

HO CHI MINH NATIONAL ACADEMY OF POLITICS

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**CAPITAL MOBILIZATION OF VIETNAM BANK FOR
AGRICULTURE AND RURAL DEVELOPMENT**

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**The thesis can be found at the National Library and
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LIST OF WORKS PUBLISHED BY THE AUTHOR RELATING TO THE THESIS

1. Trinh The Cuong (2012), "Restructuring banks – Issues set out", Journal of Economics and Forecasting, (7).
2. Trinh The Cuong (2015), "Solutions to expand banks' credit capital for agricultural and rural development", Journal of Financial and Monetary Markets, (17).
3. Trinh The Cuong (2015), "The Role of Agribank in promoting credit for the development of Vietnam Bank for Agriculture and Rural Development", Journal of Economics and Forecasting, (9).
4. Trinh The Cuong (2015), "Solutions to promote capital mobilization activities of Agribank", Journal of Finance, (615).
5. Trinh The Cuong (2015), "Capital mobilization at Agribank Trang An and some issues set out", Journal of Finance, (609).

INTRODUCTION

1. The necessity of the thesis

Due to the nature of the activity of a financial intermediary that is borrowing for lending and providing other financial services, capital mobilization is a decisive factor for business operations of commercial banks, as a result, commercial banks pay much attention on the mobilization of capital. For countries with developed financial markets, commercial banks are often more favorable in mobilization the capital because banks can use a variety of mobilization tools in different market segments at low cost. Meanwhile, for countries with financial markets not yet developed such as that of Vietnam nowadays, the mobilization of capital often involves many difficulties due to lack of internal economic potentials, undiversified and inflexible financial market, which leads to an increase in the costs of capital mobilization, putting the commercial banks to face several business challenges.

For Vietnamese commercial banks, including Agribank, due to the complicated business environment in recent years, the risks in business are high not only in the list of outputs but also in input products which are source mobilization. The complicated nature of the risks also makes it difficult for commercial banks to mobilize capital sources while raising capital mobilization costs quite high compared to most commercial banks in the region, posing an urgent need today in in the future that is, besides finding measures to expand the source mobilization, it is necessary to step by step enhance the efficiency of capital mobilization, thus improving the business efficiency of commercial banks.

Moreover, for Agribank, the majority of customers are farmers and those from farming sector in rural areas and mainly in credit relations with huge and increasing demand for loans while the mobilization of capital in the rural areas still involves many difficulties, requiring Agribank to strengthen the management of capital mobilization. In the context of deep

integration of the economy, the need to consolidate and enhance the competitiveness of banking services business, meeting the capital requirements of Agribank to accelerate the sustainable development of the economy, the requirement to manage capital mobilization of commercial banks in Vietnam in general, and of Agribank in particular, is very urgent.

In fact, Agribank's capital mobilization basically meets the business requirements in each period and at the same time, serve well Agribank's development strategy in the medium and long term. In addition to the achievements, Agribank's capital mobilization also sets out a number of issues that need further researching and resolving, such as the sustainability of the capital mobilization activity, the legitimacy of the activities of mobilizing capital, or the control of operational risk in this activity.

Considering all of the above factors, the author selected the topic "Capital mobilization of the Bank for Agriculture and Rural Development in Vietnam" as the topic of the doctoral thesis in Economics, majoring in Economic Management.

2. Research purposes and research tasks

Purpose of the study: Basing on the systematization and contributing to clarify a number of theoretical issues on capital mobilization of commercial banks; By analyzing and evaluating the situation of capital mobilization in Agribank, the thesis proposes the main direction and solutions to improve mobilization in Agribank in the coming time.

Research tasks:

- + To systematize and clearly show some theoretical issues about capital mobilization of commercial banks;

- + Analyzing and evaluating the current status of the capital mobilization at Agribank, mainly in the period 2011-2016, showing the achievements, limitations and causes of limitations.

- + Suggesting direction and major solutions to promote the mobilization at Agribank in the coming time

3. Research subjects and research scope

Research subject: The research subject of the thesis is defined as the content of capital mobilization of Agribank under the perspective of management.

Research scope:

About space: The thesis studies Agribank's capital mobilization as a unified body, including branches of type I, type II, transaction centers, subsidiaries, and non-business units.

About time: The thesis studies the capital mobilization in Agribank in the period 2011-2016, with an orientation to 2020 and vision in 2030.

About content: The thesis approaches capital mobilization from the perspective of economic management, therefore, the content of capital mobilization management will be emphasized.

4. Research approach and research methodology

4.1 Research approach: To implement the content and objectives set out, the thesis uses the following main approaches:

- Approaching from theory to practice: Using theoretical issues to clarify practical issues.
- Systematic approach: Recognizing that Agribank is a unified, systematic whole with the same goal.
- Approaching by management content: Capital mobilization is not viewed and approached from the perspective of banking operations, but is approached according to management content.

4.2. Research Methodology

- Analytical methods: The combination of quantitative and qualitative analysis will be used to interpret the data and analyze the causes from the practice.
- Statistical, comparison methods: The data will be used in time series and at a time for vertical comparison and cross-checking of the status of capital mobilization of Agribank.

- Data collection method: Agribank is a system of branches, so the data used in the thesis is the official data aggregated by Agribank according to specific criteria.

5. New contributions of the thesis

Firstly: Mobilization is the main function of commercial banks. With the specialized approach, the thesis emphasized on capital mobilization and management of capital mobilization of commercial banks, which include: (1). Strategic planning for capital mobilization; (2). Issuing capital mobilization policies; (3). To organize the mobilization of capital; (4) Check and supervise the mobilization of capital. On the basis of clearly defining the contents of capital mobilization, the thesis proposes criteria for measurement of capital mobilization and management of capital mobilization as a theoretical basis for analyzing and evaluating the actual situation.

Secondly: Based on the analysis and interpretation of the practice of capital mobilization and management of capital mobilization of Vietnam Bank for Agriculture and Rural Development in 2011-2016, the thesis used assessment criteria to point out the results and limitations in mobilizing capital of the Vietnam Bank for Agriculture and Rural Development, thereby identifying objective causes, including causes from the international and national markets as well as the instability of monetary policy. In addition to objective causes, four subjective causes include: (1) Reasons from the Board of management; (2) Mechanisms and policies on capital mobilization of the bank are inadequate; (3) The infrastructure of the Vietnam Bank for Agriculture and Rural Development has not met the requirements and (4) The human resources of the Vietnam Bank for Agriculture and Rural Development still has many limitations.

Thirdly: Some solutions to improve the capital mobilization of Vietnam Bank for Agriculture and Rural Development in the coming time: (1) Solutions on capital mobilization and trading management mechanism; (2) Solutions on the structure of mobilized capital sources; (3) Solutions

on capital mobilization products; (4) Solutions on procedures, transaction documents in mobilizing capital; (5) Solutions on distribution channels; (6) Solutions on incentives in mobilizing capital; (7) Solutions on customer care; (8) Mixed promotion solutions for capital mobilization; (9) Solutions to build human resources for the capital source activities; (10) Solutions on information technology in capital mobilization; (11) Solutions on risk management in mobilization.

6. Theoretical and practical meanings of the thesis

In theory: capital mobilization of commercial banks is not a new problem, and so far there have been a lot of researches on this issue. However, the issue of commercial banks' capital mobilization has not been mentioned and analyzed in a systematic way. Based on the inheritance, analysis and clarification of theoretical issues, this thesis will be a reference for teaching and researching at the Universities / Academies of Finance - Banking.

In practice: the analysis closely follow the practice of capital mobilization at Agribank so they can be reference documents for this bank in practice.

7. Structure of the thesis

Apart from the introduction, conclusion, list of references, the thesis is structured into 4 chapters.

CHAPTER 1

SUMMARY OF RESEARCH SITUATION

ON CAPITAL MOBILIZATION OF COMMERCIAL BANKS

An overview of the research situation on capital mobilization of commercial banks was conducted by the thesis, which includes theoretical studies abroad, in the country and practical research works, thereby drawing some results, issues set out and research direction of the thesis:

- Main research directions that have been implemented: The researches mainly focus on: (i) Researching the capital mobilization of commercial banks; (ii) researching capital mobilization experiences from local and foreign commercial banks; (iii) Researching the practical situation of capital mobilization from some commercial banks in previous years, including Agribank and other commercial banks; (iv) Proposing a system of solutions and recommendations on the work of capital mobilization.

Based on the main research directions conducted, the results of these studies have initially clarified some basic issues about the activities of capital mobilization and factors that affect the capital mobilization operation of the commercial banks.

In addition to the content that has been resolved, the overview of related researches also shows some issues that need further studying, namely:

+ There is lack of full and comprehensive research on the theory of capital mobilization and management of mobilized capital of commercial banks.

+ There is no study to comprehensively evaluate and analyze of the situation of capital mobilization and management of mobilized capital of Agribank, to be the basis for making appropriate policy recommendations in the form of a doctoral dissertation in economics, majoring Economic management.

- Some issues that need to be investigated

+ Capital mobilization of commercial banks in developing countries always have to face inadequacies: these may be inadequacies from the inside of each commercial bank, but may also stem from objective reasons. Therefore, commercial banks have to deal with these inadequacies in order to be able to mobilize capital with sufficient scale and structure to meet banking business requirements in each stage of business operation.

+ Capital mobilization always imbeds with hidden risk factors, causing commercial banks to lose money or lose prestige in the financial market ... which set out the requirements to strengthen the management of mobilized capital. Like any activity in the business chain of a commercial bank, besides the management of the monetary authorities, the management of capital mobilization within each commercial bank must be promoted and must strictly comply with regulation. However, the application process may not be the same in different commercial banks and what solutions there are for Agribank. In order to assess the management of capital mobilization, what criteria should Agribank have and what are the factors affecting Agribank's capital mobilization in particular and the system of commercial banks in general?

- In recent years, the capital mobilization at Agribank have always been highly appreciated and this is reflected in the scale as well as the market share of capital mobilization which always leads in the entire banking system of Vietnam. However, the most important point is how is the quality and effectiveness of this bank's capital mobilization in recent years? What are the shortcomings and the causes? How is the management of mobilizing capital of Agribank in the past years? ... These are still big questions that needs to be answered satisfactorily, thereby helping the bank's operation meet the practical requirements. This is to help the bank achieve its business objectives while affirming the role and position of the largest commercial bank, leading the entire banking system of Vietnam in all fields of operation, including mobilization of resources, as well as helps to thoroughly deal with the shortcomings in mobilizing sources in previous years with the race to enhance mobilization interest rates which was very complicated, difficult to control and can cause damages to each other.

CHAPTER 2

THEORETICAL AND PRACTICE BASIS OF CAPITAL MOBILIZATION OF COMMERCIAL BANKS

2.1. OVERVIEW OF COMMERCIAL BANKS

2.1.1. The concept of commercial banks

There are many different concepts about commercial banks, in Vietnam, the concept of commercial banks can be generalized as follows: commercial bank is the type of bank that performs all banking activities and other business activities in accordance with law for profit target.

2.1.2. The role of commercial banks in the economy

Firstly, a bank is a center for the accumulation of idle capital in the economy for the purpose of lending for the development of production, business and other consumption of society.

Secondly, a bank is a major payment center of the economy, contributing to accelerate the rotation of goods and services.

Thirdly, a bank contributes to regulate and control the monetary and capital markets; contributing to stabilizing the currency and controlling inflation.

Fourthly, a bank is the international payment center of the economy.

Fifthly, participating in the process of "making money".

2.1.3. Basic operations of commercial banks

Including the following: Payment; Mobilizing capital; Lending; Foreign trade financing; Trust services; Storage of valuables.

2.2. CAPITAL MOBILIZATION OF COMMERCIAL BANKS

2.2.1. Concept, characteristics and role of commercial banks' capital mobilization

2.2.1.1. The concept of capital mobilization

From a management perspective, it can be understood that capital mobilization in commercial banks is the process of planning, organizing and directing the implementation and control of the activities of mobilizing capital in order to achieve the set objectives.

From the point of view of mobilization profession, it can be understood that commercial banks' capital mobilization is the activity that commercial banks, by adopting different methods and using different tools, mobilize monetary capital in the economy.

In the most general way possible to understand: Capital mobilization of commercial banks is the commercial banks, through the planning, choosing the use of different methods and tools, concentrate the monetary resources in the economy as well as organizing, directing and supervising the work of capital mobilization to achieve the set objectives.

2.2.1.2. Characteristics of capital mobilization of commercial banks

Like any economic organization, commercial banks want to carry out their business activities, they must have capital, business capital including equity capital and loans. In order to be able to get loans from customers with idle money, the borrowers, whether they are non-banking economic organizations or commercial banks, must prove their prestige, especially their financial prestige to ensure the repayment capability to the lenders

However, unlike most other economic organizations, capital mobilization of commercial banks have some differences:

Firstly, if other economic organizations want to be licensed to operate, the requirement of equity is always high, often having to meet more than 50% of total capital needs, whereas for commercial banks, equity requirement is often much lower, with only about 8% of total assets converted to risk (Basel rules).

Secondly, commercial banks can adopt many different measures and tools for capital mobilization.

Thirdly, the commercial bank establishes a wide network of branches to mobilize capital and to provide financial services to customers in the economy.

2.2.1.3. The role of capital mobilization of commercial banks

- Role for the economy: The capital mobilization contributes to the mobilization of concentrated temporary idle cash reserves in the economy, thereby promoting the efficiency of monetary sources in the economy.

- Role for the customers: Capital mobilization contributes to meet capital needs for development investment of enterprises and organizations.
- Role for monetary control: Capital mobilization helps the central bank effectively control the cash flow in the economy.
- Role for business activities of commercial banks: Capital mobilization contributing to create a premise for commercial banks to operate safely and effectively.

2.2.2. Managing capital mobilization of commercial banks

2.2.2.1. Planning for capital mobilization strategy

The capital mobilization strategy of commercial banks is a comprehensive and long-term operation program, which creates a certain development step in the bank's capital mobilization operation, being a commitment to the basic and comprehensive objectives in capital mobilization that the banks need to achieve and the allocation of critical resources to achieve those goals in the future operating environment.

The content of capital mobilization strategy in commercial banks

- Determining the strategic objectives in mobilization of capital
- Analyzing the external business environment - Identifying opportunities and risks.
- Analyzing the internal environment - Identifying strengths, weaknesses.
- Setting up a strategy.

2.2.2.2. Issuing policies to mobilize capital

- Policy on deposit products.
- Term policy of mobilized capital.
- Policies on mobilizing interest rates and operating costs of capital mobilization.
- Policy on distribution channel system.
- Marketing policy.

2.2.2.3. Organizing the mobilization of capital

- Building up the capital mobilization criteria

- Developing a system for searching and classifying funds
- Implementation of types of capital mobilization: Mobilizing capital by raising equity capital; Mobilizing capital via receiving deposits from economic organizations and residents; Mobilizing capital by issuing valuable papers; Mobilizing capital through central bank loans and other credit institutions; Mobilizing capital via borrowings from central bank; and mobilizing capital from other sources

2.2.2.4. Inspection and supervision of capital mobilization activities

Inspection and supervision is the last stage of the capital mobilization management process. This is the process of measuring the activity and results of commercial banks' capital mobilization activities on the basis of the established criteria to detect the advantages as well as to find the limitations, thus making appropriate adjustments to achieve the optimal capital mobilization plan.

2.2.3. Criteria for assessing the capital mobilization of commercial banks

2.2.3.1. Criteria for assessment of capital mobilization activities

- Scale and growth rate of mobilized capital
- The structure of mobilized capital
- interest rates, cost and profit of capital mobilization

2.2.3.2. Criteria for assessing the management of capital mobilization

- The realism of the plan.
- The rationality in the direction and organization of the implementation of the capital mobilization plan.
- The inspection and evaluation of the capital mobilization management work

2.3. FACTORS AFFECTING CAPITAL MOBILIZATION OF COMMERCIAL BANKS

2.3.1. Group of subjective factors

Firstly, the views of the bank's leaders on capital mobilization

Secondly, the prestige of commercial banks

Thirdly, the facilities of commercial banks

Fourthly, qualification, ethics, professionalism of staff of the banks

2.3.2. Group of objective factors

Firstly, macroeconomic environment

Secondly, the political and legal environment

Thirdly, the level of competition among financial institutions in capital mobilization

Fourthly, the level of development of the social economy as well as the development of financial markets

2.4. EXPERIENCES IN MOBILIZING CAPITAL FROM COMMERCIAL BANKS AT HOME AND ABROAD

The thesis analyzes the experiences of Rakyat - Indonesia, the bank CARD - Philippines; Some American banks and Vietinbank, some lessons can be learned for Agribank in mobilizing capital are:

Firstly, to focus on mobilizing capital from the poor people, those with low-income in rural areas by offering very flexible capital mobilization products that are suitable for short and even very short terms.

Secondly, to take the initiative in developing a capital mobilization growth strategy based on careful consideration between benefits and costs, between the current and potential advantages of the banks

Thirdly, it is necessary to classify the customers depositing money so that appropriate depository policy can be applied

CHAPTER 3

ACTUAL SITUATION OF CAPITAL MOBILIZATION AT VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

3.1. OVERVIEW OF THE VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

Operation Network: Including nearly 2,400 branches and transaction offices nationwide, Cambodia branch. At present, Agribank has more than

10 million customers being production households and 30,000 customers being enterprises. Agribank is one of the banks having the largest correspondent banks in Vietnam with 1,033 agency banks in more than 100 countries and territories.

The Member's council is composed of one chairperson and one vice president and nine board members. Under the Member's council is the Board of Directors. Operating under the model of one-member limited liability company with 100% owned by the State, operating under the law of credit institutions and being subjected to direct management of the State bank.

The capital mobilization of AGRIBANK in the period 2011-2016 has a relatively stable growth, although in this period, the financial market in Vietnam had some complicated movements. In 2016, AGRIBANK's mobilized capital had a remarkable growth, reaching VND 852,791 billion, increased by 15% compared to that of 2015.

Movement of outstanding loans at AGRIBANK in 2011-2016: outstanding debt growth in 2011-2016 was unstable. The main reason is AGRIBANK's bad debt in recent years has been relatively complicated and requires the bank to focus on restructuring and dealing with bad debts.

3.2. ANALYSIS OF THE ACTUAL SITUATION OF CAPITAL MOBILIZATION AT VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

3.2.1. Actual situation of Agribank's strategy to mobilize capital

(i) Market position: As a leading governmental commercial bank, AGRIBANK always occupies the leading market share of mobilized capital in Vietnam.

(ii) Objectives of the capital mobilization activities in the future: In response to this question, Agribank has to, in essence, closely pursue future business objectives. As a governmental commercial bank mainly operating in Agriculture and rural areas associated with the implementation of major economic programs of the Government for this area, the bank's

strategy must closely follow the demand for credit investment under the large economic programs of the government in the future.

(iii) How to handle capital needs: With the motto of approaching the targeted customers, over the years, AGRIBANK has established a large distribution network (as mentioned above) and this is the absolute advantage of the bank in the capital mobilization work.

At the Head Office, the Planning and Funding Department is the general body for registration and protection results of the branch; To propose the formulation of an official plan on the balance between capital sources and use of capital and assignment of mobilized capital criteria for the grade 1 and grade 2 branches, and submit them to the general directors and the Members' Council for approval.

3.2.2. Actual situation of the issuance of Agribank's capital mobilization policies

Basically, AGRIBANK's policies on capital mobilization must always follow closely the system of legal documents promulgated by the National Assembly, the Government and the State bank. In addition, in order to match the characteristics of the bank's operations, AGRIBANK has issued a number of policy documents on the capital mobilization and management of mobilized capital. The general orientation in AGRIBANK's policy documents on capital mobilization operation is that: "Raising market share of capital and services in urban areas, especially in the two cities of Hanoi and Ho Chi Minh City to transfer capital to Agriculture and rural areas and farmers. The capital mobilization policies of AGRIBANK include:

A / Policy on capital mobilization product: as the targeted customers of the bank being very diversified, in order to match the needs of each target group, AGRIBANK offers very diversified capital mobilization products associated with ways to attract depositors while not violating the regulations of the State bank of Vietnam (SBV).

B / Policy on terms of mobilized capital

Basically, AGRIBANK mobilizes capital in all maturities at the request of the depositors, but in order to ensure the appropriateness of term deposits and loans / investments to minimize potential maturities risks, AGRIBANK focuses on mobilizing deposits with term of 1-2 years, which is suitable with the capital demand of the bank.

C / Policy on mobilizing interest rates and capital mobilization expenses

In order to mobilize idle capital in the economy, interest rate is a decisive factor, from this point of view, AGRIBANK has launched some attractive mobilizing products in the past few years. This helps the bank mobilize a large amount of capital, but is also a limitation as the capital mobilization tools have resulted in increased costs, and even diminished prestige of the bank in some places.

3.2.3. Organizing the mobilization of capital

About the organizational structure: AGRIBANK's capital mobilization management system are throughout from the Head Office to branches and transaction offices.

Human resources: AGRIBANK is the largest commercial bank in Vietnam, with a nationwide network of nearly 2,400 branches and transaction offices with a total of over 36,000 staff.

With the current management model and mechanism, AGRIBANK has regularly monitored the implementation of the branch's planning targets and helped the management and operation in a timely manner.

AGRIBANK directed the branches to fully implement the capital mobilizing products (as mentioned above), issued the capital mobilization manual to each official. The manual is designed to assist the branch staff with a tool to look up for the capital mobilization products, to find out how to approach the customers and how to consult customers to use AGRIBANK's capital mobilizing products effectively and efficiently.

3.2.4. Monitoring and evaluating the mobilization of capital

The General Director of AGRIBANK is responsible for directing regular or extraordinary inspections of the implementation of the plan at Transaction Offices, Branches of grade 1 and 2. To compare the performance with planned targets, to compare the implementation of this period with the performance of the previous periods to specify the pros and cons to make timely adjustments. To supervise the management of capital mobilization in accordance with current regulations of the SBV and AGRIBANK.

3.3. AN ASSESSMENT OF AGRIBANK'S CAPITAL MOBILIZATION STATUS THROUGH EVALUATION CRITERIA

3.3.1. Scale and growth rate of mobilized capital

The scale of mobilized capital at AGRIBANK is quite large. According to the growth rate of the mobilized capital, it can be seen that: the mobilized capital of banks has a unstable growth over the years. The fact that AGRIBANK's annual capital mobilization is not stable is mainly due to the decrease in interbank loans.

3.3.2. Structure of mobilized capital

Of the total mobilized capital at AGRIBANK, mobilized deposit capital always accounts for a very high proportion. Regarding the structure of the depository system: the opposite trend between the proportion of deposits in the residential sector and the organization shows the importance of deposit in residential areas is increasing over the years. Structure of types of mobilized monetary: Mainly mobilized in local currency with increasing proportion.

3.3.3. Market share of capital mobilization

The market share of mobilized capital of AGRIBANK continued to decline during the surveyed period, in which: in 2012, the mobilized capital market share of the bank declined sharply: from 24.1% in 2011 to 17.2% in 2016. The decline in this market share is mainly due to the fierce competition from financial institutions increasingly participating in the capital mobilization market, many organizations put up unfair competition

measures while AGRIBANK still strictly adheres to the regulations of the SBV. However, another important reason is that AGRIBANK has not paid much attention to the important customer segment of the bank which is rural population. Practice shows that in the last few years, capital mobilization of AGRIBANK was mainly towards large urban areas - this is still a market segment with very hot competition.

3.3.4. Cost of raising capital

The mobilizing interest rates reflect the input price or the cost to pay for the mobilized capital. The lower the fee, the higher the increase in the difference between output – input interest rates. With the same amount of capital mobilized, the lower the cost, the better the capital mobilized.

3.3.5. The reality of the capital mobilization plan

In 2011 and 2012, the capital mobilization did not meet the set targets. In the next years, the targets were always met and even outperformed, in which 2014 saw an over-performance of 23%.

3.3.6. The rationality in directing and organizing the implementation of capital mobilization plans

AGRIBANK's capital mobilization performance has increased steadily during the survey period.

3.4. GENERAL ASSESSMENT OF CAPITAL MOBILIZATION OF AGRIBANK

3.4.1 The results achieved

First of all, the capital mobilization activity is always deeply concerned by the bank's management board.

Secondly, with the advantage of being a large state-owned commercial bank, AGRIBANK has diversified its capital mobilization channels, including depository clients, from credit institutions in the inter-bank market.

Thirdly, the mobilization of capital from deposits achieves important results.

Fourthly, the capital mobilization planning work is increasingly reasonable, sticking to reality based on the policy forecasts as well as market movements.

Fifthly, the productivity of the capital mobilization is increasing on the basis of diversification of mobilized capital sources.

3.4.2 Limitations

Firstly, the mobilized capital market share tends to decrease rapidly

Secondly, the mobilized capital is not stable, the structure is not very reasonable, especially in term structure, customer structure, and the market structure

Thirdly, there is no specific strategy for accessing cheap capital, not paying much attention to exploiting funding and entrusting sources, and limited ability to mobilize capital from trade finances.

Fourthly, the capital mobilization steering and management activities are not really flexible, the capital mobilization channel is quite large but has not been effectively exploited.

Fifthly, mobilized capital products are diversified, but do not meet the requirements of the customers, weak cross-selling skills, have not been able to create the "product package".

3.4.3. Causes of the limitations

3.4.3.1. Group of objective reasons

Firstly, the dynamics of the world economy and Vietnam economy

Secondly, the financial policies and laws in general, in particular the capital mobilization work of commercial banks in the last few years is not stable.

Thirdly, the fierce competition of other credit institutions in the economy in mobilizing capital.

Fourthly, the financial market of Vietnam has not been well developed.

3.4.3.2. Group of subjective reasons

Firstly, the reason is from Agribank management board

Secondly, due to the capital mobilization mechanism and policy of banks

Thirdly, the cause from the bank's infrastructure

Fourthly, the cause from human resources of Agribank

CHAPTER 4

SOLUTIONS FOR CAPITAL MOBILIZATION AT VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

4.1. CAPITAL MOBILIZATION ORIENTATION OF VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT TO 2020 WITH A VISION TO 2030

4.1.1. Advantages and disadvantages of Agribank in mobilizing capital

- Advantages: AGRIBANK is one of the largest commercial banks in Vietnam, with a strong reputation and extensive network.

- Disadvantages: The world economy is predicted to continue to have unpredictable changes; The domestic economy still faces many challenges.

4.1.2. Forecasting the demand for credit capital to meet the requirements of socio-economic development in the coming years

Demand for credit funds for the development of Agriculture and rural areas in the coming years will be very high, the pressure in mobilizing capital for the implementation of these targets in the coming years will also increase.

4.1.3. Agribank's capital mobilization orientation

Maintaining the largest share of mobilized capital in the commercial banking system, with the annual capital growth rate being 20-22%. In 2016-2020, besides the existing capital mobilizing products, AGRIBANK focuses more on innovating, researching and developing new products with reasonable interest rates with many facilities to create convenience for customers while growing the capital sources and cross-selling products.

4.2. SOLUTIONS TO MOBILIZE CAPITAL OF VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

4.2.1. Solutions on capital mobilization and capital trading mechanism

Continue to develop policies to mobilize capital; Deploying a centralized capital management model to purchase and sell capital internally; Instructing the transaction center and branches to issue valuable papers.

4.2.2. Solutions on the structure of mobilized capital

Regularly analyzing the scale and structure of the capital source to know the strengths and weaknesses in the capital structure, and to find the capital mobilization solutions that are suitable for each period as required by the business mission.

4.2.3. Solutions on capital mobilization products

Assessing and classifying AGRIBANK's existing capital mobilization products in the market (quantity, efficiency and bottlenecks in the use process); Inadequate product inventory, organization of customer survey, profitability analysis of service products (defining turnover, efficiency, product life cycle) on which to propose restriction or removal of ineffective product, developing capital mobilization products which have high profitability, quality and brand name.

4.2.4. Solutions on procedures, transaction documents in the mobilization of capital

To review the processes, procedures, transaction documents and programs involved in the transaction of savings deposit; Review the process of closing the savings book for customers with the plan to save in a place and to withdraw in different places, simplifying procedures and travel time for the customers; Completing the process for deposit products; Investigating, surveying the fees, interest rates of other commercial banks in the area.

4.2.5. Solutions on distribution channels

With the traditional distribution channel, the evaluation of the capital mobilization activities in the past time, from which there are solutions for restructure and rearrangement; Focusing on exploiting agencies/intermediary team in capital mobilization; Modern distribution channels, should add features to increase utility services that other commercial banks have deployed or have not deployed.

4.2.6. Solution of incentive mechanism in mobilizing capital

Establishing the Capital mobilization Steering Committee for the period 2015-2020, with the task of developing and directing timely mechanisms and solutions related to the development of Agribank's capital.

Developing internal incentive mechanism, zoning and operation area to develop the bonus mechanism applicable to the branch.

The incentive mechanism for the customers, developing customer policy applied uniformly in AGRIBANK system.

4.2.7. Solutions on customer care for those depositing money

Deploying the Customer Relation Management (CRM) Project to approach and implement the customer care.

Establishing the Contact center system, helping customers to be consulted from afar.

Establishing and arranging appropriate transaction department, prioritizing the work of capital mobilization, department of consultancy and support for customers.

Developing VIP customers criteria and designing products, services and care that are suitable for the group of VIP customers.

4.2.8. Mixed promotion solution for capital mobilization

Developing annual plans for promotion programs, customer care; Issuing a brand identity handbook, designing synchronous advertising tools; Developing a plan to promote the typical mobilized products of

AGRIBANK; Launching charitable savings programs, encouraging personal savings and charitable activities; Organizing propaganda activities (through the Customer Meeting); Social programs, grants, social security activities of AGRIBANK.

4.2.9. Solutions to build human resources for capital mobilization

Regularly improving professional qualifications, training on IPCAS program; To prioritize the recruitment of young laborers with information and foreign language skills and high professional qualifications; Putting the e-learning program and methods into practice.

4.2.10. Solutions on information technology in capital mobilization

Developing and implementing CRM relationship management system; Constructing, deploying unified code of capital mobilization products, developing professional applications on IPCAS system, improving processing capacity, safety and stability in IPCAS system; building the system to meet the management of capital mobilization information on a number of modules.

4.2.11. Solutions on risk management in capital mobilization

Strengthening inspection and control in the work of capital mobilization to limit risks and incidents.

4.3. RECOMMENDATIONS

4.3.1. Recommendations to the National Assembly, the Government

Establishing and maintaining economic environment stability; Strengthening control of financial market operations; Continue to improve the legal environment.

4.3.2. Recommendation to the State Bank

There is a need for necessary actions for the system of commercial banks, including Agribank, to anticipate policy trends; SBV directs Social Policy Bank to receive some branches of AGRIBANK, but in remote

areas; Recommending the SBV to allow AGRIBANK to use ODA capital for credit provision; Strengthening the control over the operation of the system of credit institutions; Researching to remove "ceiling" mobilization interest rate.

CONCLUSION

The thesis goes from researching theoretical issues to practical analysis of capital mobilization at commercial banks, taking AGRIBANK as the main research object and drawing some conclusions as follows:

Firstly, mobilizing capital is a decisive factor in business activities of commercial banks as well as plays an important role in business activities of customers and the economy. Therefore, management of capital mobilization in commercial banks must be promoted.

Secondly, the assessment of capital mobilization can be made through a variety of indicators, including capital mobilization targets and capital mobilization management targets.

Thirdly, surveying and study of experiences from commercial banks in and outside the country shows that to mobilize capital, commercial banks must pay attention to the customer care, to investment in technology modernization, especially in information technology, via which will help to expand a range of new banking services - a measure to help raise capital mobilization.

Fourthly, the analysis of capital mobilization situation at AGRIBANK showed that, besides the results achieved, there are still quite a lot of shortcomings. These limitations have been clarified by the thesis as due to some objective and subjective reasons.

Fifthly, proposed system of solutions and recommendations on capital mobilization at AGRIBANK in the coming time.

Although many efforts have been made to accomplish the research objectives set out, it is a big and complex issue because capital mobilization is dominated by various factors and these factors often

changes in both space and time, therefore this thesis is difficult to avoid the limitations. With the thirst for knowledge, the author expects to receive comments from scientists to help complete the thesis.