

# Export-Import Payment Activities in the Trà Vinh Industrial and Commercial Bank - Performance and Development Solutions

by HỒNG HÀ

## 1. Performance of the Trà Vinh Bank's export-import payment

Since established in 1999, the former External Business Department of the Trà Vinh Branch (The Industrial and Commercial Bank of Vietnam-Incombank)- Export-Import Payment Department at present has made great leaps in serving export-import businesses in the province. The bank's export-import payment operation grows fast and gains the upper hand over local commercial banks.

In general, the Trà Vinh Incombank's value

of export-import payment in three years from 2004 to 2006 has steadily stepped up, from US\$7.5 million in 2004 to US\$10.4 million in 2005, or up 38,3%. The achievement stems from its marketing expansion. The bank takes good care of traditional clients including Trà Vinh Pharmaceutical Joint Stock Company (TV Pharm), Trà Bắc Joint Stock Company (Trabacco), Định An Seafood Export Company. In addition, it extends export-import payment services to potential clients including foreign-invested enterprises and other inves-

tors in the Long Đức Industrial Park, for example, Mylan Chemicals Inc., Mylan Printing Media, Mỹ Phong Leather Footwear Company. As a result, the bank's value of export-import payment saw a robust growth. Until the end of 2006, this figure reached US\$12.8 million, up 23.6% compared to 2005 và 71% over 2004. This indicates appropriate steps in the bank's business doing in recent years and its advantages in the province's export-import payment services.

Nevertheless, the bank's export-import

payment operation also encounters certain troubles as follows:

- In spite of increasing value in export-import payment operation, the L/C import payment service goes up and down irregularly. This shows its growth is not stable.

- State-owned commercial banks and joint stock banks are paying more and more attentions to diversification of products and services. Therefore, the competition pressure becomes heavier.

- The shortage of information and partners in businesses' international trade increases their risks, especially when Vietnam joins the WTO. These events produce adverse effects on the bank's services of export-import payment.

- The amount of export-import companies in Trà Vinh remains modest, and their capability to enter into foreign trade contracts is limited. Besides, their awareness of payment conditions and methods is not adequate. Consequently, the bank finds it hard to expand its business.

## 2. Solutions for development

The bank should continue to take full advan-

**Table 1: Value of export-import payment in the 2004-2006 period:**

Indicator	2004	2005	2006	Change (%) 2005/2004	Change (%) 2006/2005
1. Export payment:					
- Items	178	313	364	+75,8	+16,3
- Money (US\$1,000)	4,685	7,013	7,975	+49,7	+13,7
2. Import payment:					
- Items	117	95	136	-18,8	+43,1
- Money (US\$1,000)	2,844	3,400	5,304	+19,5	+56,0
Total export-import payment:					
- Items	295	408	500	+38,3	+22,5
- oney (US\$1,000)	7,529	10,413	13,279	+38,3	+27,5

(Source: Export-Import Department – Trà Vinh Incombank)

**Table 2: The value of export-import payment by service (Unit: US\$1,000)**

Indicator	2004	2005	2006	Change (%) 2005/2004	Change (%) 2006/2005
Import L/C	1,244	942	1,392	-24,2	+47,7
Export L/C	2,114	2,931	3,529	+38,6	+20,4
Collection	702	1,514	2,654	+115,7	+75,3
aspalpha Payment transfer	3,469	5,026	5,704	+44,9	+13,5
Total	7,529	10,413	13,279	+38,3	+27,5

(Source: Export-Import Department – Trà Vinh Incombank)



**Table 3: The number of items in export-import payment**

Indicator	2004	2005	2006	Change (%) 2005/2004	Change (%) 2006/2005
Import L/C	31	17	31	-45,1	+82,3
Export L/C	61	122	145	+100	+18,8
Collection	55	85	118	+54,5	+38,8
Payment transfer	148	184	206	+24,3	+11,9
Total	295	408	500	+38,3	+22,5

(Source: Export-Import Department – Trà Vinh Incombank)

tage in export-import payment with current services. It will extend to new services such as: discount of export documents, foreign trade consulting, factoring...At the same time, it also markets export-import payment to local companies, especially to potential investors in the Long Đức Industrial Park marketing, including MyLan Chemicals Inc., MyLan Printing Media, Mỹ Phong Leather Footwear Company, Cửu Long Seafood Joint Stock Company with a lot of activities such as workshops and consultancy with a view to assisting companies in search of safe and efficient methods of payment.

The bank still preserves and strengthens good and traditional relationships with local major import-export companies such as: Trà Vinh Pharmaceutical Company, Trà Bắc Joint Stock Company, Mylan Chemicals Inc., etc. It should improve its role as banking consultancy, make close coordinations with the Correspondent Bank Department, help clients with contract negotiation, and evaluate customers' financial po-

sition. The bank selects safe and efficient methods of payment to reduce risks in export-import payment and guarantee, at the same time, gives discount incentive to potential and traditional customers in accordance with the Incombank's development orientations.

-In combination with the Customer Service Department, the bank will market and provide package services to domestic and foreign investors in the Long Đức Industrial Park. In addition, it will adopt

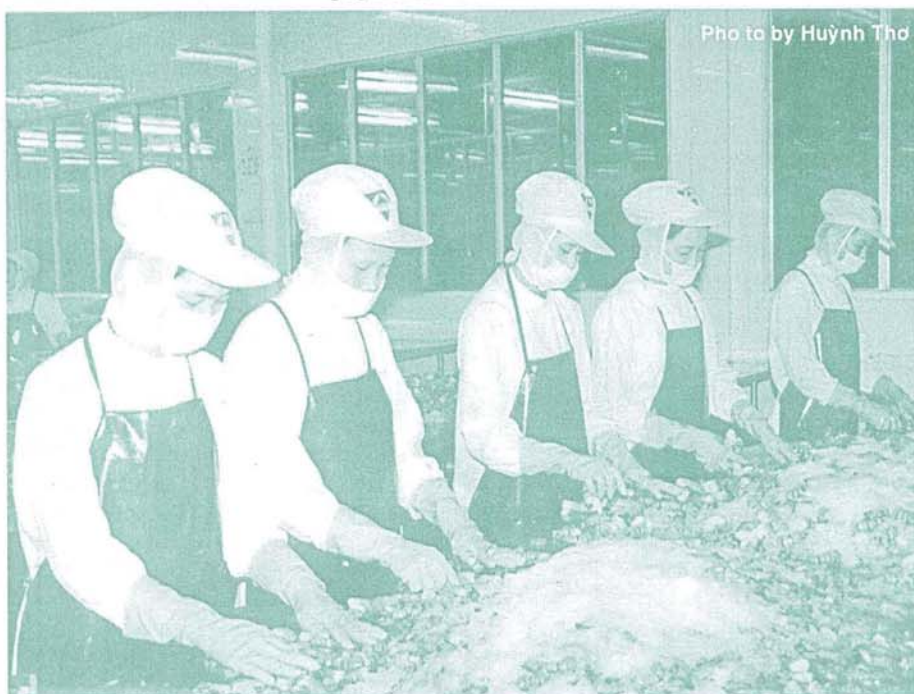
other utilities and sell products of Incombank such as: Incombank cards, Internet banking, Mobi Banking, etc. to companies.

- The bank shall improve banking guarantee services for local companies, especially guarantee of paying, receiving goods, bidding, implementing local and foreign contracts...as well as others in accordance with the current trend of development and integration. In addition, the bank will positively seek potential customers and introduces export-import payment services to

them and diversify payment services.

- The bank should regularly cooperate with local government authorities such as the provincial People's Committee, Service of Planning and Investment, Center for Investment and Trading Promotion, Trà Vinh IP Management Board in order to provide export-import payment services for foreign-invested companies and local importers and exporters.

- The bank also conducts investigations of local commercial banks' export-import payment operations and analyzes their strengths and weaknesses in terms of methodology, cost and schedule...with the aim to improve its quality of services in the era of harsh competition and global competition. ■



Pho to by Huỳnh Thọ