey method, the authors continue to collect data in a different way with detailed content.

For direct survey:

- Location: The author's team performed directly in some big cities of the North.
- Question format: The questionnaire is printed on A4 white paper.
- Time period: The survey was carried out from June to the end of July 2021.

For mail surveys:

- Information of import-export enterprises is found on import-export groups or contact email addresses of companies, then these enterprises are sent a survey via email.

- Questionnaire format: Questionnaires sent to companies through an online survey created by Google Forms.

- Time period: The questionnaires were sent in two batches, the first in early June 2021 and the second in July 2021. Reminders for the first batch were sent out in late June 2021, approximately three weeks after the initial mailing. Reminders for the second batch will be delivered in July 2021.

Following the data collection, it will be handled by SPSS software version 25.0.

3.4. Data analysis methods

With the data set obtained after surveying customers who have used IP services, the data will be entered and screened to remove invalid samples first, then encrypted and run, will process data using SPSS software with some analysis methods as follows:

3.4.1. Descriptive analysis

The collected data will be aggregated into descriptive statistics, expressed through data representation: tables, graphs and data summaries, calculation of sample parameters such as sample mean, sample variance, median.

3.4.2. Reliability analysis

Cronbach's alpha is a common measure of internal consistency (reliability) of a test or scale. Internal consistency describes the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inner-relatedness of the items within the test (Tavakol et al., 2011).

Cronbach's Alpha	Internal consistency
$\alpha \geq 0.98$	excellent
$0.9 > \alpha \geq 0.8$	good
$0.8 > \alpha \geq 0.7$	acceptable
$0.7 > \alpha \geq 0.6$	questionable
$0.6 > \alpha \geq 0.5$	poor
$0.5 > \alpha$	unacceptable

Table 3.2: Rule of Cronbach's Alpha (Cronbach, 1951)

Cronbach's Alpha reliability coefficient only indicates whether the measures are related or not; And to know which observed variable does not contribute much to the description of the concept to be measured to remove or keep, we will rely on Item - Total Correlation (the degree of correlation between a variable in the questionnaire) reflects the contribution of a particular observed variable to the value of the factor.

Rating Criteria:

- Variables with item-total correlation less than 0.3 will be excluded.
- Variables with Cronbach's alpha if the variable type is larger than Cronbach's Alpha will be eliminated.
- The scale will be valid when Cronbach's Alpha coefficient is greater than 0.6.

Finally, let's eliminate each variable, then run the scale test again, redefine Cronbach's alpha coefficient to decide whether the next variable is eliminated or not.

3.4.3. Exploratory factor analysis

Exploratory factor analysis (EFA) is a quantitative analysis method used to reduce a set of many interdependent measures into a smaller set of variables (called factors) so that they are significant, but still contains most of the information content of the original set of variables (Hair et al. 2009).

For exploratory factor analysis EFA, we need to test the appropriateness of factor analysis for the initial data by KMO index (Kaiser– Meyer– Olkin) and Barlett statistic. The factors are appropriate when the KMO index is > 0.5 and the observed significance is small ($\text{sig} < 0.05$).

Then use factor extraction method and factor rotation method to determine the number of extracted factors and determine the variables belonging to each factor. Factor loadings are simple correlation coefficients between variables and factors. This coefficient is less than 0.5 in EFA will continue to be excluded to ensure the value of convergence between variables. The method of extracting coefficients used is Principal components and the breakpoint when extracting factors has Eigenvalue (criteria to determine the number of factors in EFA analysis) greater than 1, the total variance extracted is equal to or greater than 50%.

In summary, the necessary condition for the table of rotation matrix results to be statistically significant is:

- KMO coefficient must be in the range from 0.5 to 1
- Barlett test has sig must be less than 0.05
- Eigenvalue is greater than or equal to 1
- Total variance extracted is greater than or equal to 50%.

3.4.4. Correlation analysis

The correlation coefficient (r) is a statistical index that measures the correlation relationship between two variables, with a value from -1 to 1. Given two variables x and y from n samples, the Pearson correlation coefficient is estimated by the following formula:

A correlation coefficient of 0 (or close to 0) means that the two variables are not related at all.

Conversely, if the coefficient is -1 or 1, it means that the two variables have an absolute relationship.

If the value of $r < 0$ it means that when x increases, y decreases (and vice versa, when x decreases, y increases) → Inverse.

If the value of the correlation coefficient is positive ($r > 0$), it means that when x increases, y increases, and when x decreases, y also decreases → Covariate.

Pearson correlation coefficient test is used to test the linear relationship between independent and dependent variables. If the independent variables are strongly correlated, the problem of multicollinearity must be taken into account when analyzing regression (hypothesis H_0 : correlation coefficient is zero).

3.4.5. Regression analysis

In SPSS, the regression step for quantitative research is extremely important. It helps to determine which factors contribute more/less/don't contribute to the change of the dependent variable, so as to give the most necessary and economic solutions. After the step of correlation analysis, the relationship between the independent variable and the dependent variable can be modeled by linear regression. Based on the regression function, the authors can evaluate the impact of each independent variable on the dependent variable as well as predict the change of the dependent variable when there is any change in the independent variable.

3.5. Ethical considerations

Research ethics is an urgent issue, very important in any research, it directs the author towards standard and acceptable behavior based on three ethical principles: Respect for persons – the requirement to acknowledge autonomy and protect those with diminished autonomy; Beneficence – first do no harm, maximise possible benefits and minimise possible harms; Justice – on individual and societal level (Anaesth, 2016). Additionally, Anaesth emphasizes that cheating and cheating are also scientifically wrong. The above are all basic principles and standards in the social sciences, so the authors have tried to adhere to important ethical principles throughout their research.

In the process of researching and implementing the thesis, the authors are always interested in ethical issues, especially in the process of information collection and information processing. To ensure that the information given is valid, highly authentic, and sourced from official websites, scientific research articles, and definitions in this study, all are accurately cited and stored in the database. references, it is our respect for

the work of the author who made these references. And all the arguments given are accurate and objective; No bias or negativity was included in the research findings.

In the process of data collection and analysis, the author is responsible for appropriately analyzing the data, all sources and methods used to collect and analyze the data must be disclosed in full to ensure the integrity of the results given.

Finally, the authors are solely responsible for their own research, ensuring that the results of this study will not adversely affect anyone.

3.6. Conclusion

In summary, the third chapter presents in detail the methods and models used in the research, data collection, data analysis, as well as the ethical considerations and limitations of the thesis, is also mentioned. Besides, this study also uses analytical methods such as correlation analysis, descriptive analysis, regression analysis, and reliability analysis to give the final results. Then the results and the data analysis process are shown in the next chapter in detail.

FINDINGS AND ANALYSIS

The research model and method were implemented in the previous chapter. The data collected from the survey is analyzed in this fourth chapter to determine five factors influencing the selection of international payment method for import and export enterprises from 2016-2021.

4.1. Overview of IP activities in Vietnam from 2016-2020

4.1.1 Overview of import – export of Vietnam from 2016 up to now

The import and export situation of Vietnam in recent years has had many positive changes. The process of opening up and integrating into the world economy has contributed to these achievements. In 2016-2021, the world has encountered many changes. In April 2018, the US-China trade conflict occurred, in 2020, the Covid-19 pandemic raged, greatly affecting the economy in general import and export activities in particular. However, under the close direction of the Government and ministries, it has helped our country's import and export activities achieve expected numbers.

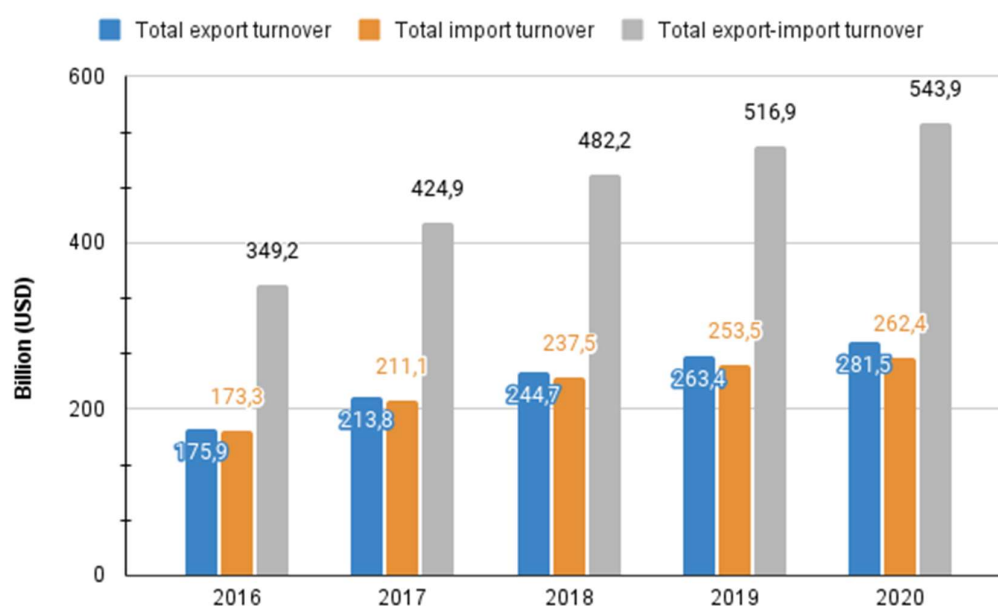


Chart 4.1: Vietnam import and export turnover 2016-2020

(Source: General Department of Customs)

Export growth

Export activities in the period from 2016 to 2020 reached 12%/year. The growth rate has exceeded 10% of the 12th National Congress set out. The overall import-export value of the country as a whole reached 543.9 billion USD in 2020, up 5.2 percent from a year earlier year. In that period, the volume of exported products increased by 6.9 percent, amounting to an increase of \$18.1 billion, while imports increased by 3.5 percent, amounting to an increase of \$8.9 billion USD.

Generally in the first 6 months of 2021, export turnover of goods was estimated at 158.34 billion USD, up 29% over the same period last year, of which the domestic

economic sector reached 40.89 billion USD, up 16.8%, using 25.9% of total export turnover; FDI sector (including crude oil) reached 116.74 billion USD, up 33%, accounting for 74.1%.

Regarding the structure of export goods in the first 6 months of 2021, the group of heavy industrial and manufacturing products was estimated at 84 billion USD, up 29.3% over the same period last year; light goods and handicrafts was estimated at 58 billion USD, up 31.2%; agricultural and forestry products reached 11.58 billion USD, up 15.8%; seafood products reached US\$ 4.05 billion, up 12.4%.

Regarding the commodity export market in the first 6 months of 2021, the United States is the largest export market in Vietnam with a turnover of 45.58 billion USD, up 44.7% over the same period last year. Next is China with 24.49 billion USD, up 24.8%. The EU market reached 19.38 billion USD, up 18.2%. The ASEAN market reached 13.9 billion USD, up 28.2%. Korea reached 10.32 billion USD, up 13.3%. Japan reached 10.06 billion USD, up 8.2%. Balance of commercialization in June 2021 had a trade deficit of US\$ 1.47 billion (the same period last year had a trade surplus of US\$ 5.86 billion), of which the domestic economic sector had a trade deficit of US\$ 15.01 billion; the foreign-invested sector (including crude oil) had a trade surplus of \$13.54 billion.

Import activities

Imports grew at a slower rate than exports. The year 2015-2020 keeps at 11.2%/year. Compared to export turnover is 13%. We have successfully completed the goals set out by the Strategy in the 12th National Congress.

By the end of the second quarter of 2021, the import value of the whole country reached 159.33 billion USD, an increase of 36.3% (corresponding to an increase of 57.8 billion USD) compared to the same period in 2020 in the domestic economic region reached 55.9 billion USD, up 30.2%; FDI sector reached 103.2 billion USD, up 39.5%.

Regarding imports of the group in the first 6 months of 2021, the group of production materials was estimated at 149.32 billion USD, up 36.7% over the same period last year, of which group machinery equipment, auxiliary tools spare parts reached 72 billion USD, up 33%; group raw materials, natural materials, and materials reached 77.35 billion USD, up 40.2%. Group raw used is estimated at \$9.78 billion, up 28%.

Regarding the commodity import market in the first 6 months of 2021, China is Vietnam's largest import market with a turnover of 59.92 billion USD, up 52.2% over the same period last year. Followed by Korean schools with 25.37 billion USD, up 21.9%. The ASEAN market reached \$21.2 billion, up 50.5%. Japan reached 10.68 billion USD,

up 12.3%. The EU market reached 8.25 billion USD, up 18.6%. The United States reached 7.63 billion USD, up 9.0%.

Market	Export			Import		
	Value (billion USD)	Compared to the same period in 2020 (%)	Proportion (%)	Value (billion USD)	Compared to the same period in 2020 (%)	Proportion (%)
ASIA	75.31	22.2	47.6	129.94	39.8	81.6
<i>ASEAN</i>	<i>13.90</i>	<i>28.2</i>	<i>8.8</i>	<i>21.20</i>	<i>50.5</i>	<i>13.3</i>
China	<i>24.49</i>	<i>24.8</i>	<i>15.5</i>	<i>52.92</i>	<i>52.2</i>	<i>33.2</i>
Korea	<i>10.32</i>	<i>13.3</i>	<i>6.5</i>	<i>25.37</i>	<i>21.9</i>	<i>15.9</i>
Japan	<i>10.06</i>	<i>8.2</i>	<i>6.4</i>	<i>10.68</i>	<i>13.2</i>	<i>6.7</i>
Americas	53.88	45.6	34.0	12.34	17.0	7.7
USA	<i>45.58</i>	<i>44.7</i>	<i>28.8</i>	<i>7.63</i>	<i>9.0</i>	<i>4.8</i>
Europe	24.82	20.1	15.7	10.77	17.3	6.8
- EU(27)	<i>19.38</i>	<i>18.2</i>	<i>12.2</i>	<i>8.25</i>	<i>18.6</i>	<i>5.2</i>
Oceania	2.59	27.7	1.6	4.04	53.5	2.5
Africa	1.74	20.0	1.1	2.24	40.0	1.4
Total	158.34	29.0	100.0	159.33	36.3	100.0

Table 4.1: Import-export value by continent, country block and some major markets in 6 months of 2021 and compared with the same period 2020

(Source: General Department of Customs)

The development of Vietnam's import and export activities also means that Vietnam will face more and more risks in international payments when this is an integral part of international trade in general and international payment activities in particular. Statistics also show that, in 2016 alone, Vietnam's exports lost about 8 billion USD from foreign companies due to failure to recover debts or being scammed. Therefore, the problem is that businesses need to pay more attention to both promoting import and export development, and need to have reasonable consideration in choosing the appropriate payment method.

4.1.2. Number and size of enterprises at the import-export in Vietnam

According to a press release on preliminary results of the 2017 economic census of the General Statistics Office of Vietnam, the number of enterprises with import and export activities as of January 1, 2017 was about 63 thousand, an increase of 48.2 % compared to the same period in 2012. In which, the number of enterprises with export activities is 23.3 thousand, enterprises with import activities are 55.1 thousand, and enterprises with both activities are 15.4 thousand. By 2018, Customs statistics showed that there were actually 85.6 thousand enterprises with import and export activities.

In terms of revenue as well as scale, import-export enterprises in Vietnam are mainly foreign-invested and domestic-invested import-export enterprises. And most of the foreign-invested enterprises have larger scale and stronger competitiveness. Statistics of the General Department of Customs (2018) show that 65.2% is the proportion of goods import and export of more than 10,000 foreign direct investment (FDI) enterprises in the total import and export value of Vietnam in the year. In 2018, in which the export proportion of the FDI sector was 70.5% and the import of the FDI sector was nearly 60%. These are also indicators that reflect the openness of Vietnam's economy.

The General Statistics Office has also just released a report on the socio-economic situation in May and the first 5 months of 2021. Accordingly, the growth rate of turnover of foreign-invested enterprises increased more than that of enterprises with domestic investment enterprises. Specifically, in terms of exports, domestic enterprises achieved 33.06 billion USD, up 16.6%, accounting for 25.2% of total export turnover; foreign-invested enterprises (including crude oil) reached USD 97.88 billion, up 36.3%, accounting for 74.8%. From the beginning of the year to May 15, the country's total import-export turnover reached \$233.95 billion, up 32.4% over the same period in 2020, the General Statistics Office said. In which, import-export turnover of FDI reached 163.49 billion USD, up 37%; import-export turnover of domestic enterprises is 70.46 billion USD, up 22.8% over the same period in 2020.

4.1.3. The role and development of banks in international payment activities

International payment has become a basic and necessary activity of commercial banks in the current trend of globalization of the economy and international trade. The international payment activities of commercial banks are a key component in the process of concluding a foreign trade agreement. Commercial banks have made significant contributions to clients, the economy, and the bank itself by effectively performing their function as payment intermediaries in international payment transactions.

International payment strengthens economic exchange links between countries by speeding up, securing, and simplifying the payment process while also lowering expenses for participants. Furthermore, IP activities boost the number of non-cash payments in the economy while also attracting a large amount of foreign currency into Vietnam.

International payment operations assist the bank in better meeting the different needs of consumers for financial services involving overseas payments. On the basis, it assists the bank in increasing revenue, improving its reputation, and building consumer trust. This not only assists the bank in expanding its operational scale but also gives the bank a competitive advantage in the market mechanism. IP are not a straightforward operation, but they also provide additional support for the bank's other commercial activities. Import-export credit operations, foreign currency business expansion, bank guarantees in overseas commerce, trade finance, and international banking activities would all benefit from a well-executed international payment operation.

International payment activities also boost the bank's external relationships, increase its competitiveness, improve its international reputation, and, as a result, exploit funding sources from foreign banks and capital sources in the international financial market to meet the bank's capital needs.

The banking system in Vietnam is divided into two types: state banks and commercial banks. Currently, there are 9 state-owned banks divided into state-owned commercial banks, policy banks and joint-stock commercial banks with state capital greater than 50%, typically BIDV, Vietcombank, Vietnam Development Bank, Agribank. Commercial banks based on ownership form will be divided into 5 types, the first is a state-owned commercial bank, the second is a joint-stock commercial bank such as Techcombank, Military bank, SHB bank, and the third is a joint venture bank such as Vietnam Russia joint venture bank, VID Public Bank, the fourth is a foreign bank based in Vietnam such as bank of China, Shinhan bank... and finally a commercial bank with 100% capital overseas (The State Bank of Vietnam, 2021).

In international payments, the banking services provided include export payments provided to exporters, import payments served to importers, and Cross-border payment is a payment solution for businesses that buy and sell goods with Chinese partners (according to statistics from banks). For each IP method the bank will have different obligations and responsibilities. For Cash in Advance and Open Account methods, the bank will act as a payment intermediary to transfer money to related parties. For Document Collection, the bank is both a payment intermediary and must send documents

to the importer, and for L/C, besides the above tasks, the bank must also ensure payment to the exporter and check the documents for any discrepancy and then decide to pay.

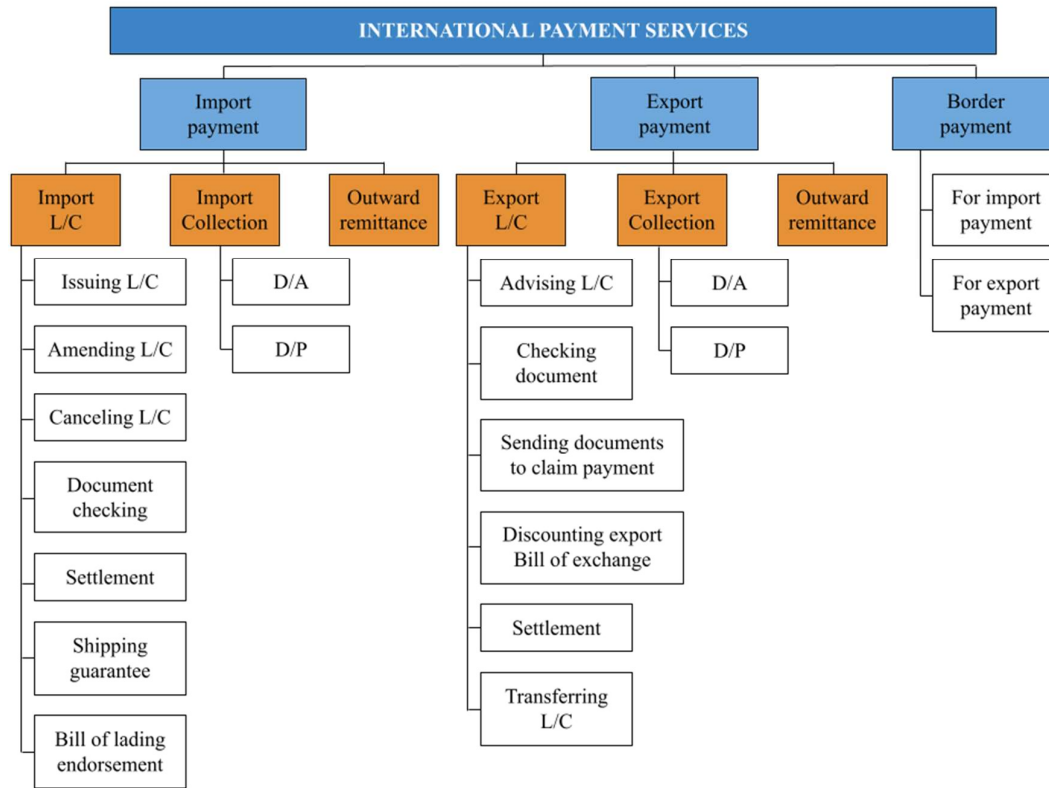


Figure 4.1: Bank's international payment services
(Aggregated from some Vietnamese commercial banks)

Besides the important roles of commercial banks' IP activities for the economy and the banks themselves, this activity also brings direct benefits to businesses. The role of payment intermediary in IP activities of commercial banks helps the payment process at the request of customers to be carried out quickly, accurately, safely, conveniently and with maximum cost savings. During the payment process, if the customer does not have enough financial capacity to need the bank's support, the bank will discount the documents. Through the payment, the bank can also monitor the business situation of the business to give advice to customers and adjust customer strategies.

4.1.4. The situation of using international payment methods by import-export enterprises in Vietnam

In recent years, the growth rate of IP methods at Vietnamese commercial banks has changed a lot. According to statistics of a number of banks, the proportion by Cash in advance tends to increase, while the proportion of payment by L/C tends to decrease.

Specifically, there are several main forms of payment: international remittance, trade finance (mainly including L/C and collection) and border payment. From the two charts below, it can be seen that international remittances and trade finance account for a high proportion. However, there has been a marked change, while the share of trade finance decreased from 42% (2018) to 37% (2019), the share of remittances increased slightly from 52% (2018) to 56% (2019). Meanwhile, the lowest percentage of payment methods is border payment, still at 6-7%. Most customers prefer to use international money transfer because it is fast and convenient, especially with close partners.

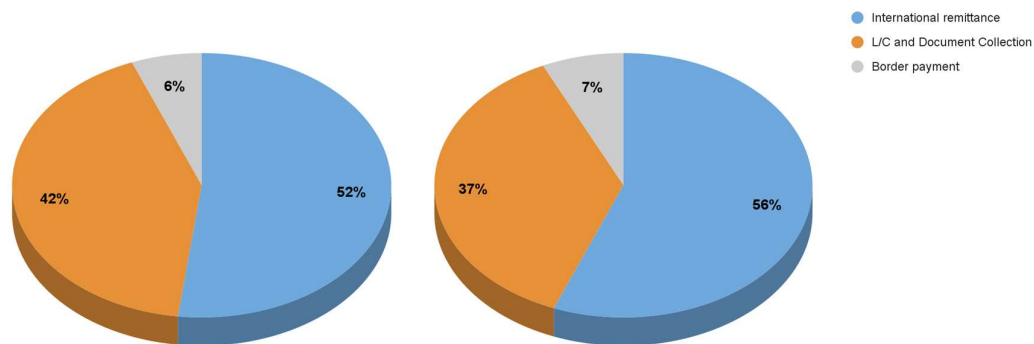


Chart 4.2: BIDV's proportion of payment methods in 2018 & 2019

(Source: BIDV Trade Finance and International Remittance report)

The gradual shift to cash in advance payment method can help businesses save costs compared to using safer payment methods through banks such as collection with documents, payment by L/C. Although with this method, the payment will be made quickly, but businesses will also face risks when the payment is completely dependent on the ethics and goodwill of the importer. Moreover, the possibility of businesses being attacked by technology criminals is very high, especially when the business community only exchanges and transacts via the Internet.

This change once again affirms the prestige of Vietnamese enterprises in the international arena. From the initial distrust, the Vietnamese importer had to ask the bank to issue the L/C, even a confirmed L/C for payment, but nowadays, foreign exporters are willing to deliver the goods to the customers then we ask to pay.

Analysis of the current situation of using international payment methods at Vietnamese commercial banks shows that the trend of using money transfer and collection is increasing, the method of payment by L/C tends to decrease shortly.

4.2. Factors influence the selection of international payment methods in import-export activities in Vietnam

4.2.1. Survey analysis

The survey was collected for two months (from early July to early September 2021). The total number of samples collected is 290 samples, including 74 direct survey samples and 216 online survey samples. After rejecting invalid samples from both direct and online samples, 268 samples were accepted for analysis

4.2.1.1. Respondent profile

According to the obtained data, there are 168 enterprises in the Northern region participating in the survey, accounting for 62.7%, followed by enterprises in the South and Central regions of VietNam (accounting for 27.6% and 9.7%). Besides, about the type of enterprises, most of the data collected through the survey are domestic enterprises with 189 enterprises accounting for 70.5% and 79 FDI accounting for 29.5%.

In the 268 samples taken, 103 samples were taken by exporting enterprises, 55 were by importers and 110 were by enterprises operating in both export and import sectors (accounting for 38.4%, 20.5%, and 41.1%).

On the other hand, according to the study sample, the number of survey respondents holding positions as sales staff, bank tellers, and other positions accounted for a relatively small number (20.5%). Most of the representatives of all businesses participating in the survey are accountants or import-export staff (accounting for 24.3% and 55.2%, respectively). Besides, the majority of companies carry out 5-10 transactions per month (58.2%), the remaining 20.2% of enterprises perform less than 5 transactions a month, and 21.6% of enterprises make more than 10 trades a month.

Regarding the import and export market: the survey sample recorded feedback that Asia, Europe, and North America are the three markets where businesses operate the most. Notably, two new markets such as Latin America and Africa are expanding day by day when the proportion of businesses transacting in these two markets is equivalent to the rate in the Southeast Asian market (accounting for 7.1% and 8.1%, and 9.5% respectively).

About frequently used payment methods: It can be seen that the most used method by businesses is money transfer, followed by L/C and collection. In addition, the rest are businesses using mixed methods-combining two methods in one transaction.

4.2.1.2.Descriptive analysis

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
RE1	268	2	5	3.92	.803	.645
RE2	268	3	5	4.01	.647	.419
RE3	268	1	5	3.16	.955	.912
RE4	268	2	5	4.16	.517	.267
RE5	268	2	5	3.79	.870	.758
GO1	268	2	5	3.96	.598	.358
GO2	268	2	5	3.74	.877	.769
GO3	268	1	5	2.73	.962	.926
GO4	268	1	5	4.09	.713	.509
GO5	268	0	5	3.77	.881	.776
MA1	268	1	5	3.81	.736	.542
MA2	268	2	5	4.04	.766	.586
MA3	268	1	5	3.21	.963	.928
MA4	268	1	5	3.89	.780	.609
PA1	268	1	5	3.09	1.029	1.059
PA2	268	2	5	3.87	.688	.474
PA3	268	1	5	3.75	.702	.493
PA4	268	2	5	3.75	.739	.546
EX1	268	2	5	3.57	.869	.755
EX2	268	1	5	2.57	.971	.943
EX3	268	2	5	3.97	.529	.280
EX4	268	2	5	3.87	.777	.604
DE1	268	2	5	4.13	.617	.381
DE2	268	2	5	4.28	.691	.478
DE3	268	2	5	4.00	.757	.573
Valid N (listwise)	268					

Table 4.2: Factor descriptive analysis (SPSS results)

Overall, most variables must have a mean of 3 to 4, which would be closed with the neutral approach.

4.2.2. Assess the reliability of the scale through Cronbach's Alpha coefficient

4.2.2.1. Evaluate the scale of the independent variable

After obtaining 268 survey samples, the authors assessed the samples' reliability using the Cronbach's Alpha coefficient and provided the results given in the table below:

Variable	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Variable	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Relationship factor			Characteristic of Goods factor		
Cronbach's Alpha = .820			Cronbach's Alpha = .810		
RE1	.579	.794	GO1	.530	.797
RE2	.586	.794	GO2	.581	.779
RE3	.658	.776	GO3	.665	.753
RE4	.696	.781	GO4	.596	.776
RE5	.649	.774	GO5	.656	.754

Variable	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Variable	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Political – Economic situation factor			Characteristics of payment method factor		
Cronbach's Alpha = .815			Cronbach's Alpha = .806		
MA1	.603	.784	PA1	.602	.795
MA2	.644	.765	PA2	.604	.768
MA3	.649	.770	PA3	.603	.768
MA4	.671	.752	PA4	.750	.699

Variable	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Opinions and requirement of external parties factor		
Cronbach's Alpha = .802		
EX1	.637	.742
EX2	.661	.738
EX3	.612	.777
EX4	.637	.742

Table 4.3: Reliability analysis result of independent variables (SPSS results)

Among the 22 observed variables, all have Cronbach's Alpha coefficients better than 0.7 and Corrected Item-Total Correlation coefficients or above to 0.3, indicating that all variables are qualified to proceed to the next analytical stage.

4.2.2.2. Evaluate the scale of the dependent variable

Variable	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The decision to use the enterprise's payment method factor		
Cronbach's Alpha = .808		
DE1	.697	.707
DE2	.641	.753
DE3	.647	.756

Table 4.4: Reliability analysis result of dependent variables (SPSS results)

Cronbach's Alpha coefficients of 0.808 and above 0.3 in Corrected item-total correlation were obtained for all three dependent variables. As a consequence, these three dependent variables will also be legitimate to move on to the next phase of analysis.

4.2.3. Exploratory factor analysis

4.2.3.1. Analysis of exploratory factors for all independent variables

After making a thorough reliability assessment of the 22 observed variables collected, the authors conducted an EFA exploration factor analysis with these 22 variables to determine whether the question posed by the authors truly represented the element that the organization was affecting or if it was conflicted with all other factors.

KMO and Bartlett's Test						
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.						.810
Bartlett's Test of Sphericity					Sig.	.000
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.653	25.696	25.696	5.653	25.696	25.696
2	2.762	12.557	38.253	2.762	12.557	38.253
3	2.150	9.771	48.024	2.150	9.771	48.024
4	1.984	9.016	57.040	1.984	9.016	57.040
5	1.531	6.959	63.999	1.531	6.959	63.999
6	.817	3.713	67.712			
7	.741	3.369	71.081			

	Component				
	1	2	3	4	5
RE4	.814				
RE5	.797				
RE3	.792				
RE1	.723				
RE2	.682				
GO3		.769			
GO4		.745			
GO2		.742			
GO1		.700			
GO5	.631	.635			
PA4			.854		
PA2			.774		
PA1			.763		
PA3			.742		
EX2				.805	
EX1				.799	
EX4				.776	
EX3				.764	
MA4					.807
MA2					.780
MA3					.741
MA1					.740

Table 4.5: Results of Exploratory factors analysis for independent factors before excluding GO5 variable (SPSS results)

The results of the Rotated component matrix show that the variable GO5 uploaded in both Component 1 and Component 2, violation of distinction in the rotation matrix with a load factor of 0.631 and 0.635, the difference in load factor is less than 0.3. The researcher decides to type the variable GO5, and push the Cronbach Alpha index of the GO factor group again, yielding Cronbach's Alpha coefficients 0.70 or higher and Corrected Item-Total Correlation coefficients equal to or greater to 0.3, meaning that all variables are eligible to proceed to another analytical step.

Variable	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Type of goods factor		
Cronbach's Alpha = .754		

GO1	.549	.712
GO2	.570	.688
GO3	.591	.683
GO4	.550	.700

After removing the GO5 variable, the second EFA results were as follows:

KMO and Bartlett's Test						
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.						.817
Bartlett's Test of Sphericity					Sig.	.000
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.187	24.699	24.699	5.187	24.699	24.699
2	2.588	12.324	37.022	2.588	12.324	37.022
3	2.106	10.031	47.053	2.106	10.031	47.053
4	1.936	9.221	56.274	1.936	9.221	56.274
5	1.493	7.110	63.384	1.493	7.110	63.384
6	.791	3.765	67.149			
7	.726	3.456	70.605			
	Component					
	1	2	3	4	5	
RE4	.827					
RE5	.787					
RE3	.784					
RE1	.744					
RE2	.677					
PA4		.852				
PA2		.774				
PA1		.768				
PA3		.739				
EX2			.805			
EX1			.799			
EX4			.776			
EX3			.765			
MA4				.812		
MA2				.776		
MA3				.745		
MA1				.739		
GO3						.758
GO2						.750
GO4						.738
GO1						.737

Table 4.6: Results of Exploratory factors analysis for independent factors after excluding GO5 variable (SPSS results)

As shown in the table before, the observed variables reaching KMO and Sig. coefficients are .817 and .000, respectively. This demonstrates that the EFA factor analysis produced positive findings with 21 variables. Furthermore, Eigenvalue = 1.493 ≥ 1 and extracting 5 factors that have the best information summary meaning, Cumulative% of Variance shown for these groups is 63.384 $\geq 50\%$ shows that the EFA model is suitable. Thus, 5 factors are extracted to condense 63.384% variation of observed variables.

The results of the rotation matrix show that 21 observed variables are grouped into 5 factors, all observed variables have Factor Loading coefficients greater than 0.5.

4.2.3.2. Analysis of exploratory factors for all dependent variables

KMO and Bartlett's Test						
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.						.711
Bartlett's Test of Sphericity					Sig.	<.001
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.185	72.833	72.833	2.185	72.833	72.833
2	.451	15.030	87.863			
3	.364	12.137	100.000			

	Component
	1
DE1	.873
DE3	.844
DE2	.842

Table 4.7: Results of exploratory factors analysis for dependent factors (SPSS results)

Shown in the table, the KMO value is 0.711 (higher than 0.5) and the Sig. value is .000 (smaller than 0.05). The analysis yields one element with eigenvalues of 2.185. (greater than 1). This component is defined by all three development items with factor loadings greater than 0.5. The total variance is 72.833%, implying that this component explains 72.833% of the variance in development.

4.2.4. Correlation analysis

As per Evans (1996), Pearson Correlation values can reflect the strength of the correlation as follows: 0.00 – 0.19 “very weak”; 0.20 – 0.39 “weak”; 0.40 – 0.59 “moderate”; 0.60 – 0.79 “strong”; and 0.80 – 1.0 “very strong”. Additionally, if the Sig. value of Pearson's correlation coefficient is less than 5%, it implies that the variables are related to one another. The larger the r-value, the better the linear connection.

Correlations							
		DE	RE	GO	MA	PA	EX
DE	Pearson Correlation	1	.500**	.467**	.561**	.499**	.371**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	<.001
	N	268	268	268	268	268	268
RE	Pearson Correlation	.500**	1	.214**	.196**	.244**	.135*
	Sig. (2-tailed)	<.001		<.001	.001	<.001	.027
	N	268	268	268	268	268	268
GO	Pearson Correlation	.467**	.214**	1	.356**	.237**	.156*
	Sig. (2-tailed)	<.001	<.001		<.001	<.001	.010
	N	268	268	268	268	268	268
MA	Pearson Correlation	.561**	.196**	.356**	1	.316**	.333**
	Sig. (2-tailed)	<.001	.001	<.001		<.001	<.001
	N	268	268	268	268	268	268
PA	Pearson Correlation	.499**	.244**	.237**	.316**	1	.221**
	Sig. (2-tailed)	<.001	<.001	<.001	<.001		<.001
	N	268	268	268	268	268	268
EX	Pearson Correlation	.371**	.135*	.156*	.333**	.221**	1
	Sig. (2-tailed)	<.001	.027	.010	<.001	<.001	
	N	268	268	268	268	268	268
**. Correlation is significant at the 0.01 level (2-tailed)							
*. Correlation is significant at the 0.05 level (2-tailed)							

Table 4.8: Multiple linear regression results (SPSS results)

According to the table results, both of the independent variables have an association with the dependent variables with a Sig. (2-tailed) value less than 0.05.

Factor (MA) has the highest connection with dependent variable (DE) with r equal to 0.561, while factor (EX) has the poorest association with r just at 0.371, which is the acceptable number for this factor.

4.2.5. Regression analysis

Authors use the aforementioned methods to clearly determine how the association between independent and dependent variables works. Furthermore, the authors will examine the Hypotheses given at the beginning of the section using the linear regression analysis approach. The variance inflation factor is used to assess the multiple collinearity phenomenon between variables. The following equation is used to create the regression equation:

$$DE = D0 + D1*RE + D2*GO + D3*MA + D4*PA + D5*EX$$

In this formula:

D0: Constant

D1 to D5: Regression coefficients (from 1 to 5)

RE, GO, MA, PA, EX are the independent factors

DE: The dependent factors

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55.309	5	11.062	78.831	<.001 ^b
	Residual	36.765	262	.140		
	Total	92.074	267			
a. Dependent Variable: DE						
b. Predictors: (Constant), EX, RE, GO, PA, MA						

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.775 ^a	.601	.593	.37460	2.124
a. Predictors: (Constant), EX, RE, GO, PA, MA					
b. Dependent Variable: DE					

Table 4.9: Development model summary and result of ANOVA test (SPSS result)

Summary of model are shown in table, Adjusted R-square value is 0.593 (greater than 50%), which indicates that 59.3% of the variance in selection of IP methods can be explained by these predictors (RE, GO, MA, PA, EX). Otherwise, the Durbin-Watson statistic shows a value of 2.124 (which ranges from 1.5 to 2.5). This indicates that the sample has no autocorrelation.

In table ANOVA, sig. of the F test is 0.00 less than 0.05. Therefore, the dependent factor can be explained by the variables of five independent factors.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.088	.219		-.403	.687		
	RE	.316	.041	.317	7.739	<.001	.906	1.104
	GO	.206	.041	.213	5.012	<.001	.841	1.189
	MA	.268	.040	.299	6.653	<.001	.755	1.324
	PA	.226	.039	.245	5.763	<.001	.843	1.186
	EX	.130	.039	.141	3.368	<.001	.871	1.147

a. Dependent Variable: DE

Table 4.10: Development Coefficients

All independent variables have a Sig. value of less than 0.05, as shown in Tables. This implies that five of the research model's factors are completely reliable and meet the criteria. Multiple collinearity does not evident in this scenario since the VIF score of these factors is lower than 2. The regression equation used to predict the dependent variables from the independent variable is represented by these Beta values.

The linear regression equation is given by the Coefficients outcome:

$$DE = 0.317*RE+0.299*MA+0.245*PA+0.213*GO+0.141*EX$$

The regression coefficients are positive sign, indicating that the factors influence the decision to select IP methods proportionately. They are connected in a positive way and in the same direction as the decision to use IP methods. As a consequence, all of the hypotheses proposed have been confirmed. Besides , the (RE) factor has the greatest effect on decision-making (Beta = 0.317), according to the standardized coefficients. Other factors have an influence following: (MA) factor (with Beta = 0.299), (PA) factor (with Beta = 0.245), (GO) factor (with Beta = 0.213) and (EX) factor (with Beta = 0.141).

4.2.6. Findings and Limitations

4.2.6.1. Relationship factor (RE)

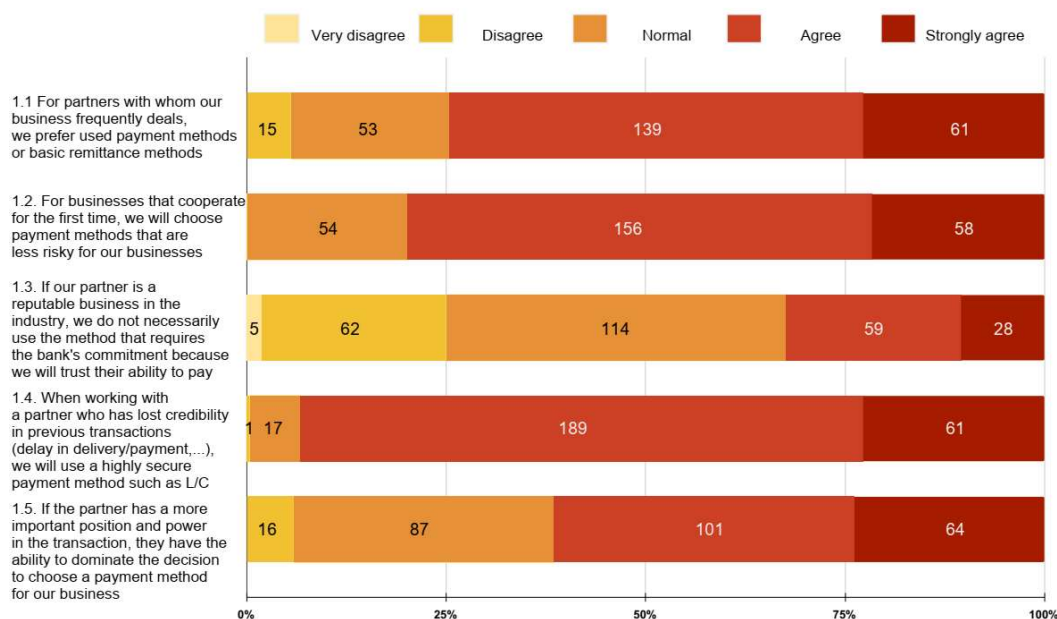


Chart 4.3: Evaluating observed variables of RE factor

Among the factors affecting the decision to choose an international payment method, the “relationship factor” is considered to be the most important key in helping importers and exporters choose the right method. Relying on mutual understanding between the two parties will help reduce the maximum loss for both buyers and sellers. And to understand more about “relationship factor”, learn about the following 5 factors:

For partners that often trade: 74.6% of survey participants agree and strongly agree that transaction frequency affects the decision to choose a payment method. The choice of payment method is always customized for each different customer and business. Based on habits, transaction history and then offer the most suitable international payment method for both parties. Payment methods already in use or simple money transfer procedures will be preferred.

For enterprises cooperating for the first time: Based on the survey, nearly 80% of participants agree and strongly agree that this is a factor affecting the decision to choose a payment method for import-export enterprises. Businesses prefer to choose payment methods with the least risk, payment methods should be chosen extremely carefully because the risk in this case is extremely large because we do not yet understand the market as well as about this partner business. For example, in recent years, Vietnam has imported a number of important products as input materials for domestic processing such

as wood, cotton, raw cashew nuts, scrap iron and steel, etc. Enterprises often deposit (payment in advance) for supplier fees level in Africa, usually around 10%-30% of the total contract value. After receiving the deposit, African businesses did not respond, cut off all contact and did not deliver.

For exports, when the market is increasingly competitive, it is understandable to quickly promote cooperation, but it also leads to not having enough time to learn thoroughly about partners and increases the risk of being scammed very much. Although the Ministry of Industry and Trade constantly warns about export fraud, especially on the internet in African countries such as Nigeria, Cameroon, Benin, Togo... and names some specific businesses. For example, 5 businesses in Algeria operating in the field of agricultural and fishery business have been named because they do not do business seriously and often use price manipulation tricks or do not receive goods when goods arrive at the port. caused considerable damage to Vietnamese exporters. These are enterprises such as S.A.R.L Zima Food Company; Company EURL GHIDA UNIFOR IMPORT-EXPORT; Company S.A.R.L GMC; Company S.a.r.l Conimex International; Company S.A.R.L EL NADER NEGOCE. There are a number of fraudulent organizations and individuals in this area, but due to subjective psychology and limited foreign trade, some Vietnamese businesses are still deceived into losing money (Minh, 2019)

For businesses that have a good reputation and position in the industry, more than 32% of survey respondents think that their trust level will be higher than that of other businesses, through which the business can be more easily in the transactions and choosing the right payment method. But caution is still necessary because those businesses have high credibility but are not necessarily completely trusted, so businesses still need to be vigilant and cautious when choosing the right payment method to avoid unnecessary mistakes.

For partners who have lost credibility in previous transactions, more than 93% of businesses think that they need to be more careful and prioritize using a more secure payment method such as L/C and always warn them with awareness, attention in creating prerequisites to ensure the transaction, to avoid being cheated again. The Vietnamese Embassy in the UAE warned that, by signing fruit export contracts, UAE companies used the trick of exchanging poor quality goods, complaining to Vietnamese businesses without any quality inspection papers (VTVNews, 2016). That makes Vietnamese businesses lose money and severely discredited in the international market. Therefore,

for these businesses, Vietnamese businesses need to prepare a cool head, backup plan and constraints term in payment contract as well as evidence to be ready to prove as well as denounce the partner.

The position of the counterparty in the transaction is a factor agreed upon by 62% of survey participants. Becoming a partner of large and developed countries like the US and China, it is really a good sign when the reputation and products of Vietnamese enterprises can become popular in the huge markets, the benefits are numerous. In fact, many enterprises, particularly small and medium-sized enterprises (SMEs), are forced to use prepaid money transfers to pay when negotiating purchase contracts with major corporations and international manufacturers (such as Europe, the US, Japan, Korea...) often have to use prepaid payment methods like CIA for payment, even 100% before delivery. The reason for this is that Vietnamese firms do not have a position; the quantity of our purchases is insignificant in comparison to the size of our partners. But for partners with a larger role and position in the transaction, it is also extremely easy for them to dominate the decision to choose a payment method. Many Vietnamese businesses have been defeated by their partners. In the US market, they cheated, failed to pay, and even went bankrupt when performing contract transactions, especially during the current outbreak of COVID-19. Most of the reasons are determined to be that domestic enterprises have not carefully researched their partners when placing business relationships, often looking for partners via the Internet but have not had the stage of exploration and inspection. And with the thought that this is a huge market like the US, Vietnamese businesses often try at all costs to bring their products to the US. Even due to the desire to sell goods, some businesses often give their partners an advantage in contract terms, especially payment terms (DA - accept payment and receive documents). However, this is a stage often used by partners to delay payment, or decline the payment. Therefore, Vietnamese businesses need to really consider when making payment terms in contracts, especially terms that are favorable to customers.

Through the above 5 factors, it can be seen that the relationship between the two exporters and importers plays an extremely important role that is highly decisive in choosing the right payment method.

4.2.6.2. Type of goods factor (GO)

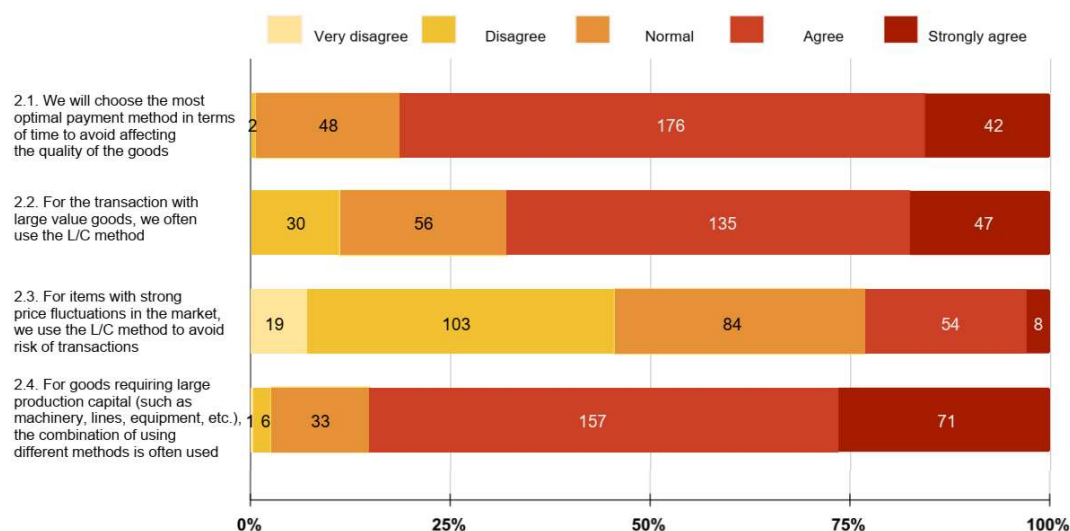


Chart 4.4: Evaluating observed variables of GO factor

The factor of goods category is the fourth most influential factor to the decision to choose a payment method of an enterprise.

The following criteria are used to analyze and measure the impact of a factor of goods: delivery time, nature of products, and value of goods.

According to statistics of the General Department of Customs, in 2020, the total import-export value of the country reached 545.36 billion USD, up 5.4% compared to the previous year. For goods exports, for the whole year of 2020, the total export value reached US\$282.65 billion, up 7.0%, equivalent to an increase of US\$18.39 billion over the previous year. In particular, machinery, equipment and tools, types of components, textiles, agricultural products such as fisheries, and rice are considered the main group of the country's exports. Similarly for goods imports, the total import value in 2020 increased by 3.7%, equivalent to an increase of 9.31 billion USD compared to the previous year. Major imports are similar to major exports.

The delivery time of the goods is a factor agreed upon by most survey participants. Normally, an import-export enterprise will not prefer using a complicated method with the participation of many parties such as L/C because the L/C method needs synchronization on each document, so the importers will have to wait for the exporter and the bank to handle the set of documents before they can get the goods. For example, if an organization imports seasonal commodities, or goods that need to be met quickly in terms of time, a loss of time to prepare the necessary documentation can cause the goods to depreciate in the market due to abrupt changes in consumer preferences. As a result,

businesses frequently prefer to use the rapid money transfer technique to swiftly complete goods supply and delivery procedures to save time.

Based on the survey, the nature of the type of import and export goods is an important factor to decide the payment method. Depending on the type of import and export goods, businesses will choose different payment methods. For products and goods that are new goods sold for the first time need to find new markets, exporters often apply convenient methods for importers such as open account, or document collection method. For products and goods that are perishable agricultural products such as aquatic products, fruits, etc..when signing contracts, import-export enterprises often agree with partners to apply a letter of credit method to limit the risks in shipment of goods, documents and payment. In fact, in exporting, there have been many cases of Vietnamese enterprises being deceived when exporting seafood because seafood is a high-value commodity, moreover, it is a food product, so foreign partners (scammers) will focus on this item to commit fraud or foreign customers with bad intentions will easily use the problem of poor quality goods to delay and refuse payment. According to the Center for Information and Rural Development, recently, a number of Vietnamese companies signed export contracts for pangasius and other aquatic products to Hoogland Foods BV (Netherlands) and Star Procurement Inc (Netherlands), but faced many difficulties in payment for goods, there are even Vietnamese enterprises that have delivered goods for several years but have not yet received payment. In transactions with Vietnamese companies, the foreign side (Star Procurement and Hoogland Foods BV) both proposed D/A payment method, but after delivery, Vietnamese enterprises could not contact the Dutch company leading to the need to invite lawyers to conduct pressure procedures against the Netherlands. Therefore, some overseas Vietnamese trading agencies have warned Vietnamese businesses not to use D/A and D/P payment methods especially with new partners. Enterprises need to carefully use methods to ensure high safety to minimize risks in payment. In these cases, to limit the risk of payment, the most appropriate payment method is L/C because in this method, the banks deal with the documents only, and not with goods. Therefore, if the importers intentionally refuse the goods due to the quality, the Vietnamese exporters still can be ensured to receive payment provided that their documents are complied with terms and conditions of the L/C.

In addition, for goods with strong fluctuations in prices on the market, exporters should apply for use payment method by L/C because in this case, if applying for collection or money transfer, the exporter may face the risk that the buyer refuses to pay,

and refuses to receive the goods if the changes in price in the market does not bring benefit to them. For the fluctuation in the price of goods on the market, the variable is considered to be the most difficult to determine because it depends on many factors such as the value of the commodity, supply and demand in the market, and the nature of the harvest season. Previously, there were a number of beef exporters in Vietnam that used simple payment methods such as Open Account or Document Collection to export goods to the port of Algeria, for a number of reasons such as the price of the goods is lower than the time of purchase, or the partner finds another supplier with a cheaper price, leading to some Algerian customers often not receiving the goods, refusing to pay or forcing the seller in Vietnam must reduce product prices (Cafebiz, 2016). This has caused damage to Vietnamese exporters, causing them to incur additional costs such as shipping costs, customs, etc. Therefore, Vietnamese businesses are advised to use payment methods such as Cash in Advance to be sure to receive the money before delivery or a method with a guarantee from the bank such as L/C to reduce the risk of payment to avoid fraudulent rejection of goods.

Besides that, for the case of complicated goods, delivery according to the construction schedule (machinery, equipment, etc.), importers and exporters often mix payment methods (one-part prepaid, the following parts also often use L/C). For example, the transactions of importing machinery and equipment for cement plants, thermal power, wind power projects... are often very complicated. These are often high value transactions, over 1 million USD, requiring a lot of capital to produce. Therefore, foreign exporters often require the Vietnamese side to make a partial deposit in advance (about 5-10% of the contract value). The rest often use the L/C method and divide it into different delivery and payment parts, corresponding to the progress of the work.

4.2.6.3. Political - economic situation factor (MA)

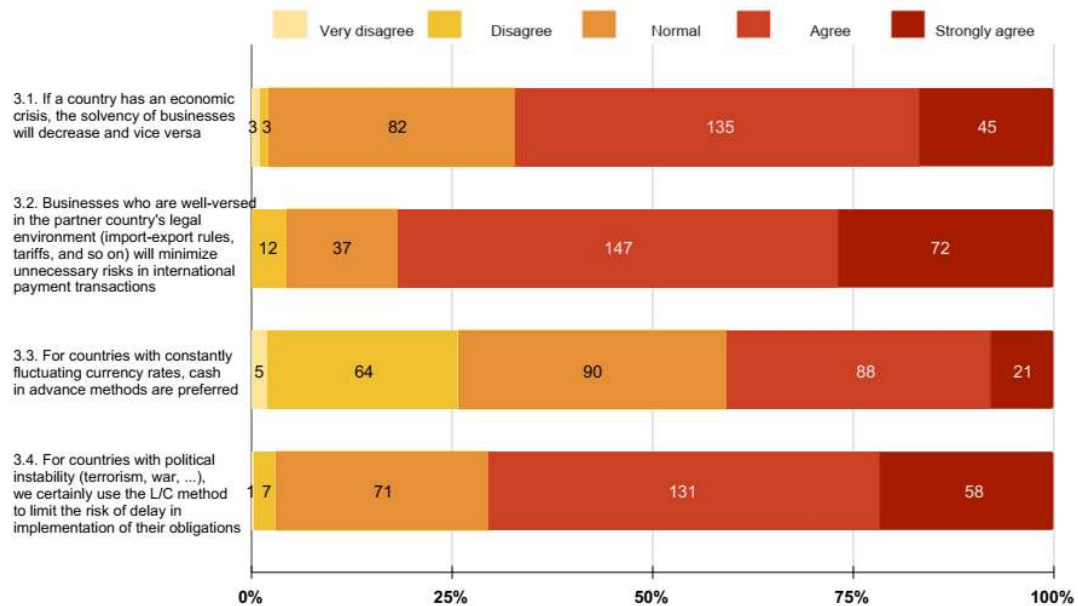


Chart 4.5: Evaluating observed variables of MA factor

The influence of market characteristics is measured through two main aspects: Political and Economic. Specifically, on the political side, the authors have assessed a number of factors such as political stability and legal environment, while for the economic aspect, the factors mentioned are economic development, capacity liquidity and currency exchange rate fluctuations

From the survey results, more than 70% of respondents agree and strongly agreed that for countries with political instability, it is necessary to use L/C payment methods to limit payment risks. This result shows the importance of political stability in the import-export industry in general, and the international payment stage in particular.

According to the Global Peace Index (GPI) report released by the Institute for Economics and Peace (IEP) in 2020, Vietnam ranks 64th out of 163 countries in the ranking of the safest countries in the world. The Global Peace Index ranks the safety of countries based on 22 factors including homicide rates, political terrorism and deaths from internal conflicts. This is quite understandable when Vietnam is a country with stable politics, rarely violence, territorial disputes, security indicators and people are increasingly improving. With the above conditions, Vietnam's import and export activities are developing day by day with great strides along with high trust and confidence from foreign partners.

From the above favorable political conditions, Vietnam's import-export sector has grown over time, growing both in quantity and value of commercial transactions. Foreign partners have a certain confidence in the business environment of domestic export and import enterprises. Some payment methods that foreign partners can still trust to use such as remittance, collection. Even in the case L/C is used, most of them are standard L/C, no need to confirm because they trust their solvency, and don't worry about the risks of the issuing bank, especially under the aspect of political risk in Vietnam.

Along with that, up to 82% of the opinions agree that mastering the legal environment of the partner country, such as import and export policies, tax regulations,... will avoid unnecessary risks in international payment transactions. According to the General Department of Vietnam Customs (2019), administrative procedures in the field of import and export have been reformed, standardized and simplified to be in line with international standards in the WTO agreement. The process of implementing standard customs procedures has been significantly improved. For example, improve the efficiency of state management of import and export goods, strengthen coordination between authorities and localities on trade facilitation policies for import and export goods. Not only that, the state can also manage risks at customs and specialized inspection. In addition, the simplification of customs procedures in accordance with the standards of the WTO agreement not only ensures the security of goods, but also reduces the time and cost of trade. Indeed, in recent years, Vietnam's customs system has received attention from the government and has issued revised and improved policies. For example, the regulation on "Customs does not collect taxes, fees and charges in cash" (General Department of Customs, 2019). In addition, with the policy of shortening clearance time, reducing tax payment time for businesses, the customs authority has built an electronic payment gateway to help businesses pay taxes electronically

Besides the achievements, Vietnamese enterprises also face many potential risks when cooperating with many different countries and territories around the world. The first notable thing is that in 2019, the Ministry of Industry and Trade issued a warning to businesses trading in Turkey. At that time, Turkey conducted a military operation "Peace Spring" in Syria, which received a lot of strong objections from the international community. The US government has threatened to impose strong sanctions, affecting export transactions of enterprises, including Vietnamese enterprises. According to the warning of the Ministry of Industry and Trade (2019), businesses must closely monitor the situation in this market, should not use the method of payment later by wire transfer

(remittance), but should pay 100% before delivery and tightening payment terms. In addition, it is necessary to strengthen the verification of the partner's financial condition to prevent the local enterprise from facing financial difficulties during the contract performance. These recommendations of the Ministry of Industry and Trade apply not only to the Turkish political situation but to all other transactions, businesses need to learn more about the country with political instability, prepare plans to prevent risks.

Indeed, before the free trade agreement between Vietnam and the Eurasian Economic Union (EAEU) countries, Vietnam's rice export tax rate was imposed to 40%. When the agreement comes into effect, the import tax rate is 0% for rice from Vietnam and after the quota expires, the import tax rate is 11.7%.

If commercial politics have an effect in our favor, there will still be cases to the detriment of Vietnamese businesses. The Vietnam trade deal in Nigeria began in April 2017 when H.T.N Vietnam Co., Ltd signed a contract to import box-shaped lumber with export partner ROSOHAN Nigeria and transferred a deposit of USD 69,350. Until May 2020, it has been 3 years, although HTN Vietnam Company repeatedly requested, but Joseph Jegede, Director of ROSOHAN NIGERIA Company cited many unwarranted reasons, did not perform the contract, and did not return the deposit amount. Through the case of H.T.N Co., Ltd. Vietnam, the Vietnam Trade Office in Nigeria has warned domestic enterprises when dealing with partners in Nigeria in particular and Africa in general. While the due diligence of businesses in West Africa is real, these businesses can still be fraudulent. To avoid risks, when signing contracts, domestic enterprises should apply the form of payment “Irrevocable letter of credit”, immediate payment. At the same time, do not use payment methods such as wire transfer (T/T), 30% or 50% prepayment, which may lead to loss of money like the above transaction.

Similarly, when it comes to the economic situation of a country, if it is a country with good economic stability and growth rate, it will have many advantages. However, in many parts of the world, there are still many economic uncertainties, the issues of currency exchange rates are always the top concern in foreign trade transactions. The survey results collected by the authors about 40.6% agree that for countries with constantly fluctuating currency rates, immediate payment methods will be preferred. Although the level of interest is not too great, it also shows that the constantly fluctuating currency rates of the partner countries has an influence on their selection decision.

Indeed, the Integrated World Newspaper (2016) has commented that "When the USD exchange rate increases, it will be beneficial for exporters and disadvantageous for

goods importers when paying in USD." According to Ms. Le Kim Cuong (2016), Director, XDB Vietnam Joint Stock Company, the recent increase in exchange rates by commercial banks will definitely affect the business activities of the unit. Because, the company needs to import from abroad raw materials such as iron, steel and assembly accessories for construction works. Import orders during the period of continuous price adjustment caused the contract signing to be delayed. Therefore, affecting the progress of some projects that enterprises are contracting. However, in the case of Hapro company (2016): the main products for export of this corporation are pepper, cashew nuts, rice, and handicrafts. This increase in exchange rate is beneficial for businesses when exporting because businesses earn USD and buy domestic agricultural products for processing and export and buy in VND (Mrs. Nguyen Thi Thu Hien, General Director of Hanoi Hapro Trading Company).

Therefore, businesses need to constantly monitor the exchange rate of foreign currencies, and to be safe, they can choose payment methods at sight to avoid future fluctuations of the currency. For example, export companies should not use Open account and D/A methods, to avoid the situation that partners take advantage of the low exchange rate to pay for transactions, slowing down the ability of enterprises to recover capital.

From the experiences of the above cases, it can be seen that one of the biggest reasons is the failure to determine the creditworthiness of foreign partners. As a result, the payment process faces many potential risks. Currently, in some countries around the world, financial strength rating is a popular activity, recently the Ministry of Finance has coordinated with the Asian Development Bank to organize a seminar on Developing credit rating activities in Vietnam. According to Mr. Nguyen Hoang Duong (April 16, 2021), with an important role in the development of the financial market, credit rating enterprises have been established in most countries with capital markets, stock markets, etc. developed and emerging, in which ASEAN countries such as Thailand, Indonesia, Philippines, Malaysia have domestic credit rating enterprises. Through the determination of the credit rating, businesses/investors have more information to assess the financial capacity and debt solvency of the subject of credit rating, of the financial products specified in the credit rating creditworthiness, as well as the risks involved.

It can be seen that this factor does not directly affect the solvency between businesses, but indirectly through the transaction process. In other words, the political and economic issues of the partner country affect the entire transaction process, not just the payment stage of a transaction.

4.2.6.4. Characteristics of payment method factor (PA)

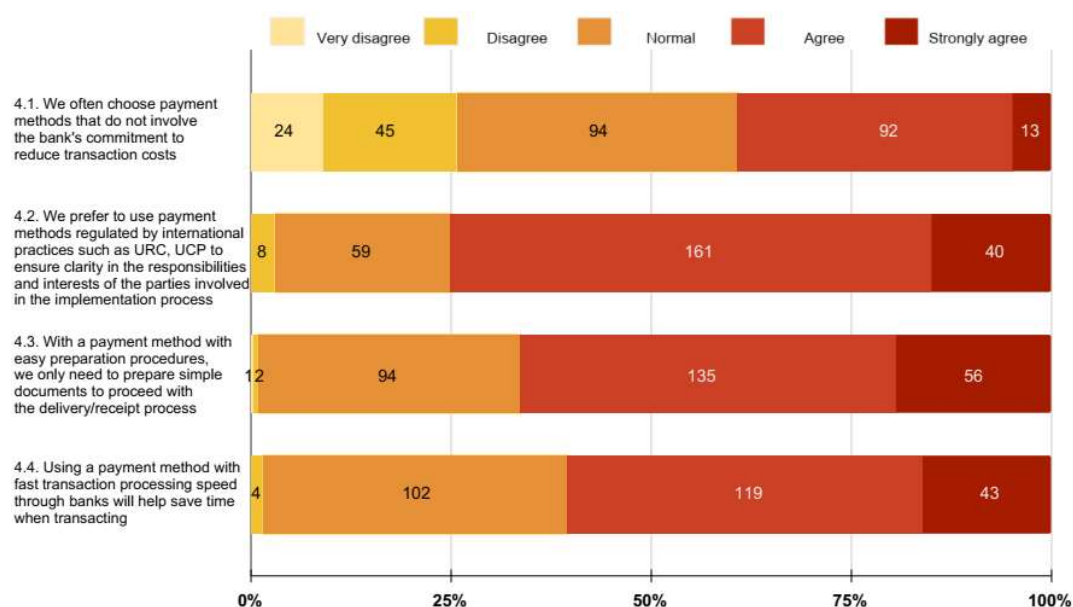


Chart 4.6: Evaluating observed variables of PA factor

Based on the results of the survey, it is shown that the characteristic factor of payment methods is the 3rd influential factor for the decision to choose a payment method for enterprises.

The influence of the characteristics of payment methods is evaluated and measured through the following criteria: transaction processing time, cost of procedures, simple or complex nature of payment methods.

Firstly, for transaction processing time, through the results of the survey, more than 60% of voters agree and strongly agreed that the fast transaction processing results help them save a lot of time when transacting. Obviously, for each different payment method, the transaction processing speed is different because it depends on many factors (set of documents, related parties, etc). Regarding processing time, it is first mentioned that the processing time for international payment transactions of banks is different, so the processing time for different types of payment methods is different, some fast/slow depending on type of transaction (for example, a collection transaction is usually faster than an L/C transaction). Therefore, based on the nature and processing time of the bank, it may lead to the decision to choose the payment method of enterprises. In case it is necessary to meet the requirements on time, businesses may choose simple and fast forms of implementation such as money transfer or collection rather than using the L/C method, which often takes a long time to process. Below is a table of processing time as well as shortened procedures of LC method at the branches at BIDV.

Activities	Transaction targeted time (year of 2016)	Transaction targeted time (year of 2019)
Issuing/amendment L/C	03 hours <i>* In the case documents were sent before 3:30p.m</i>	02 hours <i>* In the case documents were sent before 3:30p.m</i>
Import documents checking	1,5 days	1 days
Bill off lading endorsement/ guarantee to receive goods if documents have not arrived	05 hours	04 hours
Notice of collection documents	05 hours	04 hours
Export documents checking	03 hours <i>* In the case documents Were sent before 3:30p.m</i>	02 hours <i>* In the case documents Were sent before 3:30p.m</i>
Advising L/C	01 day	01 day
Transferring L/C	05 hours	04 hours
Confirming L/C	02 days	01 day
Other	04 hours	04 hours

Table 4.11: Transaction time of L/C payment method at BIDV

(Source: BIDV internal regulations)

For importing companies, it is very important to get the shipping documents timely from the exporters or the banks, so that they can receive the goods as soon as possible. In fact, there have been a lot of commodity transactions affected because the set of documents come after the goods arrive at the port. According to the Ebook "10 real-life situations that make businesses pay dearly" of a logistics service company currently operating in Ho Chi Minh City (2019), it is said that for the form of transportation by sea or by air, the case that the documents come after the goods is a common occurrence. Damage often arises in case of payment by L/C and the importer needs the goods urgently/overdue container storage time.

The importer needs the goods urgently but cannot get the goods because the documents have not arrived, affecting the activities of the partners and the reputation of

the business. At this time, in order for customers to get the goods soon, it is imperative that businesses ask the bank to issue a shipping guarantee. Furthermore, expenses incurred for the certification of the guarantee must be paid by the importer (for example, for Vietcombank (2021), it is 500,000 VND/time, for BIDV (2021), 20-50 USD/time). If the enterprises do not do so, they can not pick up the goods early, there will be expenses for storing containers, yards, and ships.

It can be seen that the common limitation of both exporters and importers when using the L/C method is that they have to carry out more complicated procedures than other methods as well as collect higher bank fees.

For the exporter, the documents are prepared in strict compliance with all the requirements stated in the L/C. Just a small mistake in preparing and checking the documents will risk not being paid, leading to the arising of other procedures and costs, which takes a lot of time for both parties to the transaction.

For importers, L/C only guarantees the correct documents but not necessarily the right goods. Besides, in order to open L/C, the importer must meet some requirements on credit, mortgage, margin as well as credit limit with the bank.

Therefore, businesses need to be careful when choosing this option when dealing with items that need to be picked up urgently so as not to cause unnecessary risks for businesses.

Secondly, for the evaluation criteria of the cost of the payment methods:

Of course, each different payment method will have different costs. The survey results show that about 40% of respondents agreed and strongly agreed are concerned about cost when they choose payment methods for their business. Although the level of interest is not too great, it also shows that the cost has an influence on their selection decision. Normally, for a business when participating in a transaction, if the cost factor is the top concern in their decision to choose payment methods, they will prioritize Cash in advance or Open Account. According to documents provided by a number of banks such as Vietcombank, BIDV and Agribank, about letter of credit service fee schedule and money transfer fee schedule, it can be clearly seen that the cost of opening L/C is very expensive and very complicated due to other costs attached, while the money transfer fee is much less expensive and very simple.

In the table below, the authors have selected a few typical payment items for comparison:

BANK	MONEY TRANSFER SERVICE FEE SCHEDULE			L/C SERVICE FEE SCHEDULE
	Issuance of L/C	Payment of documents	Issuance of delivery guarantee under L/C	
BIDV	0.2% (MIN \$50)	0.2% (MIN \$30) 0.2% (MAX \$500)	\$50	0.2% (MIN \$5 - MAX \$300)
VCB	0.2% (MIN \$50)	0.2% (MIN \$20) 0.2% (MAX \$500)	\$50	0.2% (MIN \$5 - MAX \$300)
AGRIBANK	0.2% (MIN \$50)	0.2% (MIN \$30) 0.2% (MAX \$500)	MIN \$20 MAX \$500	0.2% MIN \$5 - MAX \$300

Table 4.12: Compare the fee schedule for credit and remittance services of BIDV, VCB and AGRIBANK

Moreover, criteria of the simple/complex nature of the operation process of the methods also have a certain influence on the choice decision of enterprises. More than 64% of respondents agreed and strongly agreed with this statement of the survey. For payment methods such as Cash in advance, Open account, Collections, it is quite easy to understand and grasp, so businesses, especially new/small businesses may prefer to use it. As for the LC method, due to the relatively complex nature of the process and understanding/grasping about the relevant international practices UCP 600, International Standard Banking Practice (ISBP 745) is also a difficult problem for them, which leads to fear of using it.

In addition, depending on each transaction, businesses will consider choosing suitable payment methods to minimize the level of risk (shipment, solvency, document disagreement, etc), because no business wants to choose a payment method that brings many risks to them.

4.2.6.5 Opinions and requirement of external parties (EX)

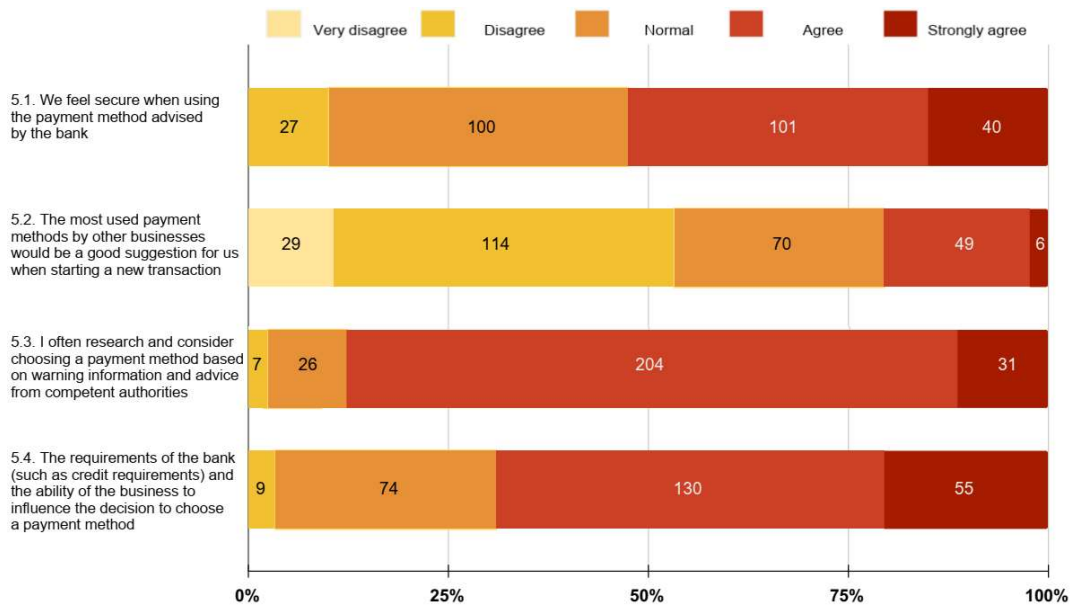


Chart 4.7: Evaluating observed variables of EX factor

The influence of opinions and requirements from external subjects on the choice of international payment methods is assessed through 4 main variables: Bank advice, business responsiveness for bank requirements, warning information of competent authorities, and popularity of international payment methods. The results of this factor survey are shown in the chart above:

The payment method advised by the bank: 52.6% of survey respondents agree and strongly agree with this variable and 37.3% normal. This demonstrates the significance of bank advising; it plays an important part in the selection of international payment methods for import-export enterprises. In reality, before signing contracts, especially those with high value and intricate substance, firms frequently confer with consulting banks. Today's reputable institutions, such as BIDV and Agribank, all have a team of experienced advisers. For instance, for BIDV, the whole staff needs to have a bachelor's degree in economics, finance and banking. Furthermore, credit officers must have sufficient information on the State's mechanisms and policies in payment, import and export financing, and foreign exchange management; as well as understanding of import and export sales contracts and related difficulties. Many officers have joined the Trade Finance and Operations Center and achieved the Certified Documentary Credit Specialist (CDCS) certification - a prestigious international certification for documentary credit professionals which ensures officers have in-depth understanding of international rules and customs, enhancing their capacity to handle complicated transactions. This

strengthens the trust of import-export businesses, making them more inclined to follow the bank's suggestions. In addition, the banks also have many support services to help businesses in payment activities. It can be mentioned that the service of assisting with the completion of export documents according to the L/C of MB bank. In addition, to fulfilling its duties, also provides advisory services and completes L/C material to guarantee full compliance with international norms and to protect clients' interests (MBbank, 2021). Alternatively, most of the banks can discount the bill of exchange to exporters on the basis of export L/C documents on time or before the due date of the documents through the negotiating service of export L/C documents. Due to the rapid and simple discounting method, customers will receive money instantly after presenting the documents. Businesses that utilize the aforementioned assistance and advisory services are more ready to negotiate and use sophisticated payment mechanisms like L/C in transactions.

The capacity to respond to the bank's requirements has a direct bearing on the payment method chosen. This notion is supported by 69% of individuals who agree or strongly agree with it, and just 3.4% of interviewees disagree. It can be observed that an enterprise's capacity to respond to banks is a critical element when deciding whether or not to employ payment methods in transactions, particularly L/C method. Because when applying this method, it means that the bank has committed to pay the exporter on behalf of the importer. Therefore, the bank may face certain risks, in case the importer does not deposit 100% of the value of the L/C, accepting the letter of credit means that the bank may face the risk of not being able to recover the money from the importer after the bank pays the exporter. To limit this risk, issuing banks often have limits and requirements that need to be met when businesses want to open L/C. Specifically, in Article 8 according to the decision of the Governor of the State Bank No. 711/2001/QD-NHNN dated May 25, 2001 on the promulgation of regulations on opening letters of credit for import goods with deferred payment, it is stated that the bank will consider opening L/C for the enterprise when the enterprise fully meets the following conditions:

(1) Having financial ability to ensure payment of L/C within the committed time limit as prescribed by the Bank.

(2) There is a written commitment with the Bank on the schedule of money transfer to the Bank for the Bank to pay abroad. This remittance schedule must be consistent with the payment obligation of the Bank to the foreign country for the L/C to be opened.

(3) At the time of applying for L/C opening: No breach of commitment to transfer money to the Bank for the Bank to pay overseas for previously opened deferred L/Cs; There is no debt to the Bank in the cases mentioned in Clause 1 and Clause 2, Article 13 of this Regulation.

(4) Having legal security (In one or more forms such as: escrow, pledge, mortgage of property or guaranteed by a third party) for the opening of deferred payment L/C at the request of the Bank.

(5) Satisfy the conditions for short-term foreign loans prescribed by the Governor of the State Bank.

In order to meet the margin requirements and credit requirements of banks when issuing L/Cs, businesses may face certain difficulties. Specifically, if the financial capacity and value of collateral assets of the enterprise do not satisfy the requirements of the bank, the L/C may not be eligible to be issued. In such cases, businesses will have to use other methods instead of L/C to not be bound by credit requirements.

Selection of payment method based on warning information and advice of competent authorities: The evaluation results of enterprises on this variable are quite high. The response results are up to 87.7% agree and strongly agree, 9.7% normal and only 2.6% disagree and strongly disagree. In reality, it is clear that the Vietnamese enterprises participating in transactions are still subjective and easily deceived by different businesses in the world. The Vietnam Trade Promotion Center in New York (USA) reported at the end of March 2020 that many Vietnamese export companies had been harmed in the fulfillment of commercial contracts with partners in the American market. The major reason is that when it comes to forming commercial connections, firms haven't spent enough time learning about their partners, especially those seeking for partners online who haven't gone through the stage of investigation and inspection. On the other hand, many Vietnamese enterprises due to the desire to sell goods, often give their partners an advantage in contract terms, especially payment terms (DA - accept payment and receive documents). Or the case of VTV reported that Brazilian partners took the name of famous food manufacturers such as BRF, Sadia, Real Alimentos with very loose conditions, very high quality of goods and only 1/3 of the price compared to market prices in order to defraud Vietnamese enterprises. Therefore, to limit this situation, surveyed enterprises tend to find warning information on some official government websites such as "Vietnam Ministry of Industry and Trade" or "Banking Times" - Agency of the State Bank of Vietnam. These competent authorities have all issued many warnings to

Vietnamese businesses about fraudulent units in countries around the world. Notably, the warning of the banking newspaper on November 22, 2019 about five businesses in Algeria operating in the field of agricultural and fishery business have been named for lack of seriousness and regularity. Using tricks to force prices or not receive goods when the goods arrive at the port, this has caused considerable damage to Vietnamese exporters. These are enterprises such as S.A.R.L Zima Food Company; Company EURL GHIDA UNIFOR IMPORT-EXPORT; Company S.A.R.L GMC; Company S.a.r.l Conimex International; Company S.A.R.L EL NADER NEGOCE. Along with that, the Ministry of Industry and Trade stated that the biggest difficulty in exporting to the African market is the payment stage. Due to limited financial capacity, African importers often suggest buying goods with deferred payment, CIF (delivery at port of destination) form, and not open L/C (due to high costs). Besides, the lack of market information and geographical distance and some barriers in terms of trade protection also make it difficult to handle risks for enterprises. Because of wanting to buy cheap goods, many Vietnamese import-export businesses were not alert, leading to easily being "trapped" by the immediate bargains. Therefore, the Ministry of Industry and Trade recommends that businesses need to learn enough information about partners, markets, and export policies, along with actively participating in trade promotion activities such as market surveys, trade fairs, specialized exhibitions... In particular, businesses also need to be wary of deals that are too attractive. In the process of negotiating the contract performance, enterprises need to come up with strict terms to avoid being forced by partners. To avoid risks, when signing contracts, domestic enterprises should apply the payment method in the form of irrevocable L/C with confirmation and ask customers to pay at least 40-50% in advance of shipment value according to the advice of the Ministry of Industry and Trade.

Using common methods for the first transaction: This variable is rated quite low from the surveyed enterprises. Only about 20.5% agree and strongly agree, while disagree and strongly disagree account for 53.4%. It can be seen that businesses do not consider this variable to be a factor that needs too much attention when making a decision to use an international payment method. According to Agribank's March 2019 statistics, businesses that pay by remittance are the most common, accounting for 77.3 percent of all payments, followed by payment by L/C, which accounted for 18.3 percent, and payment by method of document collection, which accounted for 4.3 percent. However, this factor has little bearing on the decision to use the payment method of the first transaction. Since each transaction has different characteristics, values and properties, it

is necessary to carefully research and consult with experts in order to avoid material and financial harm.

4.2.6.6 Limitations

Currently, there are many new and attractive markets for Vietnamese import and export enterprises such as Africa and Muslim countries. These are open markets with large consumption capacity as well as diversified import demand, which brings Vietnam new development opportunities. However, along with opportunities and challenges, the attractiveness of new markets will make businesses rush to find partners as well as negotiate transactions. Not only having difficulty in finding out information about cooperation partners for the first time, but import-export Vietnamese enterprises also have to be careful when making transactions with long-standing and reputable partner companies in the world market. Because large-scale fraudulent organizations can fake information about reputable companies by sophisticated tricks such as building a social network or an information page like them. In addition, fraudulent organizations can take advantage of long-standing relationships with certain trust to deceive Vietnamese businesses into performing unreal transactions through fake email accounts. It can be seen that the big challenge for Vietnamese import-export businesses is finding out information and verifying the identity of the partner before performing the transaction.

Along with the difficulty in accessing information of businesses in new markets, Vietnamese import-export enterprises have to face another challenge that is in terms of international laws, regulations and practices. These countries import-export policies on tariffs as well as standards are different, so it is difficult to understand the laws of all markets to make decisions using reasonable payment methods. Businesses should learn warning information from websites of state agencies as well as competent units to understand the import and export situation, as well as limit encountering fraudulent partners. However, difficulties arise for import-export businesses when there are too many unofficial information sites. It is easy to deceive businesses without careful research because of the interface that is quite similar to state websites and sophisticated tricks. In this case, businesses will be trapped by incorrect warning information and lead to mistakes in choosing the right payment method. In addition, when using the consulting services of commercial banks or logistics companies for more complex payment methods for large value transactions, import-export businesses will have to bear an additional number of associated fees. These costs will depend on the expertise of the advisor as well as the difficulty of the transaction to be processed.

The understanding of Vietnamese import and export enterprises, especially (SMEs) enterprises about payment methods, still has certain limitations. For example, the L/C method, businesses often consider this as one of the safest payment methods because of the control and commitment of banks, even thinking that the bank is responsible for both matters of quality and quantity of goods. This can lead to incorrect thinking when deciding to choose the method for business transactions. However, in practice, it should be understood that under the L/C method, the bank is essentially a third party controlling and committing based on the content of the L/C and documents. In this method, the bank is not responsible for the form, completeness, accuracy, truthfulness, forgery or legal validity of the documents it receives from the presenter. In addition, banks work with each other on the basis of documents and are not responsible for the status of goods including: weight, quality, condition of goods, packaging... Even if the seller delivers the goods with missing items, poor quality goods, wrong delivery ..., but if on the surface the documents show compliance with L/C, UCP, ISBP, the issuing bank will still pay the beneficiary. Therefore, importers often encounter cases where the exporter presents fake documents, invalid documents, or information discrepancies when reviewing the information on the goods that do not match the documents. To be able to easily access complex payment methods for large value transactions, businesses need support from the banks. The Issuing banks often have more services to support businesses in using this method such as: L/C discount, document completion, L/C opening consultation. However, the limitation is that businesses must meet the requirements of credit and collateral for the bank. That makes it difficult for small businesses when there are large and complicated transactions that need to use credit lines such as L/C (in import), or discounted documents (in export), but not may not be able to meet the credit requirements, making this method not applicable.



RECOMMENDATIONS AND CONCLUSION

In this chapter, the result of research is described further by stating solutions and recommendations of several limitations. This chapter also answers four research questions in chapter one. In addition, it clarifies the limitations and the recommendation for further research and the conclusion.

05

5.1. Summary of findings – answer the research questions

(1) What is international payment? What are the characteristics of the international payment methods (Cash in advance (CIA), Open account (OA), Document collection (DC), Letter of credit (LC))?

The thesis has clearly stated the concept of IP, presented by the authors in chapter 2, section 2.1.1.1, in addition to the characteristics of each payment method (definition, implementation process, analysis and comparison) about the risks and benefits of each of these methods for both exporters and importers have also been mentioned in section 2.1.3 of chapter 2.

(2) What is the situation of using international payment methods for import and export activities in Vietnam from 2016 to now?

In recent years, Vietnam's import-export market has experienced rapid growth thanks to a series of policies that have been changed in the direction of creating the best conditions for businesses (details have been mentioned in chapter 4, section 4.1.1).

The strong growth of international trade led to the explosion of international payment services and trade finance products from Vietnamese banks. Detail of the international payment services that the bank provides along with the changing trend in the proportion of international payment methods in Vietnam in recent years are mentioned in section 4.1. 3 of chapter 4. Specially, on June 7, 2021, VietinBank was honored by Global Finance Magazine (USA) for the 4th time in a row with the “Best Trade Finance Provider in Vietnam for 2021” Award. To be honored with this Award, a bank must meet rigorous evaluation criteria. Slots of the Organizing Committee include: Trading volume; global service offering; customer service; risk management; Competitive price; improving products, services and technology and VietinBank is the only Vietnamese bank to receive the award and be honored in this category for 4 consecutive years (2018, 2019, 2020 and 2021).

(3) Which factors influence the decision to select a payment method and extent of their influence?

Through research and data analysis results of Chapter 4, there are 5 factors affecting the decision to choose an international payment method of Vietnamese import-export enterprises. Based on the magnitude of the normalized regression coefficient Beta, the order of influence from large to small is RE (0.317) > MA (0.299) > PA (0.245) > GO (0.213) > EX (0.141). Equivalent to:

- Relationship between the two parties is the factor that has the greatest influence on business decisions.

- Type of goods is the factor that has the fourth largest influence on business decisions.

- The political and economic situation of the partner: is the factor with the second largest influence on business decisions.

- Characteristics of each payment method: is the factor with the third largest influence on the decision of the business.

- The opinions and requirements of external parties: is the factor that has the least influence on the decision of the business.

(4) What are appropriate recommendations for businesses to make decisions on selecting the best method of international payment for import and export activities to achieve the best results?

The answer to this question is provided in the next section of chapter five.

5.2. Recommendations

5.2.1. Thoroughly understand the foreign partners

5.2.1.1. Know the information and situation of the partner

Before transacting, Vietnamese businesses need to carefully study the market to assess and rank the credit and business risks of foreign partners through public sources, purchase verification services from applications reputable agencies, such as Vietnam National Credit Information Center CIC (SBV), or through the association's channel in importing countries, diplomatic missions, commercial offices and commercial branches in exporting and importing countries.

One of the biggest difficulties for import and export enterprises is the payment stage, the lack of market information and geographical distance and some barriers in terms of trade protection also make the handling of risks to customers difficult, businesses are still struggling. Transactions between businesses often take place online, many Vietnamese businesses, because they trust their partners, are ready to transfer thousands of dollars as a deposit without even going through the steps of checking, verifying and finding out partner information. Therefore, it is easy to fall into the trap of scammers, even fake websites and ghost companies. Therefore, the Ministry of Industry and Trade recommends that businesses need to learn enough information about partners, markets, export policies, and actively participate in trade promotion activities such as market

surveys, trade fairs, specialized exhibitions... In particular, businesses also need to be wary of deals that are too attractive. In the process of negotiating and implementing the contract, enterprises need to come up with strict terms to avoid being pressured by partners. In order to avoid risks, when signing import and export contracts, domestic enterprises should apply the payment method in the form of irrevocable L/C with confirmation and ask customers to pay at least 40-50% of the shipment value in advance.

5.2.1.2. Be careful when transacting via email

In addition, fraudulent tricks in trade have become more sophisticated in recent years, with many forms such as: using hackers to penetrate the email addresses of two businesses having transactions. to steal information, falsify transaction contents in order to request money to be transferred to the fraudster's account. Fraudsters take advantage of the carelessness of Vietnamese businesses in transactions such as: no appraisal information about the partner business, do not use other direct communication methods such as telephone or fax to verify information about the receiving account when it is different from the account stated in the signed contract, even take advantage of difficulties in language, transaction time... In order to limit unfortunate events, Vietnamese businesses should pay attention before making transactions:

- When dealing with foreign partners, Vietnamese businesses should use the official email of the company instead of using free services from gmail, yahoo... to avoid being faked or similar to real email (change a few letters that are close to the same). Should proactively ask partners to use official emails in case partners provide emails from the above free services.

- In email transactions, businesses must pay special attention to the recipient's address, especially letters sending important information of the transaction such as a copy of the delivery documents and the account receiving money via wire transfer.

- Besides contacting via email, businesses also need to have direct contacts with partners through other channels such as official phone or fax. Especially when the partner requires payment to an account other than the one stated in the signed contract.

- Enterprises should contact a representative agency of Vietnam such as the Trade Office in the host country to verify the reliability of the partner, especially businesses that do not have direct contact or search through the internet.

- Invest in developing human resources for import and export activities, improve professional knowledge, skills, foreign languages, legal knowledge and international payment methods.

5.2.2. Explore the partner market

5.2.2.1. Create opportunities to contact and learn about foreign businesses through trade promotion activities

Create opportunities to contact and learn about foreign businesses through trade promotion activities

Trade promotion activities of the whole country are playing an important role in supporting and promoting the development of export markets, including traditional markets, potential markets and export markets. The market has signed an FTA agreement. The Ministry of Industry and Trade, together with industry associations and trade promotion agencies, have constantly innovate ways to carry out trade promotion activities, diversify trade promotion forms and improve the effectiveness of trade promotion activities. commercial advancement.

In the context of the increasingly complicated Covid-19 pandemic, the Ministry of Industry and Trade of Vietnam has proactively and quickly presided over and coordinated with ministries, branches, localities and foreign trade promotion agencies promoting the application of information technology and digital platforms in trade promotion, organizing more than 500 international trade promotion conferences in online form. Online trade promotion activities have helped Vietnamese exporters save trade promotion costs while maintaining and developing good relationships with foreign partners in 5 continents (55 export markets of Vietnam, including major markets such as China, USA, EU, Japan and potential markets such as Africa, Australia ..).

In order to innovate trade promotion to adapt to the industrial revolution 4.0 and support businesses to take advantage of opportunities from this revolution, in 2020, the Ministry of Industry and Trade has developed 05 applications. software, including: Customer management shared database system (CRM); Trade promotion ecosystem (VECOBIZ; Trade promotion traceability portal (www.itrace247.com); Import and export guide portal (<https://vietnam.tradeportal.org>); Platform E-learning platform The above applications are expected to be put into operation in 2021.

5.2.2.2. Learn about the economic and political environment of the partner

In addition to focusing on the relationship between the two parties, learning about the legal and political environment of the partner is also an issue that businesses need to really pay attention to before signing a contract because the Contract signing is sometimes troubled by different legal systems and disagreements in language and business culture.

Learning about the laws and business conditions of countries around the world is essential because each country has its own policy on import and export as well as separate regulations on tariffs. For example, CPTPP countries commit to completely eliminate from 97% to 100% of import tax lines for goods originating from Vietnam, depending on the commitments of each country: Singapore committed to eliminate completely eliminate tariffs on all goods immediately upon implementation of the Agreement; Chile commits to eliminate 95.1% of tariff lines as soon as the Agreement comes into effect, equivalent to 60.2% of import turnover from Vietnam and will eliminate tariffs on 99.9% of tariff lines in the 8th year immediately after the implementation of the Agreement; Mexico commits to eliminate 77.2% of tariff lines as soon as the Agreement comes into force, equivalent to 36.5% of import turnover from Vietnam and will eliminating tariffs on 98% of tariff lines in the 10th year since the Agreement came into effect..

Political stability is something that businesses care about when trading goods because politics can have a big impact on economic markets. Therefore, it is necessary to be careful when dealing with countries with unstable politics. Businesses can monitor the situation of partner countries through mass media, internet or through consulates and embassies to be updated on the market situation of the partner country timely.

In addition, before signing, it is also necessary to add to an international sale of goods contract a specific legal basis by choosing the law applicable to that contract, the parties need to agree on the choice of national law is the law that applies to a contract after its conclusion, even when a dispute arises. In practice, this method is very difficult to apply because it is difficult for the parties to reach an agreement on the choice of applicable law when a dispute has arisen because both the seller and the buyer only want to apply the law of country to protect its interests. In this case, the two parties can only reach agreement when the chosen law is not too inclined to protect the interests of either party. The Vienna Convention of 1980 is the optimal solution for the parties in this case.

Learning about the law and risks before import - export will help us to draw valuable lessons and minimize disputes arising later.

5.2.3 Understanding the many types of import and export commodities

Firstly, in any transaction, the business needs to be the person who knows the nature of the goods in their transaction to decide to choose the appropriate IP method. For example, for perishable or seasonal goods, what will be the impact on the business when the partner may refuse to receive the goods or pay because the goods are not guaranteed

quality after the delivery, or shipping time is too long leading to product loss of seasonality.

Secondly, to have solutions to avoid risks and damages in payment with international partners, businesses must improve the capture of information about previous cases of hazards that have been warned by authorities related to groups of products comparable to those of their enterprises. Besides that, businesses must learn and understand the trading procedures in the international market for particular specific items in order to fully understand their responsibilities, obligations, and rights in transaction techniques. For example, with petroleum import transactions, international best practice is to use L/C payment method, but the documents that need to be presented to claim payment next to Invoice, Bill of lading usually include Letter of Indemnity. This practice has required businesses to learn and understand the format of this letter, its content and how to use it in practice.

L/C is also frequently used for seafood export transactions to some markets, such as the United States and the European Union; however, the content of L/C terms is typically unique. As a result, even if the documents is acceptable, payment may not have been made, and it is also necessary to meet the condition that the products have passed inspection by the importing country's competent authorities. When exporting seafood to the US, the credit usually requires the following: "Fifty (50) percent is payable at sight against presentation of documents complying with the credit terms. The remaining fifty (50) percent is payable only after notice is provided by applicant that goods have passed U.S food and drug. Administration inspection requirements. The remaining fifty (50) percent balance payment will be made either immediately upon notification of passage by the applicant if so instructed by them or no later than one hundred eighty (180) days after bill of lading date, unless we are provided notice by the applicant that the goods have not passed inspection/have not been inspected/have not been released/have been detained or held by U.S. food and drug administration. In the event that we are provided any of the above type notices or any similar notice by the applicant, then our deferred payment obligation becomes null and void at that time". Therefore, understanding such practical practices will help businesses raise their awareness in ensuring the quality of goods to ensure the ability to be paid from Issuing bank.

5.2.4 Open training courses on methods of payments for employees

To help businesses choose the most suitable payment method, employees of the business must be equipped with the most complete and standard knowledge possible. Businesses should encourage their employees to constantly update information and learn about the terms and requirements of each payment method to ensure the best interests of the business. Moreover, businesses can open training courses on international payments, invite experts in this field to train their employees. Businesses can refer to a number of websites, centers specializing in opening training courses on international payment, some reputable websites such as Training Tan Cang, Training Tan Uyen. These are two websites where students evaluate the curriculum and teachers are very good.

Here are some training courses that the authors suggest, businesses can refer to: Online course on IP and risk prevention in commercial transactions organized as The training course "Increase skills and prevention of faults in international payment" organized by VCCI; Announcement of opening import-export class 173 organized by Foreign Trade University, etc...

In addition, to better understand their rights and responsibilities, businesses should strengthen their knowledge of rules such as UCP (Uniform Customs & Practice for Documentary Credits) or URC (Uniform Rules for Collections) of the ICC. In particular, UCP is a set of ICC standards on guidance and regulation on Letters of Credit (LCs) will help businesses understand the entire process and terms of L/C payment methods, while URC will help all the counterparties in a collection process of debt, owned money or assets. The rules were created to resolve the daily operation.

5.2.5 Solutions from banks and government

5.2.5.1 Solutions for international payment services of banks

Firstly is about cost solution, regarding the issue that businesses are still having difficulty in spending time and costs when using payment methods of commercial banks because of the high cost or the line of credit in the remittance method limited. The authors recommend that businesses should carefully analyze the assistance packages and discounts for businesses so that they can be ready to choose a suitable method. Specifically, SHB bank has grasped the needs of import-export businesses that regularly use international money transfer services. As well as wishing to contribute to the development of international trade, SHB bank has improved the International Remittance

Fee Package with more attractive incentives (SHB, 2021). Businesses have the flexibility to choose 07 packages suitable for their needs with incentives:

- Flexible line of credit: packages with remittance limit from 50,000 USD to 5,000,000 USD

- Preferential, competitive price, suitable for business needs

- Package use period: (up to) 12 months

- FREE money transfer and electricity fee when transferring money in the package

- REDUCTION FEES for modification and inspection

- FREE consultation on remittance documents and make quick remittance at SHB

This can make international payments faster and more economical for businesses that make many transactions in a month with different partners. Besides, with the problem that businesses face difficulties when accessing complicated payment methods such as L/C or collection, the authors recommend that businesses should follow banks as well as learn about other support service costs for VIP customers or import-export enterprises belonging to SME groups such as VPBANK.

Secondly, the authors also make some recommendations to banks to make IP activities in each transaction more efficient. The uneven level of bank staff working in the field of IP and the limited understanding of customers in foreign trade activities is one of the reasons affecting the decision to use payment methods. Therefore, the bank also needs to build up the staff's awareness to improve their professional qualifications. Along with that, commercial banks should be proactive in organizing staff training and retraining, especially those at branches in all aspects, basic training for new employees, in-depth training for longtime employees. In addition to professional training, commercial banks should also strengthen staff training in the use of the new technology system that the bank is implementing in international payment. For example, banks apply transaction technology through electronic portals to help businesses save time and transaction costs. Specifically, when you want to open an L/C, businesses can fill out the application form on the web and the data on the application can be automatically input into the L/C content on the SWIFT electrical system (MT700). This will help businesses reduce their fear of using these payment methods compared to the past.

Last but not least, one of the measures to help businesses improve efficiency in using international payment methods is to combine international payment methods with a number of international trade finance products.

When choosing a remittance method that may be paired with a payment guarantee or factoring product to assist exporters minimize payment risks. In addition, the exporter will request that the importer purchase a bank guarantee package since this form is safer because it is linked with a recognized and transparent organization rather than other. Bank guarantee is a form of credit extension whereby a credit institution commits to the guarantee recipient that the credit institution will perform financial obligations on behalf of the customer when the customer fails to perform or perform failure to fulfill the committed obligations; the customer must accept the debt and return it to the credit institution as agreed. Bank guarantee is a professional business activity. However, when requesting the bank to perform its obligations, businesses should also consider a number of rules and procedures that must be prepared in advance to avoid the case that an invalid application leads to no compensation as required. These rules are clearly stated in Article 21 of Circular No. 07/2015/TT-NHNN regulating bank guarantees (Minh, 2015).

As for the importer, to prevent and limit the risks caused by the exporter's failure to deliver or deliver the wrong quality goods in the contract, he/she can use a contract performance guarantee and product quality guarantee. In fact, almost all commercial banks have a variety of guarantee products to help customers have a safe transaction in any case. For example, Techcombank's guarantee service is applied to exporters to enhance the business's reputation in ensuring product/service quality with partners (Techcombank, 2021). Enterprises can optimize capital because they do not have to be kept by partners to ensure the quality of products/services. The bank will commit to the guarantee recipient to ensure that the customer properly implements the agreements on product/service quality under the contract signed with the guarantee recipient. In case the customer violates the agreement on product/service quality and has to compensate the guarantee recipient but fails to perform or fails to fulfill its financial obligations, Techcombank will do it instead.

In addition, at present, most businesses carrying out large-value transactions often want to use safe methods with the participation of banks such as collection or L/C but are still quite lest because this method is relatively complex. In this case, the authors recommend that businesses should use a combination of credit packages for export and import finance from banks to be able to provide financial support to businesses. Specifically, for exporters, it is a capital financing service in payment for export goods. From the time of delivery, submit the set of documents to the advising bank until it is recorded "Yes" on the required account must go through a certain period to process and

circulate documents. The exporter in need of money can negotiate a set of documents for a discount or advance payment at the bank specified in the L/C or at any bank. In the form of discounting a set of documents, the bank will require the set of documents to be perfect and presented on time. The bank opening the L/C must have a good reputation in the international market and have a regular transaction relationship with the discounting bank. The production and business situation and the financial position of the enterprise are stable, solvency assured, and reputable with the bank, the amount of the discount must be within the credit limit. After receiving the application from the customer, the bank appraises the loan purpose, financial situation, and solvency... The bank checks the documents carefully and logically because if the documents are not reasonable, they can be refused payment by the importer, and it is difficult to recover the debt. The bank checks the conformity on the surface of the documents against the terms and conditions stated in the L/C. The bank considers and decides the current discount rate at about 90% of the export L/C value. However, in fact, depending on the bank, each specific case will decide a discount rate. In case the documents are not eligible for a discount, there are errors that the bank does not agree to discount; the exporter can ask the bank to advance the goods. Usually, the advance rate is about 50-60% of the export value.

5.2.5.2 Solutions for small and medium enterprises in IP activities

One of the limitations that the author mentioned above is the difficulty of SMEs in meeting the credit requirements of banks in the L/C method. The National Assembly passed the Law on Supporting Small and Medium Enterprises on June 12, 2017 to improve credit problems for small and medium-sized import and export enterprises today (Khanh, 2017). Implementing the Law on Supporting Small and Medium Enterprises, the Government and ministries, branches, and localities have issued many supporting mechanisms and policies for this business sector. Especially, Decree No. 34/2018/ND-CP dated March 8, 2018, on the establishment, organization and operation of the Credit Guarantee Fund for SMEs; Decree No. 38/2018/ND-CP dated March 11, 2018, of the Government detailing investment for innovative start-up SMEs... Up to now, the policy and legal situation on credit and credit support for small and medium enterprises have been gradually improved in the direction of creating more facilitation, in order to remove difficulties for enterprises to develop in access to loans. Businesses should keep a close watch on the government's support for credit difficulties in order to get access to higher-level payment methods like L/C and fulfill the bank's requirements for using this method.

The next issue is access to these support policies of import-export SMEs.

Firstly, The main cause of this difficulty is that the internal capacity of SMEs is still weak, in which the founders of SMEs have not focused on the practicality of the business model, but also focused too much on ideas leading to lack of information to access support from the Government. Therefore, the authors recommend that Small and medium-sized enterprises actively:

- Researching and building a network of external capital sources, seeking capital from investment funds, venture capital funds, capital markets, financial institutions, and financial companies.

- Increasing investment and technology application in bookkeeping, electronic tax, and customs declaration, internet banking to reduce transaction costs.

- Connecting and sharing financial information with credit institutions to be able to transparent financial information, creating trust in the market.

- Participating in business associations to access information on policies and support programs for SMEs of the Government, the State as well as credit institutions.

Secondly, difficulties in accessing capital are not only in SMEs themselves but also in banks. In fact, there are still many banks that are not really interested in the SME segment, due to the evaluation based on capital business efficiency. With a limited human resource of banks, when processing a set of loan applications for SMEs, usually small loans, the collection of documents, appraisal, and management during and after the loan still have to comply with the regulations. The loan program is as complete as the loans of ordinary enterprises, so, with the same management costs and resources, the lending efficiency of SMEs is not commensurate. In order to support small and medium enterprises as well as improve the efficiency of payment activities, commercial banks need to proactively upgrade their systems, invest in building a digital financial platform, use the processing automated system to improve access and provide financial services to the vast majority of SMEs. Strengthen search and access to cheap capital sources from priority programs and projects of domestic and foreign organizations to support specific business fields of SMEs that are focused on development by the Government and the State. Design specific loan products, suitable for SME customers in each industry group to have solutions to meet customer requirements flexibly. These will help SMEs struggling with credit problems be more willing to learn and use this payment method.

5.3. Limitations and suggestions for further research

During the implementation period, the authors could not avoid certain limitations that existed in the study. The first problem the author encountered was the limited time to do the research. The study was conducted between May 2021 and August 2021. The time period of 4 months seems to be insufficient, making data collection through survey and observation limited, affecting the quantity and quality of data collected, moreover because the sampling method is a non-probability method, the numbers are not comprehensive. The second shortcoming of this study concerns the collection of experiences from previous studies. The majority of the research articles collected by the authors are qualitative, and the number of quantitative studies examining the topic of selecting foreign payment methods is extremely limited. Third, data on international payments is often only circulated internally and is rarely detailed publicly. Most of the author group data is accessible from 2016-2020. Therefore, the data collection process is difficult. Finally, due to the complicated situation of the Covid-19 epidemic, it becomes more difficult to approach and meet directly with enterprises to conduct surveys and exchange information., but companies are still very enthusiastic and willing to help to make the research run smoothly.

With these advancements, future research is projected to have better practical usefulness and more objective analysis and findings.

5.4. Conclusion

This study explores the aspects affecting the decision to choose international payment methods of import and export enterprises in Vietnam. Thereby, the authors give recommendations for Vietnamese businesses to minimize risks when making decisions on choosing payment methods in international transactions. To generate the most precise results, the study employs both qualitative and quantitative research methodologies. The authors developed a research model based on the findings of a review of linked materials, which included 22 scales divided into five factors: Relationship between the two parties, Type of goods , The political and economic situation of partner, Characteristics of each payment method, The opinions and requirements of external parties. With 268 valid responses, the obtained data were used for reliability analysis, exploratory factor analysis, correlation analysis and regression analysis as described in chapter 4. In which, regression analysis showed that the choice of payment method of Vietnamese import-export

enterprises has a positive relationship with the independent variables based on the following equation:

$$DE = 0.317*RE + 0.299*MA + 0.245*PA + 0.213*GO + 0.141*EX$$

Despite its limitations, this study has provided an overview of the factors influencing the choice of IP methods by import-export businesses across Vietnam's territory. Timely gives some recommendations for businesses to minimize the risks that are not present in the payment process. Hopefully, through this study, there will be more comments and suggestions to contribute to the development of Vietnam's import-export industry in general and Vietnam's international payment services in particular in the near future, particularly in the context of globalization and the Industrial Revolution Globally, 4.0 is gaining traction.

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APPENDIX

LIST OF EXPERTS

No.	Full name	Company	Position	Seniority
1	Nguyễn Thị Thu Hương	BIDV Trade Operation Center – Head Office	Senior Officer, Certificate for Specialist on Demand Guarantees	17 years
2	Nguyễn Cẩm Giang	Coal Import Export Joint Stock Company – Vinacomin	Import – Export Specialists	8 years
3	Nguyễn Thị Hoa	Sky Dragon Vietnam Company Limited	Sales & Logistic Department	15 years
4	Nguyễn Thị Minh Khuê	ANA Link Logistics Company Limited	Chief Executive Officer	19 years
5	Ngô Thị Mai Anh	Saigon – Hanoi Commercial Joint Stock Bank	International Payment Specialist	8 years
6	Nguyễn Tiến Thành	Son Duong Sugarcane Joint Stock Company	Head of Accounting Department, Deputy General Director	22 years
7	Nguyễn Xuân Hoàng	Suc Song Xanh Company Limited	Accounting Manager	16 years
8	Nguyễn Thị Phương Thanh	BIDV Trade Operation Center – Head Office	Senior Officer, Certified Documentary Credit Specialist	16 years
9	Phí Thu Thảo	Sunrise Cosmetics Joint Stock Company	Marketing Director	17 years
10	Nguyễn Thị Hải Yến	P.P Production and Trading Joint Stock Company	Import – Export Purchasing Specialist	10 years
11	Nguyễn Thị Thu Hằng	TP Bank – Head Office	Trade Finance Manager	15 years

**SURVEY ON FACTORS INFLUENCING THE SELECTION
OF INTERNATIONAL PAYMENT METHODS IN
IMPORT AND EXPORT COMPANIES IN VIETNAM**

PART I. GENERAL INFORMATION

Dear Mr/Ms., we are a group of FPT university students. Currently, our team is conducting research on the factors affecting the decision to choose the appropriate international payment method for import-export businesses in Vietnam. This research is the product of the graduation project of International Business of FPT University.

We hope you will take a moment to answer the following questions for us. For the purpose of scientific research, so there is no right or wrong opinion, all your views will help my research.

We guarantee that all information from you will be kept strictly confidential.

What is your position in the company?

- | | |
|--|--------------------------------------|
| <input type="checkbox"/> Import-Export staff | <input type="checkbox"/> Sales staff |
| <input type="checkbox"/> Bank Teller | <input type="checkbox"/> Accountant |
| <input type="checkbox"/> Other:..... | |

Company:

The international commercial activities of your company are usually:

- | | | |
|---------------------------------|---------------------------------|-------------------------------|
| <input type="checkbox"/> Export | <input type="checkbox"/> Import | <input type="checkbox"/> Both |
|---------------------------------|---------------------------------|-------------------------------|

Type of goods usually import/export:

Import/Export's markets that your business regularly cooperation with:

- | | |
|--|--|
| <input type="checkbox"/> North America | <input type="checkbox"/> Africa |
| <input type="checkbox"/> Latin America | <input type="checkbox"/> Asia |
| <input type="checkbox"/> Europe | <input type="checkbox"/> Southeast Asian |

How often are transactions with these partners?

- | |
|--|
| <input type="checkbox"/> less than 5 transactions/month |
| <input type="checkbox"/> 5-10 transactions/month |
| <input type="checkbox"/> more than 10 transactions/month |

Which international payment method does your company usually use:

- Cash in advance
- Open account The payment term is usually.....days
- Documentary collection D/A D/P
- Letter of credit (L/C)
 - L/C at sight L/C deferred payment
 - Revocable L/C Irrevocable L/C
 - Confirmed irrevocable L/C Transferable L/C
 - Back to back L/C Revolving L/C
- Mix (two or more payment methods)

PART II. ASSESSMENT QUESTION

Please indicate your level of agreement with the statements below

Please put an "X" in the number that matches the following convention:

1. Very disagree 2. Disagree 3. Normal 4. Agree 5. Strongly agree

No.	Encode	Description	Degree				
			1	2	3	4	5
1. Factor: Relationship between two parties							
1.1	RE1	For partners with whom our business frequently deals, we prefer used payment methods or basic remittance methods					
1.2	RE2	For businesses that cooperate for the first time, we will choose payment methods that are less risky for our businesses					
1.3	RE3	If our partner is a reputable business in the industry, we do not necessarily use the method that requires the bank's commitment because we will trust their ability to pay					
1.4	RE4	When working with a partner who has lost credibility in previous transactions (delay in delivery/payment,...), we will use a highly secure payment method such as L/C					

1.5	RE5	If the partner has a more important position and power in the transaction, they have the ability to dominate the decision to choose a payment method for our business					
2. Factor: Type of goods							
2.1	GO1	We will choose the most optimal payment method in terms of time to avoid affecting the quality of the goods					
2.2	GO2	For the transaction with large value goods, we often use the L/C method					
2.3	GO3	For items with strong price fluctuations in the market, we use the L/C method to avoid risk of transactions					
2.4	GO4	For goods requiring large production capital (such as machinery, lines, equipment, etc.), the combination of using different methods is often used					
2.5	GO5	For the same recurring and revolving shipments, we always use revolving L/C					
3. Factor: Political and Economic situations of partner							
3.1	MA1	If a country has an economic crisis, the solvency of businesses will decrease and vice versa					
3.2	MA2	Businesses who are well-versed in the partner country's legal environment (import-export rules, tariffs, and so on) will minimize unnecessary risks in international payment transactions					
3.3	MA3	For countries with constantly fluctuating currency rates, cash in advance methods are preferred					

3.4	MA4	For countries with political instability (terrorism, war,...), we certainly use the L/C method to limit the risk of delay in implementation of their obligations					
4. Factor: Characteristics of each payment method							
4.1	PA1	We often choose payment methods that do not involve the bank's commitment to reduce transaction costs					
4.2	PA2	We prefer to use payment methods regulated by international practices such as URC, UCP to ensure clarity in the responsibilities & interests of the parties involved in the implementation process					
4.3	PA3	With a payment method with easy preparation procedures, we only need to prepare simple documents to proceed with the delivery/receipt process					
4.4	PA4	Using a payment method with fast transaction processing speed through banks will help save time when transacting					
5. Factor: Opinions of external parties							
5.1	EX1	We feel secure when using the payment method advised by the bank					
5.2	EX2	The most used payment methods by other businesses would be a good suggestion for us when starting a new transaction					
5.3	EX3	We often research and consider choosing a payment method based on warning information and advice from competent authorities					

5.4	EX4	The requirements of the bank (such as credit requirements) and the ability of the business to influence the decision to choose a payment method					
6. Factor: The decision to use the enterprise's payment method							
6.1	DE1	Making the decision to choose a payment method requires businesses to have a clear understanding of their transactions and a good grasp of the actual business environment					
6.2	DE2	The right decision when choosing the suitable payment method helps businesses to limit disputes in international commercial transactions					
6.3	DE3	The right decision when choosing the suitable payment method helps businesses expand cooperation and business opportunities with partners in the international market					

Can you share about one or more situations where your company had difficulty paying for import and export transactions? (Cannot name the partner's information) Please give a brief description of the situation: What kind of goods traded? What country is your partner in? What is the payment method used in the transaction? How did your business handle that situation?

.....
.....
.....

Do you have any suggestions to make choosing a payment method more convenient and efficient?

.....
.....

THE END

Thanks and Best Regards