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**ENHANCING THE FINANCIAL CAPACITY OF VIETNAMESE
SECURITIES COMPANIES**

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INTRODUCTION

1. The urgency of the topic

In the modern market economy and international economic integration of nations, the stock market holds a crucial position as a channel for mobilizing medium and long-term capital for the economy, while also serving as a potential investment avenue for the public. The efficient functioning of the stock market relies on the participation of entities with necessary conditions and capabilities, among which securities companies play a pivotal role. To operate effectively, securities companies need to ensure certain capabilities, particularly financial capacity. Therefore, enhancing the financial capacity of securities companies is a fundamental requirement for the development of both individual securities companies and the overall stock market.

In Vietnam, after more than two decades of establishment and development, securities companies have experienced significant growth in both quantity and quality. Starting with only five securities companies with a registered capital ranging from 6 billion VND only to the peak of 43 billion VND by the end of 2000, there are now nearly 80 securities companies being recognized as members of the Stock Exchange, with many having strong financial capabilities. Some companies have a registered capital exceeding 1,000 billion VND, displaying a substantial increase in capital mobilization over the years in terms of both scale and methods. Their profitability has shown positive changes, and their payment capability has improved. Many securities companies have been serious in risk management, meeting the requirements to participate in both the underlying market and derivatives market, continuously enhancing their competitive strength. However, there are still many securities companies that have not operated effectively. Some companies have faced prolonged losses, operated hesitantly, or even had to dissolve, cease operations, or merge due to inadequate technological capabilities and participation in business operations. The main reasons include weak financial capacity, limited capital mobilization, low capital utilization efficiency, and restricted profit generation. The limited financial capacity remains a barrier for securities companies to improve service quality, introduce new products, expand branches and trading offices, invest in technology, or expand market share. The existing risks in the system pose a potential threat and significantly impact the interests of investors and the stock market as a whole.

In recent years, some authors have conducted research on issues related to the operational efficiency of securities companies, financial safety of securities companies, and sustainable development of securities companies.

However, theories regarding financial capacity are still being supplemented, refined, and updated to align with current trends.

Based on the aforementioned reasons, there is a need for comprehensive, refined, and systematic research to propose cohesive and practical solutions aimed at enhancing the financial capacity of Vietnamese securities companies in the near future, contributing to the stability and development of the stock market. Therefore, the researcher has chosen the topic "Enhancing the Financial Capacity of Vietnamese Securities Companies" as the subject of their doctoral thesis, which holds significance both in theoretical and practical aspects in Vietnam.

2. Research objectives

Firstly, systematizing the theoretical foundation regarding the financial capacity of securities companies, clarifying the concept of financial capacity of securities companies, the characteristics of financial capacity specific to securities companies, and refining the indicators for assessing the financial capacity of securities companies in the context of deepening international integration in the stock market. The research will also examine the experiences of enhancing the financial capacity of securities companies in several countries worldwide and derive lessons learned for Vietnamese securities companies.

Secondly, analyzing and evaluating the current state of financial capacity of Vietnamese securities companies during the period from 2014 to 2021, identifying the achieved results, limitations, and the causes of these limitations in terms of financial capacity of Vietnamese securities companies. Additionally, a model will be developed to examine the factors influencing the financial capacity of Vietnamese securities companies, thereby establishing a basis to determine the direction and level of influence of these factors on the financial capacity of Vietnamese securities companies.

Thirdly, based on the orientation and development strategy of the Vietnamese stock market and the perspective of enhancing the financial capacity of Vietnamese securities companies, the thesis will propose solutions to enhance the financial capacity of Vietnamese securities companies in the near future.

3. Research Object and Scope

3.1. Research Object:

The research object of the thesis is the financial capacity of securities companies.

3.2. *Research Scope:*

In terms of content, the thesis primarily examines the financial capacity from the perspective of securities companies, specifically:

- Theoretical research on the financial capacity of securities companies.
- Analysis of the current state of financial capacity of Vietnamese securities companies.
- Proposing solutions to enhance the financial capacity of Vietnamese securities companies.

In terms of spatial scope, the thesis focuses on studying the financial capacity of securities companies established and operating in Vietnam.

In terms of time scope, secondary data on Vietnamese securities companies will be collected from 2014 to 2021.

4. **The New Contributions of the Thesis**

Through the research findings, the thesis has shed light on both theoretical and practical issues regarding the financial capacity of securities companies, including the following specific contributions:

- *Firstly, regarding theoretical contributions:* The thesis has presented perspectives on the finance and financial capacity of securities companies. The essence of the financial capacity of securities companies is reflected in their capital capacity, payment capacity, and profit generation capacity. The thesis has comprehensively refined the criteria for assessing the financial capacity of securities companies while studying the influencing factors on their financial capacity. It emphasizes the necessity of enhancing the financial capacity of securities companies.

Furthermore, based on the research of experiences in improving the financial capacity of securities companies in developed stock markets such as Japan, South Korea, China, Indonesia, important lessons have been drawn for Vietnamese securities companies in enhancing their financial capacity.

- *Secondly, regarding practical contributions:* The thesis has evaluated the achieved results and analyzed the limitations and causes leading to the limitations in the financial capacity of Vietnamese securities companies during the period of 2014-2021, based on criteria reflecting the financial capacity of securities companies. The thesis has identified securities companies with strong financial capacity and those with weak financial capacity during the period of 2014-2021. Another novel point is the utilization of the Probit regression model to test the influencing factors and their impacts on the

financial capacity of Vietnamese securities companies. Consequently, the thesis has developed a model of the financial capacity of Vietnamese securities companies dominated by six internal factors of securities companies (and two macro variables). All the mentioned factors have either positive or negative impacts on the financial capacity of Vietnamese securities companies.

From the theoretical background, current situation, empirical evidence, regression model testing, and in conjunction with the orientation and development strategy of the Vietnamese stock market, as well as the viewpoints on enhancing the financial capacity of Vietnamese securities companies in the future, the author proposes several solutions to enhance the financial capacity of Vietnamese securities companies. For these solutions to be effectively implemented, it requires not only efforts from the securities companies themselves but also support and implementation of conducive measures from state regulatory authorities in the stock market.

5. Structure of the thesis

In addition to the introduction and conclusion, the thesis is structured into 4 chapters as follows:

Chapter 1: Overview of research on the financial capability of securities companies and research methods.

Chapter 2: Theoretical framework on securities companies and the financial capability of securities companies.

Chapter 3: Current status of the financial capability of Vietnamese securities companies.

Chapter 4: Solutions to enhance the financial capability of Vietnamese securities companies.

CHAPTER 1. OVERVIEW OF RESEARCH ON THE FINANCIAL CAPABILITY OF SECURITIES COMPANIES AND RESEARCH METHODS.

1.1. Overview of research on the financial capability of securities companies

1.1.1. Prior research on securities companies

1.1.2. Prior research on the financial capability of securities companies and other types of companies

1.1.3. Prior research on factors influencing the financial capability of securities companies

1.2. Research gaps and research questions

1.2.1. Achievements and gaps in previous studies

Firstly, there is a wide range of research works worldwide related to the financial capability of securities companies in various countries. Most of these studies approach the topic from the perspective of securities company management. Authors consider financial capability as capital scale, operational efficiency, and use financial ratios as indicators to evaluate the financial capability of securities companies. The recommendations mainly focus on safety and stability in the business operations of securities companies, without addressing issues such as the characteristics of financial capability of securities companies, a comprehensive system of indicators for evaluating the financial capability of securities companies, the necessity of enhancing financial capability, or proposing solutions from the perspective of securities companies.

Secondly, in domestic research works, scientists have only focused on solving certain aspects of enhancing the financial capability of securities companies, such as risk management, financial safety, operational efficiency, sustainable development, business development, and competitive capability. Therefore, there is no specific study that comprehensively examines both the theoretical and practical aspects of the financial capability of securities companies in the context of increasing international integration of the stock market as it is today.

1.2.2. Research Questions

The thesis delves into an in-depth study of the financial capability of Vietnamese securities companies to clarify the following research questions:

- (1) What is the theoretical basis of the financial capability of securities companies?
- (2) Which factors influence the financial capability of securities companies and what is the direction of their impact?
- (3) What are the experiences in enhancing the financial capability of securities companies in other countries around the world?
- (4) What is the current status of the financial capability of Vietnamese securities companies during the period from 2014 to 2021?

(5) What solutions should Vietnamese securities companies implement to enhance their financial capability in the future?

1.3. Research Methodology

The thesis utilizes a combination of qualitative and quantitative research methods, including:

- *Synthesis method*
- *Statistical, descriptive, and comparative methods*
- *Analytical method*
- *Inductive and interpretive method*
- *Regression model analysis method*

The objective of the regression model analysis is to use the PROBIT binary model to analyze the factors influencing the financial capacity of Vietnamese securities companies within the system. As the dependent variable is binary, and the independent variables are quantitative, the model will measure the probability of the independent variables impacting the financial capacity, ranging from weak to strong.

The PROBIT (LOGIT) model has been widely used by researchers such as Gilbert et al. (2002), Tatom et al. (2011), Berger et al. (2013), and Phan Thị Hằng Nga (2013). The model was proposed by Goldberger (1964) with the assumption that Y will take a value of 1 or 0 depending on the satisfaction level of Y , determined by the independent variables. Considering a satisfaction level related to X and an event A , for observation i , the independent variable takes a value of X_i , and there exists a satisfaction level denoted as Y_i^*

If $Y_i^* > 0$, A happens, binary variable: $Y_i = 1$

Nếu $Y_i^* \leq 0$, A does not happen, binary variable: $Y_i = 0$

Satisfaction level depends on X_i : $Y_i^* = f(X_i) + u_i$, if the Y_i^* is a linear function dependent on X :

$$Y_i^* = \beta_1 + \beta_2 X_i + u_i$$

Where u_i is random errors và and $u_i \sim N(0,1)$, we have:

$$P_i = E(Y_i / X_i) = P(Y_i=1 / X_i) = P(0 < Y_i^*) = P(0 < \beta_1 + \beta_2 X_i + u_i) = P(u_i < -\beta_1 - \beta_2 X_i)$$

Due to the symmetric nature of the normal distribution function and the definition of the normal distribution function and the definition of the normalized cumulative probability distribution:

$$P(u_i < -\beta_1 - \beta_2 X_i) = P(u_i < \beta_1 + \beta_2 X_i) = \Phi(\beta_1 + \beta_2 X_i)$$

We have: $P_i = E(Y | X_i) = \Phi(\beta_1 + \beta_2 X_i)$

This is proposed PROBIT model:

If the model consists of $(K - 1)$ independent variables X_2, X_3, \dots, X_k , then the PROBIT model takes the form:

$$P_i = E(Y | X_{2i}, \dots, X_{ki}) = \Phi(\beta_1 + \beta_2 X_{2i} + \dots + \beta_k X_{ki})$$

Then the effect of the independent variable X_j is:

$$= B_j = \Phi(\beta_1 + \beta_2 X_{2i} + \dots + \beta_k X_{ki}) B_j$$

The Probit model does not test the direct effect of the independent variable X_j on Y , but considers the effect of X_j on the probability that Y will be equal to 1 or the expectation of Y .

* The author proposed the regression model as follows:

$$\text{Financial capacity } (Y_i = \text{Ability}_i) = \beta_1 + \beta_2 * \text{Size}_i + \beta_3 * \text{Lev}_i + \beta_4 * \text{Ine}_i + \beta_5 * \text{Cap}_i + \beta_6 * \text{Rec}_i + \beta_7 * \text{CR}_i + \beta_8 * \text{Roe}_i + \beta_9 * \text{Age}_i + \beta_{10} * \text{GDP}_i + \beta_{11} * \text{CPI}_i (**)$$

Where:

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8, \beta_9, \beta_{10}, \beta_{11}$: These are the regression coefficients ($\beta_i > 0$: positive effect, $\beta_i < 0$: negative effect) of the independent variables on the dependent variable.

The following steps are taken to test the adequacy of the model and determine if any hypotheses are violated. If the hypotheses are not violated, the study proceeds with regression analysis to identify the factors influencing the financial capacity of securities companies.

Research Data: The data used in the study is secondary data obtained from sources such as the website Vietstock.vn, annual reports of securities companies, and the General Statistics Office (Gso.gov.vn). The dataset consists of financial reports of Vietnamese securities companies from the period 2014 to 2021.

CONCLUSION OF CHAPTER 1

Chapter 1 examined the scientific research works on securities companies (SCs), financial capacity of securities companies, and studies on the factors influencing the financial capacity of securities companies, clearly presenting the results achieved in those studies. Most international studies approached the financial capacity of securities companies from the perspective of SCs management. The authors considered the financial capacity of securities companies from various angles, such as capital scale, operational efficiency, etc. The recommendations mainly focused on safety and stability in the business operations of securities companies. In Vietnamese studies on securities companies, scientific works mainly focused on addressing specific aspects of enhancing the financial capacity of securities companies, such as risk management, financial safety, operational efficiency, sustainable development, competitive capacity, etc. Thus, there is no specific study that comprehensively explores the theoretical and practical aspects of the financial capacity of securities companies from the perspective of securities companies themselves. This gap in knowledge needs to be further researched. Based on the literature review, the thesis also develops a PROBIT binary model to analyze the regression of the influencing factors and their impact on the financial capacity of securities companies.

CHAPTER 2. THEORETICAL FRAMEWORK ON SECURITIES COMPANIES AND THE FINANCIAL CAPABILITY OF SECURITIES COMPANIES.

2.1. Fundamental Issues Regarding Securities Companies and Financial Aspects of Securities Companies

2.1.1. Fundamental Issues Regarding Securities Companies

2.1.1.1. Concept of Securities Companies

2.1.1.2. Organizational Models of Securities Companies

2.1.1.3. Principles of Business Operations of Securities Companies

2.1.1.4. Key Business Activities of Securities Companies

2.1.1.5. Functions of Securities Companies in the Securities Market

2.1.2. Financial aspects of Securities Companies

2.2. Theoretical Basis of Financial Capability of Securities Companies

2.2.1. Concept, Content, and Characteristics of Financial Capability of Securities Companies

2.2.1.1 The concept of capacity and financial capacity of securities companies

Financial capability of a securities company refers to the financial ability of the company. This ability is reflected through the company's capital capacity to support its business activities, its payment capability, and its profitability.

2.2.1.2. Content of Financial Capability of Securities Companies

Firstly, the financial capability of securities companies is demonstrated through their capital capacity.

- *Capital is the foundation for the business activities of securities companies.*

- *Capital is essential for expanding securities business operations.*

* *The capital capacity of securities companies is primarily manifested in their ability to mobilize capital.*

* *The capital capacity of securities companies is also demonstrated through efficient capital management and utilization.*

Secondly, the financial capability of securities companies is reflected in their payment capability during business operations.

Thirdly, the financial capability of securities companies is demonstrated in their profitability in business operations.

2.2.1.3. Characteristics of Securities Companies' Operations

Firstly, the financial capability of securities companies is built on a stable and solid foundation.

Secondly, the financial capability of securities companies is linked to the specific financial principles of securities companies.

Thirdly, the financial capability of securities companies always faces significant inherent risks and sensitivity to the business environment.

Fourthly, the financial capability of securities companies is associated with an effective risk management system.

Fifthly, the financial capability of securities companies is connected to modern technical and technological infrastructure.

2.2.2. Financial Capacity Evaluation Indicators for Securities Companies

2.2.2.1. Indicators for assessing capital capacity of securities companies:

- * *Total capital*
- * *Capital scale and rate of increase in equity capital*
- * *Capital growth rate*
- * *Equity-to-asset ratio*
- * *Financial leverage ratio (Debt-to-equity ratio)*
- * *Available capital ratio*
- * *Risk-bearing capacity*
- * *Total risk*
- * *Stock depreciation provision indicator*
- * *Adjusted risk-adjusted asset value indicator*
- * *Margin loan balance*
- * *Revenue growth rate*
- * *Operating expense ratio*
- * *Receivables-to-total assets ratio*
- * *Short-term assets-to-total assets ratio*
- * *Capital turnover ratio (or asset turnover ratio)*

2.2.2.2. Indicators for assessing payment capacity of securities companies:

- * *General liquidity ratio*
- * *Current liquidity ratio*
- * *Quick liquidity ratio*
- * *Immediate liquidity ratio*
- * *Interest payment capacity ratio*

2.2.2.3. Indicators for assessing profitability capacity of securities companies:

- * *Net profit margin on revenue (ROS)*
- * *Economic profit rate of assets (BEP)*
- * *Pre-tax profit rate on operating capital*
- * *After-tax profit rate on operating capital (ROA)*

* *Return on equity (ROE)*

2.2.3. Factors Influencing the Financial Capacity of Securities Companies

2.2.3.1. Objective factors:

- * *Political environment*
- * *Legal environment*
- * *Economic environment*
- * *Competition among securities companies*
- * *Market development of the securities industry*

2.2.3.2. Subjective factors:

- * *Company size*
- * *Management expertise of the securities company*
- * *Technical infrastructure and technology*
- * *Operational reputation*
- * *Quality of human resources*

2.2.4. The Importance of Enhancing the Financial Capacity of Securities Companies

2.2.4.1. For securities companies:

- * *Financial capacity ensures the normal and continuous operation of securities companies.*
- * *Financial capacity plays a crucial role in improving business efficiency and achieving sustainable growth objectives for securities companies.*
- * *Enhancing competitive capacity for securities companies.*
- * *Strengthening the ability to cope with economic fluctuations.*

2.2.4.2. For the financial system and the economy.

2.2.4.3. For investors and partners of securities companies.

2.3. Experiences in Enhancing the Financial Capacity of Securities Companies in Some Countries Worldwide and Lessons for Vietnam.

2.3.1. Experiences in Enhancing the Financial Capacity of Securities Companies in Some Countries Worldwide.

2.3.1.1. Experiences of securities companies in Japan.

2.3.1.2. Experiences of securities companies in South Korea.

2.3.1.3. Experiences of securities companies in China.

2.3.1.4. Experiences of securities companies in Indonesia

2.3.2. Lessons for Enhancing the Financial Capacity of Securities Companies in Vietnam.

First, company size is one of the most important factors influencing the financial capacity of securities companies.

Second, improving business efficiency is the foundation for enhancing financial capacity.

Third, financial capacity of securities companies can be improved through mergers and acquisitions activities.

Fourth, evaluating the financial capacity of securities companies requires considering multiple factors, including both subjective and objective factors.

CONCLUSION OF CHAPTER 2

Chapter 2 has systematically organized and clarified the theoretical issues related to securities companies (SCs) and their financial capacity. The chapter covers the following points:

(i) Generalized fundamental issues regarding SCs, including concepts, organizational models, operational principles, business activities, functions, and financial aspects of SCs.

(ii) Provided a clear explanation of the concept, content, and characteristics of the financial capacity of SCs. To establish a basis for evaluating the financial capacity, the thesis developed and refined a system of indicators for assessing financial capacity. These indicators were presented systematically, aligning with the practical use and the essence of financial capacity in SCs. Furthermore, the thesis also highlighted the necessity of enhancing financial capacity in SCs in the context of international economic integration.

(iii) Analyzed the factors influencing the financial capacity of SCs. These factors can originate from both subjective and objective factors.

(iv) Through studying the experiences in enhancing the financial capacity of SCs in some countries such as Japan, China, South Korea, and

Indonesia, important lessons were drawn for SCs in Vietnam to improve their financial capacity in the future.

Overall, Chapter 2 has provided a comprehensive overview of the theoretical framework and practical aspects related to SCs and their financial capacity. The analysis and insights presented in this chapter serve as a foundation for further examination and evaluation in subsequent chapters.

CHAPTER 3. CURRENT SITUATION OF FINANCIAL CAPACITY OF VIETNAMESE SECURITIES COMPANIES

3.1. Overview of Vietnamese Securities Companies

3.1.1. Formation and Development of Vietnamese Securities Companies

3.1.2. Business Activities of Vietnamese Securities Companies

3.1.3. Current Financial Situation of Vietnamese Securities Companies during the period 2014 - 2021

3.1.3.1. Capital Situation and Capital Structure

To comply with the legal regulations on legal capital, the actual contributed charter capital of Vietnamese securities companies has continuously increased. Specifically, as of December 31, 2014, the total actual contributed charter capital of the companies was only VND 37,829.7 billion. By the end of 2015, it reached VND 39,690.1 billion, an increase of VND 1,860.4 billion or a growth rate of 4.92% compared to December 31, 2014. However, in 2016, the total contributed charter capital decreased slightly to VND 39,513.1 billion, a decrease of VND 177.04 billion or 0.45%. In the period from 2017 to 2020, the growth rates in the following years were higher than the preceding years, namely 11.63%, 25.07%, 15.32%, and 8.35%. As of December 31, 2021, the total charter capital of securities companies reached VND 104,617.4 billion, an increase of VND 35,688.6 billion or a growth rate of 51.78% compared to December 31, 2020. The average equity capital of a securities company in 2014 was VND 425.05 billion, which exceeded the regulation of 70.02%. In the following years, it continued to increase in scale, speed, and the growth rate of the following year being higher than the preceding year. The highest average equity capital was reached in 2021 at VND 1,341.25 billion, exceeding the minimum prescribed capital for a securities company to conduct all business activities, which is 436.50%.

3.1.3.2. Asset Situation and Asset Structure

Along with the increasing trend of contributed capital, the total asset scale of Vietnamese securities companies has also increased over the years. As

of the end of 2021, the total assets of securities companies reached VND 381,246.9 billion, an increase of 82.35% compared to the previous year and a growth of 450.98% compared to the end of 2014.

3.1.3.3. Some Business Results of Vietnamese Securities Companies

3.2. Financial Capacity of Vietnamese Securities Companies

3.2.1. Legal Framework for Operations and Financial Capacity of Vietnamese Securities Companies

3.2.2. Financial Capacity Situation of Vietnamese Securities Companies

3.2.2.1. Status of Capital Mobilization Capability of Vietnamese Securities Companies

Given the necessity to strengthen financial resources for clear advantages in securities companies' operations, the capital scale of Vietnamese Securities Companies has been continuously growing. As of December 31, 2015, the total capital of VSCs reached VND 79,117.5 billion, a 14.34% increase compared to December 31, 2014. However, in 2016, the capital growth rate decreased by 4.94% compared to 2015, mainly due to some securities companies temporarily ceasing operations due to insufficient financial capacity, such as Kim Long Securities Company. From 2017 onwards, the capital growth rate of VSCs in the following year was higher than the previous year, with growth rates of 35.89%, 23.92%, 34.11%, and reaching the highest growth rate of 82.25% in 2021 compared to the end of 2020. The average capital of a Vietnamese Securities Company has shown consistent growth from 2014 to 2021, with growth rates of 19.72%, 1.00%, 35.89%, 25.49%, 23.10%, 34.11%, and 84.69% respectively.

** Capital Mobilization Capability through Issuance of Common Stocks by Vietnamese Securities Companies*

The equity capital of securities companies at the end of 2014 was only VND 3,277.4 billion, with an average of VND 36.82 billion per company, accounting for 4.74% of the total capital. However, by the end of 2021, it had increased to VND 31,674.9 billion, with an average of VND 406.09 billion per company, accounting for 8.31% of the total capital.

** Capital Mobilization Capability through Bond Issuance by Vietnamese Securities Companies*

In recent years, the total value of corporate bond issuances by Vietnamese securities companies has been increasing. Many companies have

successfully raised capital ranging from hundreds of billions to over trillions of Vietnamese dong.

** Capital Mobilization Capability through Commercial Bank Borrowings by Vietnamese Securities Companies*

As of December 31, 2014, the total capital mobilized through commercial bank borrowings was only VND 8,532.1 billion, accounting for 12.33% of the total capital. However, by the end of 2021, the scale of capital mobilized through this channel experienced strong growth, reaching VND 161,172.3 billion, accounting for 42.28% of the total capital.

** Capital Mobilization Capability through Retained Earnings of Vietnamese Securities Companies*

Along with the fluctuations in business results and efficiency, the capital mobilization capability through retained earnings of Vietnamese securities companies has been continuously growing.

3.2.2.2. Current Situation of Capital Management and Utilization Capability of Vietnamese Securities Companies

** Capability to utilize Capital for Business Activities of Securities Companies*

The current situation indicates that the overall effectiveness of Vietnamese securities companies' operations in the recent period is moderate. Alongside efficient securities companies, there are still many companies that have incurred losses for multiple years and are under the supervision of the State Securities Commission (SSC) with the risk of dissolution and cessation of operations.

** Capability to ensure the Ratio of Capital Adequacy*

The calculation results of the ratio of available capital for Vietnamese securities companies during the 2014-2021 period are presented in detail in Appendix 05 and Chart 3.3. The average ratio of available capital for Vietnamese securities companies tends to increase over the years, ranging from 373.17% to 522.33%, which is higher than the 180% threshold. At the same time, the number of securities companies that fail to meet the financial safety standards decreases. However, there are still securities companies that are under supervision and special control due to having a ratio of available capital lower than 180%. These companies are considered to have an inadequate financial capacity.

** Capability to utilize Capital in Securities Credit Activities*

Securities lending activities are one way securities companies utilize their capital. Margin lending transactions enable securities companies to increase profitability, improve revenue from transaction fees, attract more investors, promote listed companies, and enhance liquidity.

** Capability to Restrict Customer Credit Exposure*

The ratio of receivables to total assets of securities companies is very low and tends to decrease during the 2014-2021 period, especially averaging below 5% during the 2016-2021 period.

3.2.2. Liquidity Payment Capacity of Vietnamese Securities Companies

During the 2014-2021 period, the general payment capacity, current payment capacity, and immediate payment capacity of Vietnamese securities companies tend to decrease. On the other hand, the ability to pay interest on loans tends to increase.

3.2.3. Profitability Capacity of Vietnamese Securities Companies

It can be observed that the period from 2014 to 2021 was relatively favorable for Vietnamese securities companies to seek profitability and enhance their financial capacity. Proprietary trading and brokerage activities are considered the main sources of revenue for securities companies. The favorable macroeconomic conditions have boosted the profitability capacity of Vietnamese securities companies, especially those with larger capital scales, which have the advantage of capital and thus achieve higher and more stable profits. However, there are still many securities companies with low profitability, particularly among smaller-scale companies and medium-scale companies.

*** Rating and Assessment of Financial Capacity of Vietnamese Securities Companies**

Vietnamese securities companies with strong financial capacity (companies rated overall A and B) have shown an increasing trend, from 62.92% (56/89) in 2014 to 89.74% (70/78). However, there are still a number of Vietnamese securities companies rated as C, D, E, such as CVS, SBBS, SBS, VSEC, etc. These companies face significant issues that require urgent and timely solutions to improve their financial capacity.

3.3. Evaluation of the Factors Influencing the Financial Capacity of Vietnamese Securities Companies

3.3.1. Research Data

3.3.2. Descriptive Statistics of Variables in the Regression Model

3.3.3. Regression Analysis Results

The regression model results indicate the following equation: $\text{Ability} = 0.316 * \text{Size} - 0.333 * \text{Lev} + 0.00984 * \text{Cap} - 2.858 * \text{Rec} + 0.00101 * \text{CR} + 11.95 * \text{Roe} + 0.158 * \text{GDP} + 0.578 * \text{CPI}$

Based on the regression results, including 6 independent variables (and 2 control variables and macroeconomic variables), the model explains 68.14% of the variation in the dependent variable.

3.4. Evaluation of the Financial Capacity Situation of Vietnamese Securities Companies

3.4.1. Achievements

First, the capital and assets of Vietnamese securities companies have significantly increased over the years, demonstrating an improved ability to mobilize and utilize capital.

Second, the securities companies have achieved the required level of charter capital and financial safety ratios, indicating their remarkable efforts.

Third, with a reasonable capital utilization strategy, the capital adequacy ratios have increased over the years, asset quality has improved, lending for securities trading to customers has increased, operational efficiency has improved, and the ratio of accounts receivable to total assets in the industry has been maintained at a very low level, indicating a significant improvement in operational efficiency.

Fourth, capital utilization has been increasingly improved through enhanced business operations and cost management, resulting in continuous and high-profit growth.

Fifth, the payment capacity of securities companies has shown positive improvements over the years.

Sixth, the profit generation capability of Vietnamese securities companies has shown positive changes.

Seventh, most business areas have been expanded and experienced high growth rates in Vietnamese securities companies.

These achievements demonstrate the overall positive development and progress in the financial capacity of Vietnamese securities companies.

3.4.2. Limitations and Causes

3.4.2.1. Limitations

First, there is still a significant number of securities companies with low growth rates of capital, inappropriate capital structure, and ineffective capital utilization.

Second, the capital scale of Vietnamese securities companies is relatively modest, and they may not be competitive enough compared to securities companies worldwide.

Third, the capital structure of the majority of Vietnamese securities companies is not yet optimal.

Fourth, there are existing issues in managing and utilizing capital, such as ineffective capital utilization, lack of capital saving, low capital adequacy ratios, high accounts receivable, and an inadequate asset structure where securities companies mainly invest in short-term assets, resulting in a high proportion of short-term assets in total assets.

Fifth, the business efficiency of Vietnamese securities companies is still low, unstable, and uneven, directly affecting their financial capacity.

Sixth, the payment capacity of Vietnamese securities companies is not yet guaranteed.

Seventh, the profit generation capability of some Vietnamese securities companies is not high.

Eighth, the financial performance of Vietnamese securities companies depends heavily on market fluctuations and the overall economy.

3.4.2.2. Causes of Limitations

* Objective causes:

- Inadequate structure of the number of securities companies.
- Financial market still has many shortcomings.
- The information technology and data infrastructure, although receiving investment attention, have not fully met the development and integration requirements of the securities market.
- The macroeconomic environment is not yet truly stable.

* Subjective causes:

- Securities companies have not been proactive in seeking and accessing new sources of capital, both equity and debt.

- The capital structure of Vietnamese securities companies is not yet optimal.
- Ineffective management of cash and accounts receivable.
- Companies have not emphasized brand development to enhance business efficiency and expand capital mobilization.
- The quality of human resources does not meet job requirements.
- The management and operational capacity of securities companies are not good enough.
- Risk management capability is still limited.
- The current operating model of securities companies is not efficient.

Moreover, securities companies lack transparency and disclosure in their financial activities. This is a weakness in the operations of many securities companies, as their financial reports are not transparent, require multiple adjustments, and have low reliability.

CONCLUSION OF CHAPTER 3

Based on a comprehensive overview of the current state of the Vietnamese stock market in Chapter 3, the thesis has analyzed and evaluated the financial capacity status of Vietnamese securities companies during the period of 2014-2021. The research findings, both qualitative and quantitative, on the factors influencing the financial capacity of Vietnamese securities companies have led to significant conclusions regarding their financial capacity. The thesis has also highlighted the achievements, limitations, and the causes of constraints affecting the financial capacity of Vietnamese securities companies, including subjective and objective factors.

The thesis has revealed that the financial capacity of securities companies has shown remarkable improvements over the years in terms of capital, liquidity, and profitability. However, there still exists a considerable number of securities companies with relatively low growth rates in capital, improper capital structure, inefficient capital utilization, and inadequate payment capability. Additionally, the profitability of some securities companies remains relatively low.

CHAPTER 4. ENHANCING THE FINANCIAL CAPACITY OF VIETNAMESE SECURITIES COMPANIES

4.1. Socio-economic context and Development Orientation of the Vietnamese Stock Market by 2030

4.2. Perspectives on Enhancing the Financial Capacity of Vietnamese Securities Companies

4.2.1. Enhancing the financial capacity of securities companies must be linked to the political, legal, and policy environment.

4.2.2. Enhancing the financial capacity of securities companies must align with the development orientation of the stock market.

4.2.3. Enhancing the financial capacity of securities companies must ensure sustainable development.

4.2.4. Enhancing the financial capacity of securities companies must involve strengthening risk management and financial safety measures.

4.2.5. Enhancing the financial capacity must meet the requirements of international integration in the securities sector.

4.3. Solutions to Enhance the Financial Capacity of Vietnamese Securities Companies.

4.3.1. Solutions to Enhance Capital Capacity for Vietnamese Securities Companies

4.3.1.1. Increase the scale of owner's equity capital in line with each stage of the stock market's development.

Firstly, increase retained earnings for reinvestment.

Secondly, increase owner's equity capital through issuing new shares.

Thirdly, merge and consolidate securities companies.

The thesis utilizes Principal Component Analysis (PCA) and K-means cluster analysis on the SPSS statistical software to analyze the financial capacity and business strategies of small-scale securities companies during the period of 2014-2021. Securities companies with similar characteristics are grouped together, and based on these results, the study proposes mergers and acquisitions (M&A) between securities companies. The research suggests M&A activities among securities companies within four clusters to increase the scale of owner's equity capital and financial capacity:

Cluster 1: Securities companies including Beta Securities, DongA Securities, HAC Securities, IRS Securities, LVS Securities, NVS Securities, VISE Securities, and VSEC Securities. Cluster 2: Securities companies including DVSC Securities, SBS Securities, and VUA Securities. Cluster 3: Securities companies including APSC Securities, CVS Securities, HVS Securities, and VNSC Securities. Cluster 4: Securities companies including

ASCS Securities, CSI Securities, ECC Securities, HBS Securities, JSI Securities, ROSE Securities, SBBS Securities, SJCS Securities, VIG Securities, VISECO Securities, VTSC Securities, and VTSS Securities.

Fourthly, actively seek strategic investors.

Fifthly, transition to different forms of business operations.

Sixthly, dissolve or bankrupt securities companies with prolonged decline in financial capacity.

4.3.1.2. Develop a debt capital mobilization strategy suitable for each securities company.

- Mobilize capital through corporate bond issuance.

- Obtain loans from commercial banks.

Firstly, enhance the management capabilities of securities companies.

Secondly, ensure transparency and disclosure of information by securities companies in the market.

Thirdly, develop feasible and efficient business plans and services that comply with legal regulations.

Fourthly, establish a professional accounting system.

Fifthly, regularly stay informed about the mechanisms and policies of the Government, the State Bank, and related commercial banks that provide loan support to the company.

4.3.1.3. Apply a capital management framework for securities companies.

4.3.2. Solutions to Enhance Payment Capacity for Vietnamese Securities Companies

4.3.2.1. Strengthen risk management capabilities for securities companies.

Firstly, establish an effective risk management system.

Secondly, develop policies for identifying and handling risks.

4.3.2.2. Restructure the debts of Vietnamese securities companies.

Firstly, adjust debt maturities.

Secondly, increase the proportion of long-term borrowings.

4.3.3. Solutions to Enhance Profitability for Vietnamese Securities Companies

4.3.3.1. Concentrating financial resources to enhance business operations efficiency

- Concentrate resources to effectively carry out business activities, especially those related to the company's competitive advantages with a large market share.

- In the near future, one of the activities that Vietnamese securities companies need to focus on is investment advisory services, especially in the area of advising the restructuring of businesses in the economy.

- Develop an effective marketing strategy.

- Securities companies can consider investing in core software systems to deploy services for investors.

4.3.3.2. Enhancing professional capabilities for securities companies:

- Develop a human resources development strategy suitable for each stage.

- Establish personnel qualification standards.

- Implement regular training systems.

- Enhance the quality of market research human resources.

- Design appropriate salary policies for securities brokers.

- Improve and elevate the code of conduct for securities companies.

4.3.3.3. Continuously restructure the securities company system in the securities market:

Firstly, during the period from 2024 to 2030, vigorously carry out the arrangement of securities companies' system based on the perspective of aligning the number of companies in the market with the scale of the securities market and the needs of investors.

Secondly, in terms of business types, operating securities companies in the form of joint-stock companies is a priority that needs to be implemented.

Thirdly, concerning the organizational model of securities companies, in the current Vietnamese stock market conditions and the next 5 to 10 years, multi-functional companies or specialized companies are appropriate models for Vietnamese securities companies, according to research.

Fourthly, research and apply an independent investment bank model in the securities market, focusing on separating brokerage activities from underwriting and proprietary trading activities.

Fifthly, enhance licensing conditions and the operations of securities companies.

Lastly, in synchrony with the above solutions, the state management agencies need to continue to effectively strengthen the policy mechanisms as well as specific regulations regarding the dissolution, consolidation, or merger of securities companies.

4.4. Solutions for conditions and support

4.4.1. Enhance the legal framework for the business activities of Vietnamese securities companies.

4.4.2. Increase the supply of goods in terms of quantity and quality for the securities market.

4.4.3. Strengthen effective measures to stimulate the securities market.

4.4.4. Boost the application of the 4.0 technological revolution in the securities sector.

4.4.5. Other macro-level solutions to support the development of the securities market and financial capacity of securities companies.

CONCLUSION

With a history of formation and development spanning over two decades, along with the fluctuations of the macroeconomic environment and the ups and downs of the stock market, Vietnamese securities companies have always been dynamic in finding the right direction that suits the new market conditions. They have built credibility and attracted a large number of investors to participate in the market. In addition, these companies have continuously innovated their technologies, improved the quality of their services, and enhanced operational efficiency to adapt to the increasingly fierce competitive environment of the market economy. This is based on the foundation of significantly increased financial resources, reflected in the ability to raise capital over the years in terms of scale and methods, positive changes in profitability, improved payment capabilities, and serious risk management practices by many securities firms, thus continuously strengthening their competitive strength. However, there are still a large number of securities companies facing difficulties in business operations, with inherent risks leading to dissolution, cessation of operations, or mergers.

Through the research topic "Enhancing the Financial Capacity of Vietnamese Securities Companies," the thesis has systematized and clarified the financial capacity of securities companies, including the concepts, content, characteristics of financial capacity, objective factors, and subjective factors influencing the financial capacity of securities companies. Moreover, the thesis has studied the experiences of enhancing the financial capacity of securities companies in some countries around the world and drawn lessons on improving the financial capacity of Vietnamese securities companies.

Based on the theoretical foundation of financial capacity, the thesis has evaluated the current status of financial capacity of Vietnamese securities companies from 2014 to 2021, identifying the achieved results, limitations, and causes. These causes include environmental macro factors and internal factors of securities companies. The results of econometric model testing on the quantitative economic factors (related to securities companies) affecting the financial capacity of companies have indicated that profitability on equity capital and the ratio of accounts receivable have the strongest impact on the financial capacity of Vietnamese securities companies. This is followed by the scale of equity capital, financial leverage ratio, and finally the ratio of available capital and liquidity.

From the perspective of enhancing financial capacity, the thesis has proposed a number of solutions to improve the financial capacity of Vietnamese securities companies. The proposed solutions are generally scientific and practical. In addition, the thesis has also proposed conditions and support measures, and improved legal frameworks that facilitate capital mobilization and risk reduction for securities companies. It aims to increase the supply of commodities in terms of quantity and quality for the stock market, and promote effective measures to stimulate the securities market, creating conditions for securities companies to operate efficiently and continuously develop their financial capacity in the future.

Despite the efforts made in the research, the thesis still has limitations and constraints. The author sincerely hopes to receive contributions and opinions from scientists and experts to further improve the thesis.

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