THE IMPACTS OF FINANCIAL DEVELOPMENT 
ON ECONOMIC ACTIVITIES IN VIETNAM

By

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>viii</td>
</tr>
<tr>
<td>Declaration</td>
<td>ix</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>x</td>
</tr>
<tr>
<td><strong>Chapter I: Introduction</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>Chapter II: The impacts of financial development on growth and sources of growth at the Vietnamese provincial level</strong></td>
<td>6</td>
</tr>
<tr>
<td>I. Introduction</td>
<td>6</td>
</tr>
<tr>
<td>II. Literature review</td>
<td>8</td>
</tr>
<tr>
<td>1. Measurement of financial development</td>
<td>8</td>
</tr>
<tr>
<td>2. The role of financial development in growth and sources of growth</td>
<td>10</td>
</tr>
<tr>
<td>3. The problem of endogeneity</td>
<td>13</td>
</tr>
<tr>
<td>III. Overview of Financial development and its impacts on growth and sources of growth in Vietnam</td>
<td>14</td>
</tr>
<tr>
<td>1. Financial development in Vietnam</td>
<td>14</td>
</tr>
<tr>
<td>1.1. Financial development in Vietnam in the Centrally Planned Period</td>
<td>14</td>
</tr>
<tr>
<td>1.2. Financial development in Vietnam since 1988</td>
<td>14</td>
</tr>
<tr>
<td>2. The impacts of financial development on growth and sources of growth in Vietnam</td>
<td>18</td>
</tr>
<tr>
<td>2.1. The impacts on economic growth</td>
<td>18</td>
</tr>
<tr>
<td>2.2. The impacts on savings mobilization</td>
<td>19</td>
</tr>
<tr>
<td>2.3. The impacts on investment</td>
<td>21</td>
</tr>
<tr>
<td>2.3.1. The impacts on quantity of investment</td>
<td>21</td>
</tr>
<tr>
<td>2.3.2. The impacts on quality of investment</td>
<td>24</td>
</tr>
<tr>
<td>IV. Modelling the impacts of financial development on growth and sources of</td>
<td>27</td>
</tr>
</tbody>
</table>
growth in Vietnam

1. Theoretical model
2. Model for estimation
3. Data and proxies
4. Estimation results and discussion
   4.1. The impacts on economic growth
   4.2. The impacts on savings
   4.3. The impacts on investment
      4.3.1. The impacts on capital growth
      4.3.2. The impacts on investment efficiency
      4.3.3. The impacts on information technology
   4.4. The impacts on productivity

V. Conclusion

Appendix

**Chapter III: The impacts of financial development on Vietnamese household economic activities**

I. Introduction

II. Literature review
   1. Determinants of financial development
   2. The role of financial development in economic activities

III. Model for estimation
   1. Determinants of household financial development
   2. The impacts of financial development on household economic activities

IV. Data and methodology
V. Estimation results and discussion
   1. Determinants of household financial development
   2. The impacts on economic activities
      2.1. The impacts on household per-capita income
      2.2. The impacts on household investment
      2.3. The impacts on household savings
      2.4. The impacts on household labour productivity
      2.5. The impacts on household information technology
   3. The simultaneous impacts on household economic activities
   4. The impacts on household economic welfare

VI. Conclusion

Appendix

Chapter IV: The impacts of financial development on Vietnamese firm performance

I. Introduction

II. Literature review
   1. The role of financial development in firm performance
   2. Measurement of firm performance

III. Data and methodology
   1. Description of data
   2. Methodology
      2.1. Model for estimation
      2.2. Method of estimation

IV. Estimation results and discussion
1. Efficiency scores 110
2. The impacts of financial development on firm performance 112

V. Conclusion 118

Appendix 120

Chapter V: Conclusion 125

References 128
# LISTS OF FIGURES AND TABLES

## Figures:

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>Financial Development Trend in Vietnam since 1986</td>
<td>15</td>
</tr>
<tr>
<td>Figure 2.1</td>
<td>Financial Development and Economic Growth between 1998 and 2005</td>
<td>19</td>
</tr>
</tbody>
</table>

## Tables:

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 2.1</td>
<td>Fund Mobilization by the Banking System in the Period 1991-2005</td>
<td>20</td>
</tr>
<tr>
<td>Table 2.2</td>
<td>Long Term Loans and Foreign Currency Loan in the Period 1989-1996</td>
<td>21</td>
</tr>
<tr>
<td>Table 2.3</td>
<td>Credit Operation during the Period 2002-2005</td>
<td>22</td>
</tr>
<tr>
<td>Table 2.4</td>
<td>ICOR and ISOR of Vietnam, 1989-2005</td>
<td>25</td>
</tr>
<tr>
<td>Table 2.5</td>
<td>Inflation and Interest Rate in Vietnam, 1983-1987</td>
<td>42</td>
</tr>
<tr>
<td>Table 2.6</td>
<td>Inflation in Vietnam, 1989-2005</td>
<td>42</td>
</tr>
<tr>
<td>Table 2.7</td>
<td>Contribution of the Financial Sector to GDP</td>
<td>42</td>
</tr>
<tr>
<td>Table 2.8</td>
<td>The Share in GDP by Sector</td>
<td>43</td>
</tr>
<tr>
<td>Table 2.9-1</td>
<td>The Effects of Financial Development on Economic Growth (Credit to the economy as a percentage of GDP)</td>
<td>44</td>
</tr>
<tr>
<td>Table 2.9-2</td>
<td>The Effects of Financial Development on Economic Growth (Number of financial institutions per million population)</td>
<td>45</td>
</tr>
<tr>
<td>Table 2.10-1</td>
<td>The Effects of Financial Development on Saving Efficiency (Credit to the economy as a percentage of GDP)</td>
<td>46</td>
</tr>
<tr>
<td>Table 2.10-2</td>
<td>The Effects of Financial Development on Saving Efficiency (Number of financial institutions per million population)</td>
<td>47</td>
</tr>
<tr>
<td>Table 2.11-1</td>
<td>The Effects of Financial Development on Capital Growth (Credit to the economy as a percentage of GDP)</td>
<td>48</td>
</tr>
<tr>
<td>Table 2.11-2</td>
<td>The Effects of Financial Development on Capital Growth (Number of financial institutions per million population)</td>
<td>49</td>
</tr>
<tr>
<td>Table 2.12-1</td>
<td>The Effects of Financial Development on ICOR Growth (Credit to the economy as a percentage of GDP)</td>
<td>50</td>
</tr>
</tbody>
</table>
Table 2.12-2: The Effects of Financial Development on ICOR Growth (Number of financial institutions per million population) 51

Table 2.13-1: The Effects of Financial Development on Information Technology (Credit to the economy as a percentage of GDP) 52

Table 2.13-2: The Effects of Financial Development on Information Technology (Number of financial institutions per million population) 53

Table 2.14-1: The Effects of Financial Development on Productivity Growth (Credit to the economy as a percentage of GDP) 54

Table 2.14-2: The Effects of Financial Development on Productivity Growth (Number of financial institutions per million population) 55

Table 3.1: Economic Regions and Provinces in Vietnam 81

Table 3.2: The Determinants of Household Financial Development 82

Table 3.3.1: The Effects of Financial Development on Household Income Per Capita 83

Table 3.3.2: The Effects of Financial Development on Household Investment 84

Table 3.3.3: The Effects of Financial Development on Household Savings 85

Table 3.3.4: The Effects of Financial Development on Household Labour Productivity 86

Table 3.3.5: The Effects of Financial Development on Household Information Technology 87

Table 3.3.6: The Simultaneous Effects of Financial Development on Household Economic Activities 88

Table 3.3.7: The Simultaneous Effects of Financial Development on Household Economic Activities (Alternative Measure of Financial Development) 89

Table 3.3.8: The Simultaneous Effects of Financial Development on Household Economic Activities (Alternative Measure of Financial Development) 90

Table 3.3.9: The Simultaneous Effects of Financial Development on Household Economic Activities (Alternative Measure of Financial Development) 91

Table 3.3.10: The Effects of Financial Development on Household Economic Welfare 92

Table 3.3.11: The Effects of Financial Development on Household Economic 93
Welfare (Alternative Measure of Financial Development)

Table 3.3.12: The Effects of Financial Development on Household Economic Welfare (Alternative Measure of Financial Development) 94

Table 3.3.13: The Effects of Financial Development on Household Economic Welfare (Alternative Measure of Financial Development) 95

Table 4.1: A Comparison between the Sub-Sample and the Whole –Sample 106

Table 4.2: Efficiency Scores for the Sample of 1,886 Firms in 2002 in Vietnam 111

Table 4.3: Economic Regions and Provinces in Vietnam 120

Table 4.4: The Impact of Financial Development on Firm Performance (Cross-Section Data Regression Approach - Accounting Measures) 121

Table 4.5: The Impact of Financial Development on Firm Performance (Cross-Section Data Regression Approach - DEA) 122

Table 4.6: The Impact of Financial Development on Firm Performance (Cross-Section Data Regression Approach - DEA) 123

Table 4.7: The Impact of Financial Development on Firm Performance (Panel Data Regression Approach - DEA) 124
ABSTRACT

This thesis examines the impacts of financial development on economic activities in Vietnam at both the macro and the micro level in three core chapters. The first core chapter examines the role of financial development in growth and sources of growth in Vietnam by using the provincial panel data. It shows that financial development has a positive influence on the efficiency of using savings, on the quantity and quality of investment, on productivity, and hence growth. It also finds that there is an indirect impact of financial development on growth mainly through increasing the quality of foreign direct investment rather than the quantity.

The following chapter analyses the determinants of household financial development and its role in economic activities of Vietnamese households by using the Household Data Survey. It suggests that the social relationship, location, fixed assets, household size, education, age and Kinh group are the key determinants of household financial development. Moreover, financial development contributes to household income through improving the level of savings and investment, labour productivity and reducing the problem of asymmetric information. Financial development is positively related to household welfare.

The final core chapter looks at the impacts of financial development on firm performance in Vietnam by using the Firm Data Survey. It suggests that around 80.7% of Vietnamese firms lie between 0% and 20% in the efficiency scores derived from the DEA technique for 1,886 firms. Financial development plays a key role in firm performance. Smaller firms benefit more from the higher level of financial development.
DECLARATION

I assure that this thesis does not contain any material which has been accepted for the award of another degree or diploma in any university or another tertiary institution, and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where due reference is made in the text.

I give consent to this copy of my thesis, when deposited in the University Library, being available for loan and photocopying.

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Nguyen Dinh Phan (Phan Dinh Nguyen)

07th December, 2008
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