

Regarding joint stock commercial banks, the State Bank of Vietnam's Governor Nguyễn Tấn Dũng said: "In the market economy, it is normal if a bank makes loss, goes bankrupt or is merged, but when it is restructured, it must have careful plans and abide by principles: securing

ACB to success?

1. Statistics:

Early prescribed capital: VNĐ20 billion of 27 shareholders

Current prescribed capital: VNĐ353 billion of 533 shareholders

Pre-tax profit: VNĐ0.3 billion in 1993, VNĐ9.5 billion in 1994, VNĐ29.3 billion in 1996, VNĐ 50.8

lowest as compared with other banks in Vietnam.

2. Causes of success:

- ACB has made the best use of gray matter in banking. In the end of 1997, its staff totaled 576 persons, including 377 university graduates or 56%. Moreover, the bank has organized refresh course to improve the

initiative in meeting local corporations because they are potential clients. However, the banks still implement careful considerations of their repayment ability.

- ACB expands its operation by opening many branches nationwide.

- ACB is not hesitant when giving medium-term loans to coffee growers or machine importers.

- ACB pays special attention to meeting every clients' request. It also provides successfully the service of fast money transfer.

3. Shortcomings:

The Asia Commercial Bank has scored many achievements. However, I also have some questions about its operation: Why doesn't it publicize its balance sheet? Does ACB

ACB AND THE PURIFICATION OF COMMERCIAL BANKS

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publical deposits, maintaining political stability and becoming stronger and more competitive after reformed."

As such, the Governor accepted the dissolution and bankruptcy of bad joint stock banks. HCMC saw tricks in capital mobilization and lending of credit co-operatives and even banks such as in cases of Thanh Hương Co., Sacogiva, Tamexco, Minh Phụng and Epcó. This is an area which must be paid special attention to and carefully monitored in order to hedge risks rather than overcome later. In the meantime it is happy to see highly appreciated banks, among them is the Asia Commercial Bank (ACB). After five years of operation, it was selected by the *Euro-money* magazine as "the Best Bank in Vietnam" in 1997. In addition, it also received a lot of congratulations and commendations from the State Bank of Vietnam, *Ngân Hàng* magazine, People's Committee's leadership. But what factors have led

billion in 1997.

Payment in turnover tax: VNĐ10.7 billion, in profit tax: VNĐ42.1 billion.

Profit shared to holders: VNĐ66 billion

ACB's payment in tax is thus equal to 86% of profits distributed to shareholders.

Capital mobilization: VNĐ220 billion in 1994; VNĐ613 billion in 1996; VNĐ1,125 billion in 1996 and VNĐ1,214 billion.

The banks drew huge funds not because it increased its interest rates, but it created its own prestige. It is significant while not a few credit organizations went bust as they raised interest rates to seduce depositors and used their money to repay their interests to others.

Lending: VNĐ32 billion in 1993; VNĐ164 billion in 1994; 351 billion in 1995; 624 billion in 1996 and 1,013 billion in 1997.

Sixty five percent of ACB's profits were earned from the interests of these lendings.

ACB's bad loans is



workers' skill.

- ACB is very eager but cautious to offer loans. For example, it always made close contact with its clients to evaluate their solvency. This has helped keep bad loans at the lowest. In addition, the bank strictly banned every undetachable money and gifts in considering loans.

- ACB has taken the

concentrate its capital on production and investment or only lend and get interests? In foreign countries, banks often announce their distribution of loans: for investment, export, production, in port, etc. If ACB unveils these data, it will become more trustworthy and its clients feel ensured as their properties are used efficiently and not riskily.