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**COMPETITIVENESS OF THE JOINT STOCK
COMMERCIAL BANK FOR INVESTMENT AND
DEVELOPMENT OF VIETNAM**

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**SUMMARY OF
DOCTOR OF PHILOSOPHY DISSERTATION
IN ECONOMICS**

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INTRODUCTION

1. Necessity of the research

Competition is an essential principle of market economics and serves as a catalyst for business development, economic growth, and continuous improvement. The study of enterprise competitiveness is a significant concern for researchers in all economies, both theoretically and practically: (i) Given the ever-changing business landscape, enterprises must prioritize enhancing their competitiveness across all aspects of their operations to avoid being outperformed by their rivals; (ii) Evidence suggests that in the increasingly advanced Industry Revolution 4.0 era, competition in the banking sector has become fiercer and more complex; (iii) Nowadays, The Government and The State Bank of Vietnam have established clear policies to promote and encourage the digital transformation of the entire socio-economic system. The banking and financial sector is facing formidable challenges from other catalysts such as strong competitive pressure from financial technology firms (Fintech) and major technology corporations (Bigtech); (iv) Customer behavior changes and the impact of the Covid-19 pandemic have expedited the digital transformation process at commercial banks. As a result, the investigation into competitiveness at BIDV is an urgent issue. Hence, the author has opted to focus on the topic "Competitiveness of the Joint-stock commercial Bank for Investment and Development of Vietnam" for the dissertation.

2. Objectives of the study

2.1. Objectives of the study

The objective of this study is to analyze BIDV's competitiveness and suggest effective solutions to enhance it up to 2030.

2.2. Research missions

Organize and synthesize the theory of competition and competitiveness within the banking sector. Identify the unique features of commercial bank competitiveness in Vietnam, investigate the practices of enhancing competitiveness in other countries with similar conditions to Vietnam, and evaluate the approaches employed by domestic commercial banks.

Evaluate the current competitive state of the Joint Stock Commercial Bank for Investment and Development of Vietnam in multiple aspects such as finance, products and services, brand, network, technology, human resources, and provide a comprehensive

appraisal of BIDV's competitiveness.

Develop feasible solutions for BIDV to enhance competitiveness and present recommendations to the Government, Ministries, and State Bank of Vietnam.

3. Research questions

To attain the aforementioned research goals and objectives, the dissertation has established the subsequent research inquiries: (i) What is the conceptual foundation of commercial bank competitiveness capabilities? What are the competitive models utilized by commercial banks? How can global expertise and knowledge be employed to boost the competitiveness of commercial banks? (ii) How does BIDV's competitive position fare in terms of financial and non-financial benchmarks? What are the findings, shortcomings, and underlying reasons? (iii) Which measures can be taken to heighten BIDV's competitiveness during the current phase of development? What kind of backing does BIDV necessitate from the governing authorities to put these measures into action?

4. Object and scope of the study

4.1. Object of the study

The research object of the dissertation is theoretical and practical issues about the competitiveness of commercial banks and BIDV.

4.2. Scope of the study

The study's temporal and spatial scope is specified as follows:

In terms of spatial scope: the research is conducted at the Joint Stock Commercial Bank for Investment and Development of Vietnam, without taking into account any of its subsidiaries, joint ventures, or associates. This will be compared to other key competitors, including the Bank for Agriculture and Rural Development of Vietnam (AGB), Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB), Joint Stock Commercial Bank for Industry and Trade of Vietnam (CTG), Vietnam Prosperity Commercial Joint Stock Bank (VPB), Technological and Commercial Joint Stock Bank Vietnam Commercial Bank (TCB), Military Commercial Joint Stock Bank (MB), Pioneer Commercial Joint Stock Bank (TPB), Saigon Thuong Tin Commercial Joint Stock Bank (STB), and Asia Commercial Joint Stock Bank (ACB). In terms of temporal scope: both primary and secondary data will be collected between 2017 and 2021. Proposed solutions and directions for improvement will be provided until 2030.

5. Scientific and practical significance of the dissertation

Academic significance: this dissertation contributes to the existing knowledge of competitiveness and competition in the banking industry, as it provides a theoretical framework for understanding the nature of competition and competitiveness of commercial banks, and identifies a set of criteria and methods for assessing the overall competitiveness of commercial banks. Moreover, the study provides insights into the experience of foreign commercial banks in improving their competitiveness, which can serve as a reference for regulators, researchers, and bank administrators to enhance their understanding of competitiveness in the banking industry.

Practical significance: the dissertation has practical significance in that it assesses the current competitive situation of BIDV and draws out solutions to improve its competitiveness until 2030. This will help BIDV's managers to have a comprehensive understanding of its bank's competitiveness, which includes a comprehensive assessment of all aspects of BIDV's operations. The recommendations and solutions provided in the dissertation for the Government and the State Bank of Vietnam can also help to create a healthy and equal competitive environment for commercial banks, in line with the situation of Vietnam's commercial banks in the new age.

6. New contributions of the dissertation

The dissertation has conducted extensive research on the theory of commercial bank competitiveness, including domestic and foreign experience in improving competitiveness in the context of the fourth industrial revolution and the emergence of new financial technologies. As a result, the dissertation has made original contributions in terms of defining concepts, developing a set of measurement indicators, and constructing a model to evaluate the overall competitiveness of commercial banks, allowing for a comprehensive comparison with competitors in both theoretical and practical settings.

Furthermore, the dissertation has assessed the current competitive position of BIDV, in comparison with its main competitors, based on a thorough analysis of both financial and non-financial criteria.

The dissertation also proposes recommendations to the Government and State Bank of Vietnam, aimed at creating favorable conditions for commercial banks to enhance their competitiveness, as well as solutions for BIDV's managers to leverage its strengths and

address its weaknesses, which include aspects such as asset size and quality, governance, technology, human resources, and more.

7. Structure of the dissertation

Besides the introduction, conclusion, list of references and appendices, the main content of the dissertation consists of 4 chapters: Chapter 1. Literature review and research methodology. Chapter 2. Theoretical basis of commercial banks' competitiveness. Chapter 3. Assessment of the current competitiveness situation of the Joint Stock Commercial Bank for Investment and Development of Vietnam. Chapter 4. Solutions to improve competitiveness of Joint Stock Commercial Bank for Investment and Development of Vietnam.

CHAPTER 1. LITERATURE REVIEW AND RESEARCH METHODOLOGY

1.1. LITERATURE REVIEW

1.1.1. Domestic researches

1.1.1.1 Research related to competition and competitiveness of commercial banks

Some dissertations focus on the influence of competition on the operational efficiency of commercial banks in Vietnam. They aim to enhance the competitiveness of the Vietnamese commercial banking system amidst global economic integration. The studies employ competitive analysis models to evaluate the competitiveness of Vietnamese commercial banks and their stability under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Furthermore, some studies also seek to enhance the competitiveness of specific banks, such as the International Commercial Joint Stock Bank, the Joint Stock Commercial Bank for Foreign Trade of Vietnam, and the Bank for Foreign Trade of Laos. Additionally, a dissertation explores the competitiveness of retail banking services provided by the Baoviet Joint Stock Commercial Bank. The Ministry-level scientific and technological research topic delves into unfair competition in banking activities and potential solutions to combat such acts. The study also investigates the relationship between competition and stability of the Vietnamese banking system.

1.1.1.2. Researches related to BIDV

Some dissertations cover several topics related to the Bank for Investment and Development of Vietnam (BIDV), including the quality of investment project appraisal, business efficiency, and the development of retail banking services. Additionally, a study

examines measures for preventing and reducing credit risks, another studies strategies for managing state-owned commercial banks after capitalization, focusing on the Joint Stock Commercial Bank for Investment and Development of Vietnam.

1.1.1.3. Studies related to Composite Index

Several research studies have utilized the synthetic index-building method of the Organisation for Economic Co-operation and Development (OECD) to create a group of indicators that evaluate the effects of development investment projects on the forest ecosystem, a group of indicator of innovation and creation at a community level.

1.1.2. Studies abroad

An international research project has investigated the alterations in technical, competitive, and legal factors that influence the effectiveness of the banking system in the United States. Other study also assesses the competitiveness of Chinese commercial banks. In addition, researchers have analyzed the competitive situation of banks in the deposit market in Ukraine, explored competition and concentration levels in the banking system of Bangladesh, created a composite index to evaluate sustainable development, and developed a national innovation index.

1.1.3. Summary of researched issues and research gaps

1.1.3.1. Summary of researched issues

Based on the author's research and analysis of scientific literature both domestically and internationally, the following general observations can be made:

In domestic research, the focus is often on studying the competitive competence of commercial banks within the context of integration. These studies utilize both quantitative and qualitative indicators to evaluate competitiveness, and often provide recommendations to management agencies and bank boards of directors. However, there is a lack of research that applies composite indices to assess competitiveness

Research on BIDV has mainly focused on operational efficiency, retail banking, and credit risk prevention and management, with little in-depth analysis of competitiveness.

In foreign research, there is a greater emphasis on assessing competitiveness at the national level or for a group of commercial banks. Criteria used for evaluation often include scale, safety, liquidity, and profitability. Some studies also examine the impact of various factors on bank competitiveness.

1.1.3.2. Gaps to be studied

Researching the above works, the author found that:

There has not been any research that fully and deeply studies the theory of competitiveness of commercial banks, especially in the trend of the Industrial Revolution 4.0, the explosion of new financial technologies. In the current situation, new technologies are constantly being introduced, commercial banks are mainly competing with each other because of technology, the competitive position of banks in the market changes rapidly, if there is no in-depth research on this topic. According to the competitiveness theory in the trend of Industrial Revolution 4.0, it will be difficult to determine the competitiveness of the bank in the new period. There has not been any research on the competitiveness of BIDV but only research on the competitiveness of other banks, in the context of the 2010s, when there was no impact of the Covid-19 epidemic.

The above works also have not fully studied the system of criteria for evaluating the competitiveness of commercial banks, especially building a composite index to evaluate the overall competitiveness of a commercial bank in comparison with competitors both in terms of theory and practice. This is especially important because going into the assessment of competitiveness on each aspect, each indicator only shows the competitive position of the bank in each aspect, this is also a common method of assessing competitiveness in previous documents. It is more necessary to evaluate the bank's overall competitiveness compared to its competitors, considering the change in the bank's ranking from year to year. Some of the "gaps" mentioned above will be the research direction of the dissertation.

1.2. RESEARCH METHODS

1.2.1. Dissertation research process

The research process of the dissertation consists of 5 stages:

Stage 1: Approaching the research topic. **Stage 2:** Reviewing documents and building a theoretical basis on the competitiveness of commercial banks. **Stage 3:** Developing criteria to evaluate the competitiveness of commercial banks. **Stage 4:** current status of BIDV's competitiveness. **Stage 5:** Recommendations to BIDV's managers and management agencies to improve BIDV's competitiveness

1.2.2. Research Methods

The dissertation employs a variety of research methods to examine the theory of

competition and competitiveness in commercial banking, as well as to analyze the current competitive landscape of BIDV. These methods include the scientific methods of dialectical and historical materialism from Marxism-Leninism, as well as induction, interpretation, analysis, syndissertation, comparison, systematization, generalization, statistical analysis, comparative analysis, synthetic analysis, expert analysis, and logical reasoning. The dissertation also explores various methods of constructing a Composite Index and selects the most appropriate approach for evaluating the competitiveness of commercial banks.

CHAPTER 2. THEORETICAL BASIS ON COMPETITIVENESS OF COMMERCIAL BANKS

2.1. COMPETITIVE OF COMMERCIAL BANKING

2.1.1. The concept of competition and competitiveness of commercial banks

The competition among commercial banks is an ongoing process that occurs alongside their financial service provision activities with the goal of maximizing profits and seeking profitability in comparison to the industry average while managing risk.

2.1.2. Types of competition of commercial banks

The competition among commercial banks can be categorized into three groups based on the participants: competition between domestic commercial banks, competition between domestic commercial banks and foreign banks in the domestic market, and competition between banks and non-bank financial institutions.

Furthermore, based on the behavior employed in the competition, the competition among commercial banks can be divided into two categories: fair competition and unfair competition.

2.1.3. Competitive forms of commercial banks

2.1.3.1. Competition on products and services: commercial banks engage in various forms of competition to enhance their competitive advantage. This includes competition through the diversification of products and services, improving the quality of their offerings, and competing on the basis of product and service prices.

2.1.3.2. Competition through distribution network: the distribution and consumption of products represent the ultimate phase of the business process, which is particularly critical for banking products and services characterized by non-storage. Therefore, the establishment and efficient management of distribution channels become crucial for attracting customers and providing a competitive edge to the bank.

2.1.3.3. Competition through technology: in light of the Industry Revolution 4.0 wave sweeping through global industries, digital transformation has become a priority for all sectors. The banking industry, heavily reliant on technology, has shifted its focus from solely competing on products and services to competing in technology. The quality of banking products and services is heavily dependent on technological advancements, and therefore, banks must actively embrace technological innovations to remain competitive in the market.

2.1.3.4. Competition through human resources: human resources are essential in every industry of the economy, and this is particularly true for the banking industry where they play a crucial role as the driving force and objective for the development of each bank. Despite the fact that the Industry Revolution 4.0 has put the jobs of bank tellers at risk, it has also created a high demand for skilled personnel capable of mastering technology. Therefore, banks are actively seeking high-quality personnel to ensure that they have the necessary human resources to adapt and compete in this new technological landscape.

2.1.4. Competition characteristics of commercial banks

Banking is a regulated business and requires close oversight from management agencies to ensure compliance with regulations.

Products and services offered by banks often lack differentiation between competitors.

Competition in the industry involves a diverse range of actors, including domestic and foreign commercial banks, as well as non-banking organizations engaged in financial activities.

Customers using banking services have a relatively low switching cost and may easily switch to a different bank, which puts pressure on banks to compete for customer loyalty.

The capital structure of commercial banks makes a difference in the competition of commercial banks compared to other types of businesses.

2.2. COMPETITIVENESS OF COMMERCIAL BANKING

2.2.1. The concept of competitiveness of commercial banks

The competitiveness of commercial banks refers to their ability to utilize internal resources such as capital, technology, human resources, network systems, and brand reputation, to attract customers, expand market share, and generate profits. This capacity has unique characteristics, particularly in the Vietnamese market. The competitiveness of

commercial banks is closely related to their capital ownership structure, with state-owned banks being subject to strict management by state shareholders, which has both advantages and disadvantages. In the current era of Industry 4.0, the competitiveness of commercial banks is demonstrated by their ability to innovate technology and race to apply it to improve customer experiences. In addition to creating advantages, the competitiveness of commercial banks must also encompass their ability to ensure safety and manage risks.

2.2.2. The need to improve the competitiveness of commercial banks

In order to thrive in the market, it is essential for all businesses, including commercial banks, to continuously enhance their competitiveness. As the economy expands, demand for financial products becomes more diversified, thereby compelling commercial banks to expand their network, diversify their products and services, invest in technology and human resources, and provide the best possible customer service. Given the intense competition among commercial banks, coupled with the advent of new competitors in the market, improving competitiveness has become imperative. The competitive landscape in the banking industry is becoming increasingly complex and fierce in the era of integration and Industrial Revolution 4.0.

2.2.3. Criteria to measure the competitiveness of commercial banks

2.2.3.1. Financial criteria

The CAMELS metric framework is widely utilized both within Vietnam and globally. The proposed dissertation suggests employing this collection of indicators to evaluate the financial competitiveness of commercial banks. The CAMELS model encompasses a set of indicators grouped into six categories represented by the acronym CAMELS, namely Capital, Assets Quality, Management, Earnings, Liquidity, and Sensitivity, each of which is evaluated to assess the soundness and stability of financial institutions.

a) Group of indicators on capital capacity : Capital adequacy ratio (CAR), Owner Equity.

b) Group of indicators on asset size and quality : Total asset, Loan to customers, Capital mobilization, NPL ratio, Group 2 debt ratio, NPL coverage ratio.

c) Group of indicators on governance : Ratio of operating expenses to total operating income (CIR)

d) Group of indicators on profitability : ratio of profit before tax to average equity

(ROA); The ratio of pre-tax return to average owner equity (ROE); Marginal Interest Income (NIM); Income and expenditure difference (or Total net income before credit reserve); Profit before tax; income structure.

e) The group of indicators on liquidity, structure of outstanding loans and deposits: Loan to deposit ratio (LDR); Proportion of medium and long-term loans; Proportion of demand deposits; Proportion of retail outstanding loans.

f) Indicator of sensitivity to market risks : Ratio of difference between interest-sensitive assets and interest-sensitive liabilities to owner equity

2.2.3.2. Non-financial criteria

Based on the competitive forms of commercial banks mentioned in section 2.1.3, the non-financial criteria to evaluate the competitiveness of commercial banks include: (i) Assess the competitiveness of products and services; (ii) Assessment of network competitiveness; (iii) Assessment of technological competitiveness; (iv) Assess the competitiveness of human resources; (v) Evaluation of customer satisfaction and loyalty index with commercial banks.

2.2.4. Model to evaluate the overall competitiveness of commercial banks

2.2.4.1. SWOT

SWOT stands for the first letters of the words: Strengths; Weaknesses (Weaknesses); Opportunities; Threats (Challenge).

2.2.4.2. Michael Porter's Five Forces Model

Porter's five forces framework stipulates that strategic managers must analyze five core forces and evaluate their impact on business operations, including the bargaining power of suppliers, the bargaining power of customers, the intensity of competition within the industry or field, the threat of substitute products or services, and the potential for new entrants to the market. By assessing these factors, managers can gain insight into the level of competition and market attractiveness, enabling them to make informed decisions about strategic direction and resource allocation.

2.2.4.3. Competitive position matrix model

Critical success factors (CSFs) are important indicators/areas that determine the competitiveness of an enterprise .

Market position of commercial banks = $r_i * w_i$

In which, r_i is the ranking order of CSF i (eg 1,2,3...); w_i is the weight of CSF i

2.2.4.4. The Composite Index model reflects the market position

The method of determining the Composite Index reflecting market position scores is carried out according to the guidelines for building the composite index according to the Organization for Economic Co-operation and Development (OECD) Handbook. The steps are as follows:

Step 1: Select variables

Need to choose criteria most representative of each group of financial/non-financial criteria and ensure that the value of that indicator is as low as possible or as high as possible for inclusion in the composite index to make sense.

Step 2: Imputation of missing data

Step 3: Normalisation of data: use Min - max method

Step 4: Weighting and aggregation

The dissertation uses the EW method (the criteria with the same level of importance are given equal weight) and refers to The Asian Banker's weight distribution with the indicators to build a composite index measuring the strength of the 500 largest banks in Asia.

Indicators and proportions: (1) Capital adequacy ratio (CAR) 15%; (2) Total assets (TTS) 10%; (3) Growth in Outstanding Loans (TTDN) 2.5%; (4) Growth in Deposits (TTHĐV) 2.5%; (5) NPL ratio (NPL), taking the inverse (1/NPL) 10%; (6) Demand deposit rate (CASA) 5%; (7) Bad debt coverage ratio (LLR) 7.5%; (8) Operating expense/total income ratio (CIR) 5%; (9) Income and expenditure difference (CLTC) 5%; (10) Return on TTS (ROA) 7.5%; (11) Profit before tax (LNNT) 10%; (12) Proportion of non-interest income/Total income (TTC); (13) Network Score (ML) 5%; (14) Average employee income (TNBQ) 5%; (15) ICT Index (ICT) 5%

Step 5. Calculate Composite Index (CI)

$$CI_c^t = \sum_{q=1}^m I_{qc}^t * w_q$$

CI_c^t is the composite index of commercial banks c at time t

I_{qc}^t is the indicator q of commercial bank c at time t has been normalized

w_q is the weight of the indicator q

The CI obtained by commercial banks is guaranteed to be comparable with each other and between years.

2.2.5. Factors affecting the competitiveness of commercial banks

2.2.5.1. The subjective factors

In today's highly competitive and unpredictable business environment, effective management plays a crucial role in the operation and business performance of commercial banks. The size of a bank's capital and financial capacity are key determinants of its ability to expand business activities. In the service-oriented banking industry, core resources such as processing speed, service methods, and procedures are critical for building and maintaining customer relationships. Effective customer relationship management and customer service capacity are essential for retaining existing customers and attracting new ones. Risk management is another important factor for maintaining a competitive edge in the banking industry. Corporate culture also plays a significant role in the competitiveness of banks, with many banks focusing on building and promoting a strong corporate culture. Finally, in today's technology-driven competition, large scale is no longer a competitive advantage, and digital transformation is vital for banks to remain competitive. Rapid and strong digital transformation is crucial for banks to stay ahead in the technology race.

2.2.5.2. The objective factors

The core elements that impact the competitiveness of commercial banks include:

Economic environment factors: A bank's cooperative relationship with foreign banks, particularly with foreign strategic shareholders, can enhance its competitiveness. Additionally, economic and financial factors such as economic growth rate, inflation, exchange rate, and interest rate can impact a bank's business activities and change the competitive landscape among banks.

Political and legal environment factors: stable politic and an adequate legal framework can help commercial banks operate smoothly and fairly, leading to objective, open, and transparent assessments of their competitiveness.

2.3. EXPERIENCE ENHANCED COMPETITIVENESS OF COMMERCIAL BANKS

2.3.1. Experience in enhancing the competitiveness of commercial banks

2.3.1.1. Experience of foreign banks in enhancing competitiveness

The success of DBS in Singapore's banking industry is attributed to its unconventional approach of utilizing technology as a means of enhancing competitiveness and promoting growth, rather than adhering to the traditional model of building a bank from scratch. Similarly, the experiences of Bangkok Bank in Thailand and Citibank in Japan suggest that commercial banks can enhance revenue by focusing on non-credit services, which offer cost savings, require less capital usage, and present lower risk. Therefore, the strategic shift towards non-credit services has become a viable option for banks seeking to diversify their revenue streams while mitigating operational risk.

2.3.1.2. Experiences of some Vietnamese commercial banks on improving competitiveness

Vietcombank has maintained its leading position in terms of profits, employee compensation, and a good working environment by implementing various measures. These include multi-functional operations, strengthening the organizational model in line with international best practices, and adhering to international standards. The bank's focus on risk management and prioritization of human resources has also contributed to its success. On the other hand, Techcombank's experience entails expanding its customer base, fostering an Agile working style at its offices, and prioritizing technology investment. By adopting these strategies, Techcombank has managed to remain competitive and expand its market share.

2.3.2. Lessons learned for Joint Stock Commercial Bank for Investment and Development of Vietnam: Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) can draw several valuable lessons from successful banks to enhance its overall performance. Firstly, BIDV can improve its bank governance by adhering to international practices, ensuring transparency, and enhancing accountability. Secondly, it can diversify its products and services, with special emphasis on non-commercial credit products, to cater to the needs of a wider customer base. Thirdly, BIDV can foster a corporate culture that prioritizes the development of quality human resources. Fourthly, the bank can thoroughly implement measures to increase its capital, invest in technology, and focus on risk management, especially credit risk, to mitigate operational risk. By adopting these measures, BIDV can improve its overall efficiency and establish itself as a leading bank in the industry.

CHAPTER 3. SITUATION OF COMPETITIVENESS OF JOINT STOCK COMMERCIAL BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM

3.1. OVERVIEW OF COMPETITIVENESS OF JOINT STOCK COMMERCIAL BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM

3.1.1. History of formation and development

BIDV has undergone several name changes over its 65-year history to better reflect the nature of its operations and to keep pace with the economic and social development of Vietnam. From 1957 to 1981, it was known as the Architectural Bank of Vietnam, and from 1981 to 1990, it was renamed as the Bank for Investment and Construction of Vietnam. In 1990, BIDV changed its name to the Bank for Investment and Development of Vietnam, a reflection of its commitment to supporting the country's development goals. Finally, since 2012, BIDV has been known as the Joint Stock Commercial Bank for Investment and Development of Vietnam. These name changes demonstrate the bank's willingness to adapt to changing circumstances and to continue to meet the evolving needs of its customers and the broader community.

3.1.2. Organizational structure and management apparatus of Joint Stock Commercial Bank for Investment and Development of Vietnam

3.1.2.1. Organizational structure of Joint Stock Commercial Bank for Investment and Development of Vietnam

3.1.2.2. Management apparatus of Joint Stock Commercial Bank for Investment and Development of Vietnam

3.1.3. Business results for the period 2017-2021

In the period 2017 - 2021, BIDV achieved a good growth rate: total assets increased by 10.1%/year, total outstanding loans increased by 12.1%/year, capital mobilization increased by 12.3%/year. The bad debt ratio tended to decrease in the period of 2019-2021, showing BIDV's efforts in credit quality control.

3.2. Macroeconomic background for the period 2017 - 2021

The macroeconomic context for the period 2017 - 2021 was divided into two phases: Period 2017-2019: the economy grew well with 2 consecutive years of GDP growth of over 7% (2018-2019). Period 2020 - 2021: this was the period when the domestic economy was heavily impacted by the epidemic, especially in 2020 and the first 9 months of 2021 and then the recovery period.

3.3. SITUATION OF COMPETITIVENESS OF JOINT STOCK COMMERCIAL BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM IN THE PERIOD OF 2017 – 2021

3.3.1. Current status of competitiveness of Joint Stock Commercial Bank for Investment and Development of Vietnam according to financial criteria

3.3.1.1. Capital capacity target group

a) CAR:

BIDV's CAR was in the low group (along with state-owned banks) due to difficulties in raising capital.

b) Owner's equity:

BIDV's owner's equity was ranked 4th in 2017-2018, in 2019-2020, it was ranked 3rd thanks to the cooperation deal with Hana bank, but in 2021 it dropped to 4th place.

3.3.1.2. Size and quality of assets

a) Operational scale

- **Total assets:** BIDV's total assets have been in the first place almost continuously from 2017 to now (was taken by Agribank in 2018 and 2020), by 2021, BIDV regained the first position on the market.

- **Credit balance:** BIDV's credit balance after a period of time maintained the No. 2 position after Agribank from 2017 to 2020. In 2021, BIDV's outstanding loans grew strongly (up 12% compared to the beginning of the year). Therefore, it broke out to 1st place, replacing Agribank (Agribank's outstanding loans increased by 8.4%).

- **Capital mobilization:** BIDV's capital mobilization scale has always held the No. 2 position in the market since 2017 until now, after Agribank.

b) Asset quality: NPL ratio: contrary to its position in terms of scale, BIDV's asset quality was at a low level; Group 2 debt ratio : similar to bad debt ratio, BIDV's group 2 debt ratio was the 5th highest in the comparison group.

- **Loan loss coverage ratio:** the loan loss coverage ratio increased from 70-90% in the period 2017-2019 to more than 90% in 2020, and especially in 2021, BIDV had a remarkable increase in bad debt coverage ratio, up to 229%, ranking third after VCB (424%) and MB (349%).

3.3.1.3. Executive Management

Business operating expenses/Total TNR of BIDV gradually decreased over the years and was well controlled at less than 40%.

3.3.1.4. Profitability and operational efficiency

ROA, ROE: although the scale of total assets and owner's equity is in the largest group, BIDV's ROA and ROE were still low in the comparison group due to low profit growth (the main reason is due to the fact that the loan loss provision expense was large). BIDV's revenue and expenditure gap ranked second in the comparison group).

NIM: BIDV's NIM tended to narrow and decrease in rank, specifically in 2017-2018 BIDV's NIM was at No. 7/10, in 2019 at No. 9/10, in 2020 at No. 10/ 10 and in 2021 slightly increased to 9/10 position.

Income and expenditure gap (net income before credit loan loss provision expense): BIDV's revenue and expenditure gap ranked first in 2017, to second or third place in 2018-2020 and second in 2021, behind VPB. VPB's difference in revenue and expenditure in 2021 increased dramatically thanks to the M&A deal.

Profit before tax: although the difference between revenue and expense was always at the top of the comparison group, BIDV spent a lot of resources to deduct credit provision, making financials healthy, BIDV's profit before tax was only at the bottom and down in the second ranking year by year (in 2017 ranked 3rd, even in 2020 it dropped to 8th).

Income structure: the income structure of most banks changed in the direction of increasing the proportion of non-interest income, gradually reducing the proportion of interest income, but the proportion of non-interest income of BIDV was still low, compared to other banks.

3.2.1.5. Liquidity, structure

Loan/Deposit Ratio: BIDV's Loan to Deposit Ratio (LDR) although decreased compared to 2020 (from 92% to 89%), was still at a high level compared to some banks.

Demand deposit is the source of capital with the lowest input cost of commercial banks. BIDV's proportion of demand deposits has gradually decreased in recent years. However, BIDV's demand deposit balance was always second, compared to other banks.

Proportion of medium and long-term loans: BIDV's ratio of medium and long-term loans gradually decreased year by year, from 41.9% in 2017 to 35.1% in 2021. At the end of 2021, this ratio of BIDV was the lowest in the comparison group.

Retail loan/total outstanding loan: BIDV's retail balance was always ranked 2nd, retail balance/total outstanding balance ranked 9th in the comparison group during the period 2017-2021.

3.3.1.6. Sensitivity to market risk

From 2018 up to now, BIDV's sensitivity to market risk has always been at the best level among commercial banks with state-owned capital.

3.3.2. Current status of BIDV's competitiveness according to non-financial criteria

3.3.2.1. Products and services

Strengths: BIDV has demonstrated several strengths that merit recognition. Firstly, the organization possesses a diversified product portfolio which effectively caters to the diverse demands of its customers. Secondly, BIDV offers competitive interest rates and fees, enhancing its attractiveness to customers. Furthermore, the institution has exhibited considerable progress in augmenting its customer service offerings, resulting in an increasingly professional and dynamic service experience. Lastly, BIDV is particularly suitable for younger customers, as its products and services are well-aligned with their needs. The organization's focus on high-tech solutions has also enabled it to provide customers with a range of products and services that are tailored to meet their diverse and evolving needs.

Limitations: BIDV's retail products and services have some notable limitations. Firstly, certain credit products cannot be accessed through digital channels, which may hinder the ease and convenience of certain customer transactions. Additionally, internal competition on prices, fees, and interest rates among the organization's products may create confusion and lead to suboptimal customer decisions. Despite efforts to streamline procedures, some processes remain cumbersome, and the quality of service can vary significantly between branches. Furthermore, deposit interest rates may not always be competitive relative to those offered by other joint-stock commercial banks.

In terms of wholesale products and services, BIDV's collateral policy may not be as competitive as that of other institutions, and its USD lending interest rate may not be as competitive. While deposit products remain an important sales channel, the organization has yet to fully leverage the potential of digital channels, and cross-selling payment products with other products could be further enhanced.

3.3.2.2. Distribution channel network

- **Physical channels:** BIDV's network **ranks 2** in the group of Joint Stock Commercial Banks. Although the digital sales channel has grown strongly in recent years and is the future trend, the physical network system is still an important sales channel.

- **Modern distribution channel:** BIDV has cooperated with 35 Fintech companies, 756 service providers, combined with Vietnam Posts and Telecommunications Group (VNPT) to deploy Mobile Money service.

3.3.2.3. Technology

In relation to technical infrastructure, BIDV has established a comprehensive and well-invested information technology infrastructure system that has proven to be highly stable. In terms of system application and product development, BIDV's application system is essentially compliant with both business and management requirements. Nonetheless, certain aspects of the system and product development continue to be constrained in comparison to specific industry competitors. Concerning the areas of digital transformation and digital banking development, BIDV has heightened its focus on the application of IT solutions to enhance its governance capacity. It has implemented pivotal IT application systems to facilitate business, management, and administrative activities across multiple departments and levels of leadership and management. Despite this, some components still remain sluggish. In regard to IT human resources, BIDV's current number of IT personnel is inadequate, given the organization's size and requirements. It is noteworthy that BIDV consistently ranks first amongst commercial banks in the ICT Index, with the most recent ranking being in 2020 (published in 2021).

3.3.2.4. Human Resources

In terms of employee count, BIDV enjoys the benefit of having a well-established and consistent workforce size over the years. Nonetheless, there has been a decline in the growth rate of employee numbers in the last five years. Regarding average employee income, BIDV belongs to the higher income bracket.

3.3.2.5. Evaluation of BIDV's competitiveness from customers' view

Strengths: In general, BIDV 's CSAT and NPS are at a good level compared to the average score of the financial industry in the market and tend to increase.

Points for improvement: Users of BIDV's e-banking services tend to increase

rapidly, but the service access rate after registering/downloading the application is only at the average level in the market.

3.3.3. General assessment of competitiveness of Joint Stock Commercial Bank for Investment and Development of Vietnam

3.3.3.1. Overall assessment of competitiveness of Joint Stock Commercial Bank for Investment and Development of Vietnam through SWOT model

Strengths in scale, technology, human resources

Weaknesses in credit quality, capital capacity, profitability targets

3.3.3.1. Overall assessment of competitiveness of Joint Stock Commercial Bank for Investment and Development of Vietnam through Composite Index: Composite Index of BIDV in 2021 held the position compared to 2020. BIDV's gap is closer to the first and second banks.

3.4. ASSESSMENT OF THE STATUS OF COMPETITIVENESS OF VIETNAM DEVELOPMENT AND INVESTMENT COMMERCIAL BANK

3.4.1. Result

3.4.1.1. Results achieved from a financial perspective

Firstly, improving financial capacity, preserving and developing State capital at BIDV. Second, the scale of operations grew positively. Third, credit quality is well controlled; NPL settlement and recovery achieved positive results. Fourth, business performance achieved good results. Fifth, fulfill obligations to the State, ensure the interests of shareholders and employees

3.4.1.2. Results achieved from a non-financial perspective

Firstly, complete the development and implementation of the overall business strategy; focusing on building component strategies as the foundation and orientation for the 5-year period 2021-2025. Second, promote digital transformation, develop modern digital banking services, focus on completing key IT projects. Third, rearrange the network system, promote multi-channel distribution, upgrade and modernize the traditional distribution channel. Fourth, renewing brand identity, focusing on training and scientific research, spreading corporate culture in the system.

3.4.2. Existences and limitations

3.4.2.1. Weaknesses from a financial perspective: capital capacity, asset quality (the NPL ratio tends to increase), profitability, and operating efficiency are still low.

3.4.2.2. Limitations on non-financial perspective: about products and services , technology personnel...

3.4.3. Causes of existence, limitations

3.4.3.1. Subjective reasons

BIDV assets quality needs to continue improving, mainly due to bad debts from the previous period. The proportion of demand deposits (CASA) of BIDV has low growth because in the period of 2017 - 2021, BIDV has not yet implemented free money transfer on Smart banking. The proportion of income from non-credit activities is still low, because BIDV has not promoted cross-selling of products fully.

For non-financial shortcomings and limitations: BIDV's interest rates or policies sometimes cannot compete with rivals due to high compliance with regulations. Regarding human resources, although the qualification of BIDV's staff is considered to be good compared to the common ground, BIDV still lacks a team of good experts... Working style needs to continue to innovate towards modernity. The quality of operations of branches is not uniform. BIDV has the largest scale among credit institutions in Vietnam, which is an advantage, but also a challenge for BIDV when implementing digital transformation.

3.4.3.2. Objective reasons

The Covid-19 pandemic had complicated developments, negatively affecting business activities of businesses and people. BIDV's LDR ratio is high partly because the regulations of the State Bank are not really reasonable. Difficulties in the process of raising capital or paying salaries are caused by BIDV being a state-owned commercial bank.

CHAPTER 4. SOLUTIONS TO ENHANCE THE COMPETITIVENESS OF JOINT STOCK COMMERCIAL BANK FOR DEVELOPMENT AND INVESTMENT OF VIETNAM

4.1. DEVELOPMENT ORIENTATION OF JOINT STOCK COMMERCIAL BANK FOR DEVELOPMENT AND INVESTMENT OF VIETNAM

4.1.1. Development orientation of the banking industry to 2030

4.1.1.1. Strategy for the development of the banking industry to 2030

Decision No. 986/QĐ-TTg dated August 8, 2020 of the Prime Minister approving the development strategy of Vietnam's banking industry to 2025, orientation to 2030

4.1.1.2. Trends of the banking industry in the next five years

The digital transformation process of banks will take place more and more strongly. Trends in restructuring the credit institution system. Green financial development trend. The integration trend, the ASEAN financial integration framework can be seen as the clearest integration roadmap for Vietnam. The trend of mergers and acquisitions, strategic sales in the banking sector will be more exciting in the coming time. The trend of income shifting to less capital-intensive activities (non-credit activities)

4.1.2. BIDV's development orientation

4.1.3.1. Mission: BIDV brings the best benefits and utilities to customers, shareholders, employees and the social community.

4.1.2.2. Vision and core values: BIDV is the leading bank in Southeast Asia, striving to be in the group of 100 largest banks in Asia.

4.1.3. BIDV's perspective on improving competitiveness

The improvement of competitiveness is contingent upon the compliance with the laws of the State. Moreover, to enhance competitiveness, safety, quality of assets, and a reasonable organizational structure must be ensured. Further, to improve competitiveness, the efficiency of the business should be prioritized. Lastly, the remuneration of employees must be ensured as it is crucial to the improvement of competitiveness.

4.2. SOLUTIONS TO ENHANCE THE COMPETITIVENESS OF JOINT STOCK COMMERCIAL BANK FOR DEVELOPMENT AND INVESTMENT OF VIETNAM

4.2.1. Enhance financial competitiveness

4.2.1.1. Improve capital capacity

Implement measures to improve capital capacity: (i) Additional issuance for existing shareholders; (ii) Offering for sale to foreign investors and private placement to a group of shareholders; (iii) increase from convertible bonds (where appropriate). (iv) Issuance of tier-2 bonds eligible to be included in own capital; (v) Capital increase from the surplus from the issue of additional shares in case of selling investment shares to foreign investors, private placement and ESOP issuance.

4.2.1.2. Improve capacity in terms of scale and quality of assets

BIDV's scale of operation has always been in the leading position, but credit quality

needs to continue to be improved. Solutions in the coming period include: Continuing to maintain the No. 1 position in the market in terms of scale of operation, and at the same time, towards a more reasonable structure of liabilities - assets and income structure. Actively handle and recover bad debts and potentially risky debts. Improve risk management capacity, limit new bad debts. Manage credit growth in line with the objective of restructuring credit portfolio and risky assets.

4.2.1.4. Improve profitability and operational efficiency

BIDV should implement several strategic measures. These include following the global trend of commercial banks by consistently focusing on restructuring income towards non-profit activities to increase their proportion. Additionally, BIDV should ensure the stability and sustainability of interest income, which is expected to remain a major source of revenue in the coming years. To increase revenue from Bancassurance activities, BIDV must collaborate closely with insurance companies BIC and MetLife to create an eco-system that supports such activities. BIDV should also enhance operational efficiency of subsidiaries, joint ventures, and associates, while simultaneously reviewing and restructuring the investment portfolio to increase profitability from capital contribution activities. Finally, implementing cost-effective solutions to optimize efficiency can further support BIDV's efforts to achieve sustainable growth.

4.2.2. Enhance competitiveness in non-financial aspects

4.2.2.1. Improve competitiveness of products and services

Develop target customer segments. Improve service quality and efficiency in marketing, customer care and service quality

4.2.2.2. Enhance network competitiveness

For branch network: continue to group branches on the basis of quality and operational efficiency to have appropriate operating policies. For the network of transaction offices: focus on consolidating and arranging the existing network of transaction offices. Actively research and propose the implementation of the bank agent model. Continue to promote multi-channel distribution, upgrade and modernize e-banking distribution channels, digitize and merge channels (Omnichannel). Research on the model of branches/transaction offices “Green Bank”

4.2.2.3. Enhance competitiveness in technology

Firstly, implementing BIDV's IT development strategy for the period of 2021-2025,

with a vision to 2030; Digital banking development strategy at BIDV. Second, focus on digital transformation to become one of the fastest and strongest digital transformation banks.

4.2.2.4. Enhancing the competitiveness of human resources

In order to align with the transformation of the organizational model and network of activities, the Bank for Investment and Development of Vietnam (BIDV) must implement effective recruitment and labor arrangement strategies. Additionally, it is necessary to review and rearrange the existing labor force in accordance with staff capacity and qualifications. Despite being slow in digital transformation, BIDV must prioritize the application of information technology in personnel organization, including recruitment, examination, and staff management. BIDV's human resources work must also focus on building a corporate culture that emphasizes compliance and creative learning. This culture must be fostered throughout the organization to promote a strong ethical foundation and encourage innovative thinking. Furthermore, BIDV should prioritize the development of a team of experts, leveraging the skills and expertise of highly qualified personnel to drive growth and improve performance.

4.2. 2.5. Improve management capacity

It is necessary to clearly define the role of the Board of Directors in the work according to the principle that the Board of Directors focuses on the tasks of orientation, supervision and accountability, reducing administrative matters. For organizational management: should rearrange the organizational model of branches and transaction offices in a compact direction. Continue to supplement and perfect the organizational model of the Head Office. Completing and upgrading, applying the risk management system in accordance with the standards of the Basel 2 (advanced method) and Basel 3

4.3. REQUEST

4.3.1. Recommendations to the National Assembly, the Government

Improve institutions, strengthen inspection and supervision. Implement measures to increase capital for commercial banks with state capital dominated. Speed up the process of amending the Laws. Proposing the Government to direct the implementation of solutions for the healthy development of the capital market. Strengthen financial education.

4.3.2. Recommendations to the State Bank

Completing banking industry institutions, improving transparency, complying with international practices...

CONCLUSION

The dissertation provides a comprehensive analysis of the competition and competitiveness of commercial banks and BIDV. By evaluating BIDV's financial and non-financial criteria, the dissertation highlights the strengths and weaknesses of BIDV in the competitive landscape of the banking industry. The dissertation also offers recommendations to enhance BIDV's competitiveness, such as improving asset quality, increasing capital, and investing in human resources, especially in the era of information technology. Furthermore, the dissertation proposes broader policy recommendations to support the competitiveness of commercial banks in general, such as creating a more favorable regulatory environment and providing incentives for innovation and technology adoption. Overall, the dissertation provides valuable insights into the competition and competitiveness of commercial banks, with practical implications for BIDV and other banks operating in the same market. By highlighting the importance of financial and non-financial criteria and proposing specific measures to improve competitiveness, the dissertation can help guide the strategic decision-making of banks and policymakers in the banking industry.

LIST OF PUBLICATIONS RELATED TO THE STUDENT'S DISSERTATION

1. Pham Thi Hanh, Nguyen Le Cuong (2021), "*Method of competitive assessment of commercial banks, research application for BIDV case*" , Journal of Finance & Accounting Research, No. 01(9), p.87.
2. Pham Thi Hanh (2022), "*Digital transformation, key solutions to improve the competitive capabilities of commercial banks and some solutions for BIDV*" , Journal of Accounting and Finance , No. 223), p.80