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Business efficiency from non-credit activities: The case of Vietnamese Commercial Banks

Pham Xuan Quynh and Nguyen Thi Van Hanh

Faculty of Economic and Business administration, An Giang University, An Giang Province, Vietnam

Abstract

Using data from the financial statements of 23 Vietnamese commercial banks from 2006 to 2018, this study evaluates and analyses the relationship between non-credit incomes and business efficiency of Vietnamese commercial banks. Statistical results show that the ratio of non-credit income is still quite low; however, it tends to increase in recent years. Moreover, estimated results based on table data show that non-credit incomes have positive correlation with business efficiency as well as risk-adjusted business performance. The income growth from financial services, business and investment can lead to profit growth. In addition, the bank's characteristics and macro-economic variables acting as control variables in the regression model are found to significantly affect the performance of the banks.