

Reality of capital mobilization from banks of enterprises in the VN30 group in Vietnam

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Abstract: Capital mobilization in enterprises today is a very necessary and important task. Any enterprise needs capital to meet its production and business needs. Choosing appropriate forms of capital mobilization, finding funding sources and using them effectively is the top concern of any enterprise. The methods for enterprises to mobilize capital are: Bank loans, Bond issuance, Stock issuance. Borrowing through bond issuance has not been widely used by enterprises because the market conditions are not yet developed and enterprises are used to borrowing from banks, enterprises do not disclose information. In this article, the author mainly uses research methods such as statistics, comparison, analysis and data synthesis to analyze the current situation of bank capital mobilization of 17 enterprises in the VN30 group on the Vietnamese stock market, thereby evaluating achievements, limitations and causes.

Keywords: VN30, capital mobilization, bond issuance, stock issuance, production and business activities, banks.

1. Introduction

The financial market is a place where transactions of buying, selling and exchanging financial assets or financial resources are gathered. Through this market, interest rates and prices of financial assets - securities are formed. The development of the financial market contributes to the socio-economic development of the country.

The financial market plays a role in directing capital from savers to business people, helping to transfer capital from those who do not have profitable investment opportunities to those who have profitable investment opportunities. Promoting the financial market to develop production and business and meet the needs of building technical infrastructure through the accumulation and concentration of capital. Attracting and mobilizing domestic and foreign financial resources is also done through the financial market, making an important contribution to financing socio-economic development, encouraging savings and investment. The financial market helps to use capital more effectively, not only for those who have money to invest but also for those who borrow money to invest. The financial market also creates favorable conditions for the government's open-door policy and economic reform through issuing bonds abroad and selling shares to attract foreign investment capital into domestic production and business sectors. In addition, the financial market also allows the use of valuable papers, selling stocks, bonds, and exchanging money.

The financial market has the function of liquidity for securities: The financial market carries out securities trading activities. Through this, the owners will convert securities into money or other securities. Liquidity (the ability to convert into money) is one of the factors that determine the attractiveness of the stock market for investors. Providing economic information and evaluating the value of enterprises: The financial market provides necessary information related to the stock market for society such as information on the business situation of enterprises with issued securities, information on the domestic economic situation, and world economic information. Leading financial resources from entities capable of providing financial resources to entities in need of financial resources. The reality of capital mobilization refers to the actual conditions and processes through which businesses acquire capital to finance their operations, expansions, or investments, particularly through external sources such as bank loans. In the Vietnamese context, banks play a pivotal role in this capital mobilization process, providing necessary financial resources to support enterprise growth, economic stability, and development. Among Vietnamese enterprises, the VN30 group - an index comprising 30 of the largest and most liquid companies listed on the Ho

Chi Minh Stock Exchange (HOSE) - holds a critical position due to its substantial contributions to Vietnam's economy. These companies represent leading sectors including finance, manufacturing, and real estate, making them highly reliant on bank financing to maintain their competitive edge and fund expansion. Analyzing the reality of capital mobilization within the VN30 group offers valuable insights into the effectiveness, challenges, and trends of bank loans as a primary source of funding for large-scale enterprises in Vietnam.

Collier (2009) asserted that large firms, especially those in urban areas had more access to finance on the assumption that funding small enterprises was riskier than large firms. Meanwhile, Dare & Okeya (2017) thought that It assisted rural dwellers in providing effective savings opportunities, as well as flexible/soft loans to its market participants.

Iwara & Netshandama (2021) introduced Stokvel, a traditional African model for informal savings and investment, offering a valuable perspective on entrepreneurship. This paper, based on a desktop review, identified key resources for promoting enterprises. Critical areas for analysis included capital mobilization through saving and rotating stokvel systems, along with stokvel loan initiatives. Additionally, the trust factor and community of practice within traditional stokvels were vital in building social capital for business operations. These elements provided strong foundations for product marketing and customer engagement. It was recommended that these findings inform a framework for entrepreneurship capacity-building in rural areas.

Mikolajczak (2022) aimed to assess the severity of barriers affecting social enterprises (SEs) and their financial implications in emerging economies. Findings revealed that, beyond encountering bureaucratic hurdles and complex funding requirements, SEs struggled to retain skilled staff and volunteers, with burnout prevalent among leaders and employees alike. These challenges had a significant impact on SEs' financial stability.

Li & Sarpong (2024) showed that resource mobilization has emerged as a central theme in modern discussions surrounding the development and sustainability of social enterprises (SEs). Highlighting the unique, socially constructed environments in which these organizations operate, this study combined elements of bricolage with social exchange theory to investigate the available means and specific strategies utilized by SEs in China to acquire resources necessary to tackle enduring societal challenges. The findings revealed that SEs in China typically mobilized resources through a two-step process: fraternization and exchange. Utilizing available 'social practice expertise' and proactive strategies, SEs first engaged with their environment to locate potential resources. They then demonstrated exchange value—social, economic, functional, or regulatory—to convince resource holders to directly release assets or offer indirect support. This strategic blend of social interaction and exchange practices enabled SEs to secure necessary resources, reinforcing their value within China’s social enterprise landscape.

In addition to the introduction presented above, the rest of the study is presented as follows: In the next part, the study conducts the overview of businesses in the VN30 group, then the study proceeds the current status of capital mobilization from bank loans. Finally, thanks to these sections, the paper evaluates of achievements, limitations and reasons of capital mobilization from bank loans of 17 enterprises in the VN30 group.

2. Overview of businesses in the VN30 group

Table 1: List of businesses in the VN30 group

No	Name of the company	Stock code
1	Asia Commercial Joint Stock Bank	ACB
2	Industrial Development and Investment Corporation - JSC	BCM
3	Joint Stock Commercial Bank for Investment and Development of Vietnam	BID
4	Bao Viet Group	BVH

5	Vietnam Joint Stock Commercial Bank for Industry and Trade	CTG
6	FPT Joint Stock Company	FPT
7	PetroVietnam Gas Corporation - Joint Stock Company	GAS
8	Vietnam Rubber Industry Group - Joint Stock Company	GVR
9	Ho Chi Minh City Development Joint Stock Commercial Bank	HDB
10	Hoa Phat Group Joint Stock Company	HPG
11	Military Commercial Joint Stock Bank	MBB
12	MaSan Group Corporation	MSN
13	Mobile World Investment Joint Stock Company	MWG
14	Vietnam National Petroleum Group	PLX
15	Vietnam Oil and Gas Power Corporation	POW
16	Saigon Beer - Alcohol - Beverage Corporation	SAB
17	Saigon - Hanoi Commercial Joint Stock Bank	SHB
18	Southeast Asia Commercial Joint Stock Bank	SSB
19	SSI Securities Corporation	SSI
20	Saigon Thuong Tin Commercial Joint Stock Bank	STB
21	Vietnam Technological and Commercial Joint Stock Bank	TCB
22	Tien Phong Commercial Joint Stock Bank	TPB
23	Joint Stock Commercial Bank for Foreign Trade of Vietnam	VCB
24	Vinhomes Joint Stock Company	VHM
25	Vietnam International Commercial Joint Stock Bank	VIB
26	Vingroup Corporation - Joint Stock Company	VIC
27	VietJet Aviation Joint Stock Company	VJC
28	Vietnam Milk Products Joint Stock Company	VNM
29	Vietnam Prosperity Joint Stock Commercial Bank	VPB
30	Vincom Retail Joint Stock Company	VRE

Source: Summary by the author

In the VN30 group, there are 30 enterprises: including 17 joint stock companies and 13 commercial banks. To facilitate the analysis of the capital mobilization situation of enterprises, the author would like to analyze in depth the 17 joint stock companies in the VN30 group.

Table 2: Equity of 17 enterprises in the VN30 group over the years 2019 – 2023

(Unit: Billion VND)

No	Name	2019	2020	2021	2022	2023
1	BCM	12.156	12.392	17.145	13.197	19.473
2	BVH	17.823	18.195	22.027	21.271	17.672
3	FPT	16.799	18.606	21.418	25.356	29.933
4	GAS	49.615	49.450	52.193	61.174	65.299
5	GVR	50.596	51.430	51.940	53.466	54.977
6	HPG	47.787	59.220	90.780	96.113	102.836
7	MSN	51.888	23.030	42.337	36.337	38.237
8	MWG	12.143	15.482	20.378	23.932	23.359
9	PLX	25.923	24.126	28.260	27.783	29.202
10	POW	25.509	31.266	31.125	33.281	34.119
11	SAB	2.076	21.215	22.595	24.591	25.485
12	SSI	9.401	9.873	14.220	22.348	23.241
13	VHM	64.715	89.130	131.407	148.522	182.636
14	VIC	120.589	135.853	159.572	135.656	148.222
15	VJC	14.903	14.978	16.854	14.898	15.253
16	VNM	29.731	33.647	35.850	32.816	35.026
17	VRE	26.954	29.336	30.651	33.425	37.827
	Total	578.608	637.229	788.752	804.166	882.797

Source: Summary by the author

According to the Balance Sheet data of enterprises, we see that the Equity of enterprises increases steadily over the years. In particular:

- VHM - Vinhomes Joint Stock Company: Owner's equity has increased significantly over the years. In 2019, the owner's equity was: 64,715 billion VND, by 2022 the owner's equity was: 148,522 billion VND and by 2023 this capital was: 182,636 billion.
- VIC - Vingroup Corporation - Joint Stock Company. In 2019, this capital was 120,589 billion VND, by 2023, this capital increased to 148,222 billion.
- HPG - Hoa Phat Group Joint Stock Company, also has a very high increase in equity over the years: In 2019: 47,787 billion VND, by 2023 this capital has increased to 102,836 billion VND.
- GAS - Vietnam Gas Corporation - Joint Stock Company: Equity has also increased steadily over the years. In 2019: 49,615 billion VND, by 2023 this capital has increased to 65,299 billion VND.
- GVR - Vietnam Rubber Industry Group - Joint Stock Company. Equity in 2019: 50,596 billion VND, by 2023 this capital has increased to 54,977 billion VND.

So, looking at the data table above, we see that the amount of capital that the enterprise mobilizes within its own resources is very large, thereby reducing the burden of interest payments for the enterprise.

3. Current status of capital mobilization from bank loans

For Vietnamese enterprises, bank credit is a major form of capital mobilization. Bank credit plays an extremely important role, with the position of financial intermediary of the economy, through social resources are allocated

and used reasonably and effectively. Through the supply of capital, bank credit has a great impact on the operation of enterprises. Especially when we are accelerating the process of restructuring and equitization of state-owned enterprises, the role of bank credit activities is even more important, especially in the current context where commercial bank capital accounts for a large proportion of state-owned enterprise assets, in some cases bank credit capital accounts for up to 80% of enterprise assets.

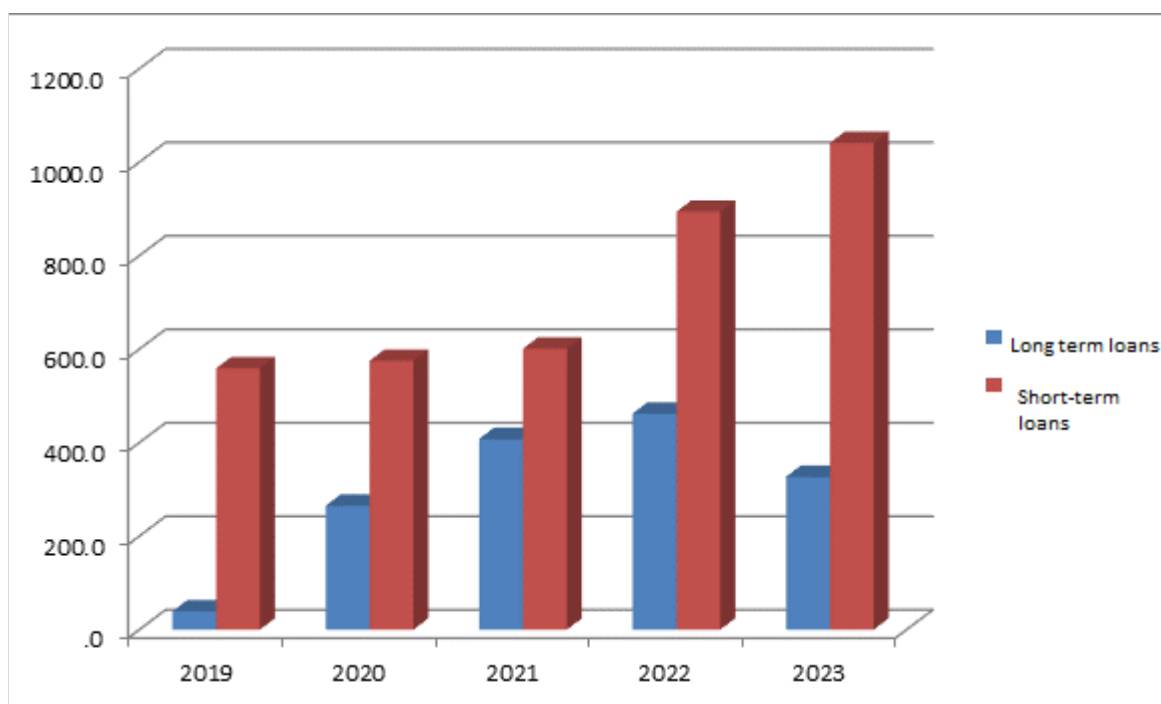
In the context of economic integration leading to fierce competition, bank credit activities emerge as an important link in the operation of the modern economy, playing an extremely important role as a financial intermediary of the economy. Through the provision of credit capital, banks have a great impact on the operation of enterprises.

A current situation is that banks mainly serve state-owned enterprises, accounting for nearly 80% of outstanding loans, while the private sector is not given due attention. This situation has been improved by banks in recent times.

Debt situation of 17 enterprises in the VN30 group in the period from 2019 – 2023

Figure 1: Total liabilities of 17 enterprises in VN30 period 2019 - 2023.

(Unit: trillion VND)



Source: Draw by the author

From the chart above, we can see that in the period 2019 - 2023, businesses borrowed more short-term capital than long-term capital. From here, we can see the difficulty of quickly repaying business loans. As we know, short-term loans always have higher interest rates than long-term loans, and at the same time, businesses use short-term loans to pay for long-term loans that are due.

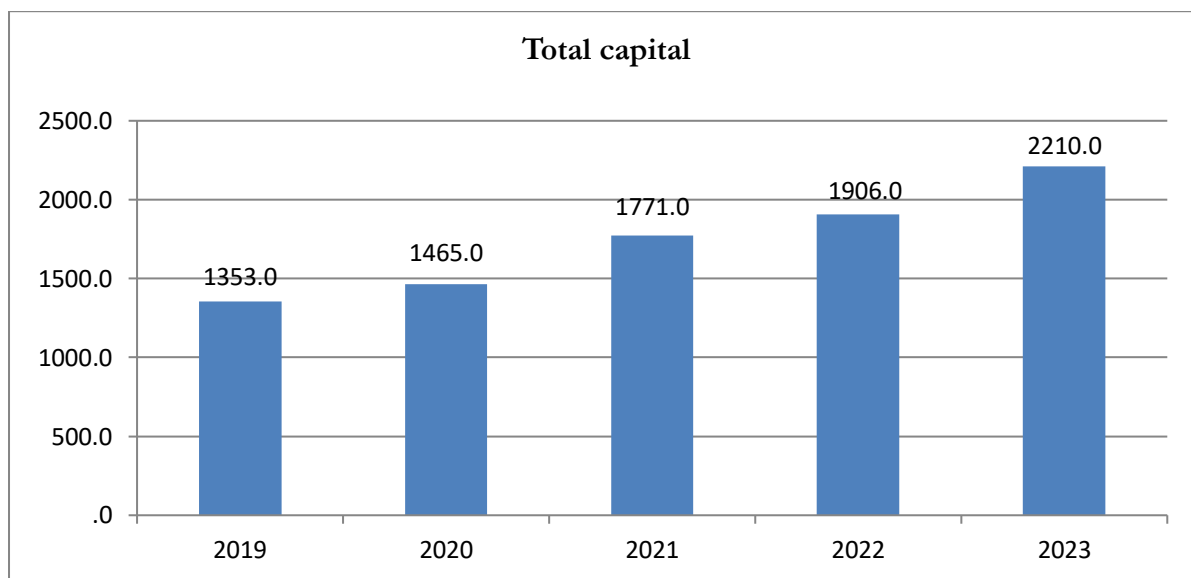
In the VN30 group, there are 17 joint stock companies and 13 commercial banks. In recent years, along with the acceleration of the equitization process of state-owned enterprises, joint stock enterprises have been operating effectively and have a healthy financial situation, so commercial banks have increasingly expanded lending to joint stock enterprises.

In general, the Bank has been gradually increasing the capital limit to support customers and expand lending, but

with tighter control than before to limit risks. However, with the basic interest rate applied by most banks at the common level in 2019 being 6 - 7% / year, in 2020 being 3 - 4% / year. The refinancing interest rate in 2019 is: 6 - 7%, in 2020: 4-5% / year, in 2021: 4- 4.5% / year, in 2022: 5 - 6% / year, in 2023: is 5 - 5.5% / year is a problem that many customers have to calculate carefully before deciding to borrow capital from the Bank for production, business as well as use for other purposes.

Figure 2: Total capital of 17 enterprises in VN30 period 2019 - 2023.

(Unit: trillion VND)



Source: Draw by the author

The chart above shows that the capital of the group of enterprises in VN30 has increased steadily over the years. Specifically: In 2019, the total capital of 17 enterprises in the VN30 group was 1,353 trillion VND, by 2020 it increased to 1,465 trillion VND, an increase of 112 trillion VND compared to 2019.

In 2021, the total capital of the group of 17 enterprises was 1,771 trillion VND, an increase of 1.3 times compared to 2019, equivalent to 418 trillion VND, and in 2021, compared to 2020, it was 1.2 times, equivalent to an additional amount of 306 trillion VND.

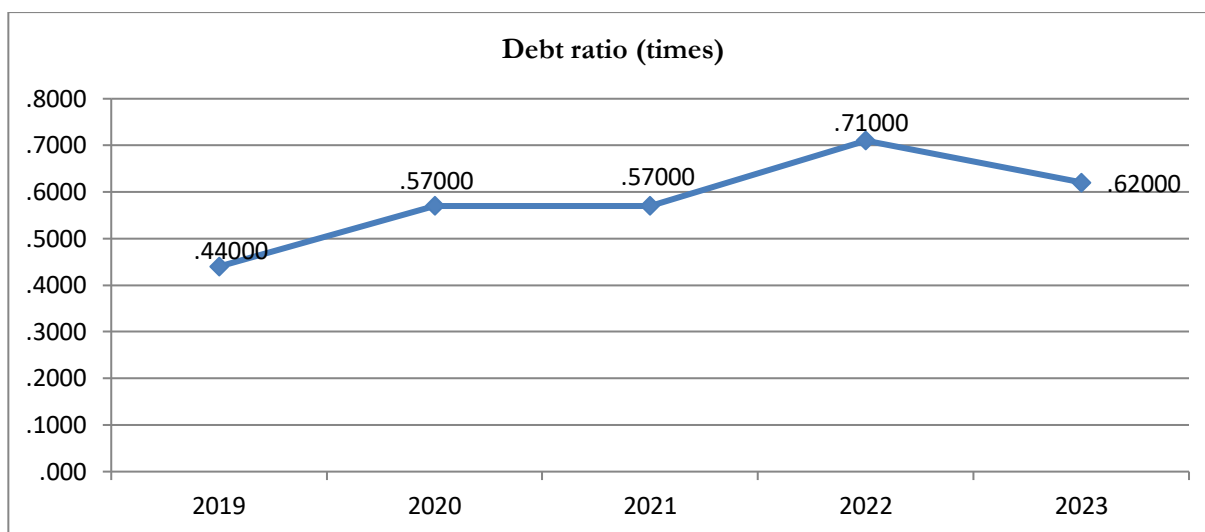
In 2022, the total capital of the group of 17 enterprises is 1,906 trillion VND, an increase of 1.4 times compared to 2019, equivalent to 553 trillion VND, and in 2022, an increase of 1.07 times compared to 2021, equivalent to an additional amount of 135 trillion VND.

In 2023, the total capital of the group of 17 enterprises is 2,210 trillion VND, an increase of 1.16 times compared to 2022, equivalent to 304 trillion VND.

That shows that the capital mobilization of the VN30 group in the period from 2019 to 2023 is very effective. From total liabilities and total capital, we consider the debt ratio of 17 enterprises in the VN30 group.

$$\text{Debt ratio} = \frac{\text{Total liabilities}}{\text{Total capital}}$$

Figure 3: Debt ratio of 17 enterprises in the VN30 group in the period 2019 - 2023.



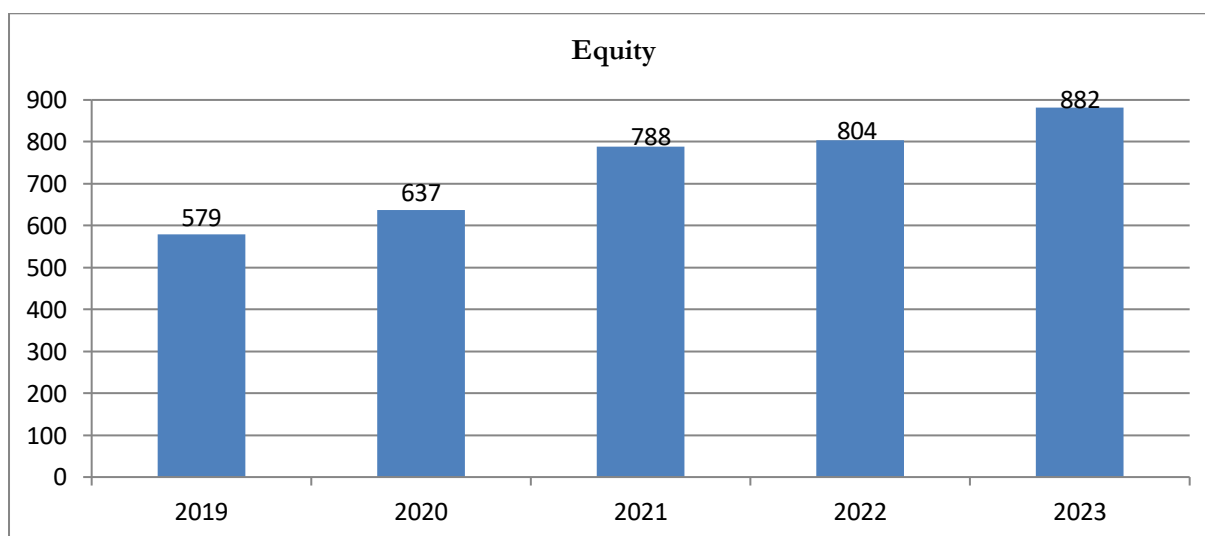
Source: Draw by the author

We see that the debt ratio in 2019 is 0.44, increasing to 0.71 in 2022, meaning that the dependence of 17 VN30 group enterprises on capital on creditors increases. And this ratio increases gradually over the years, by 2023 it decreases to 0.62 times. This ratio decreases because the capital of enterprises increases to 304 trillion. This proves that the dependence of enterprises on creditors increases and the amount of capital mobilized is less from 2019 to 2022. By 2023, the capital of enterprises increases and the dependence of enterprises on creditors decreases.

$$\text{Equity ratio} = \frac{\text{Total equity}}{\text{Total capital}}$$

Figure 4: Equity of 17 enterprises in the VN30 group in the period 2019 – 2023

(Unit: trillion VND)

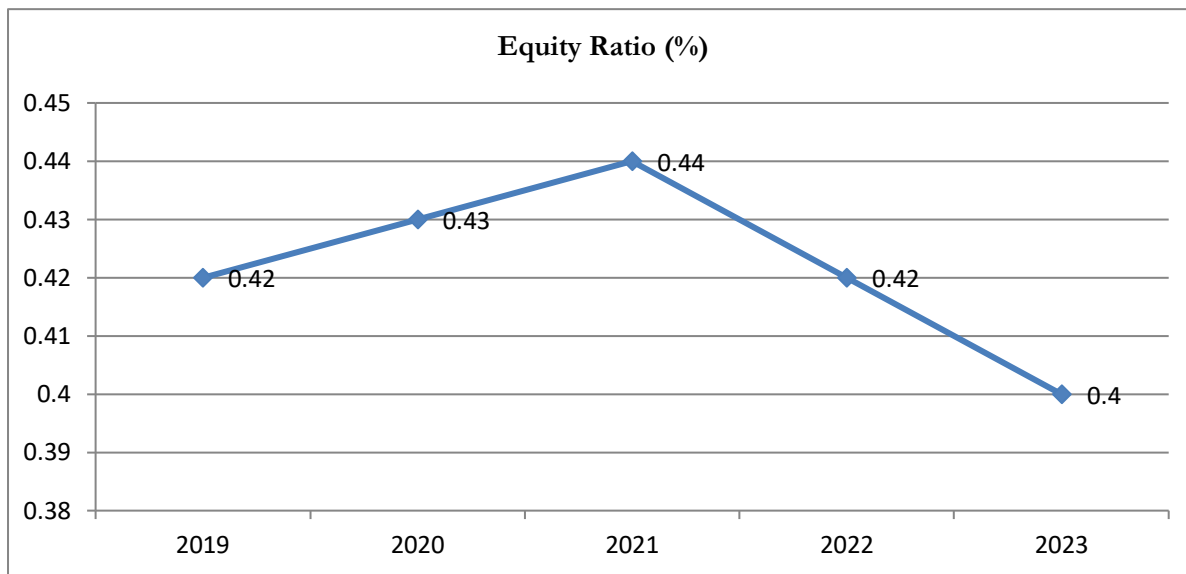


Source: Draw by the author

We see that equity has increased steadily over the years. Specifically: In 2019, the total equity of 17 enterprises was: 579 trillion VND, in 2020 this capital increased to 637 trillion VND, an increase of 58 trillion VND compared to

2019, by 2021: 788 trillion VND, in 2023 this capital increased to 882 trillion VND, an increase of 78 trillion VND compared to 2022 and an increase of 303 trillion VND compared to 2019. Equity has increased steadily over the years, which proves that enterprises have reduced the burden of paying interest on loans.

Figure 5: Equity ratio of 17 enterprises in VN30 period 2019 - 2023.

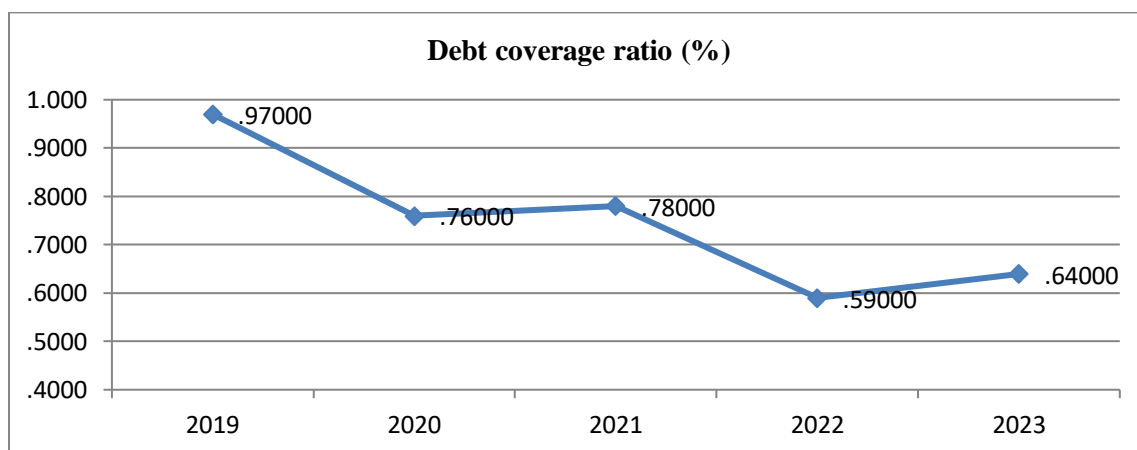


Source: Draw by the author

We see that in 2019 this ratio was 0.42%, by 2021 this ratio increased to 0.44%, which shows that total capital increased. In 2022 this ratio decreased to 0.42% and by 2023 this ratio decreased further to 0.40%. This shows that the equity capital of enterprises is reduced, which means that independence from creditors is also reduced, thereby increasing the constraints and pressure from loans.

$$\text{Debt coverage ratio} = \frac{\text{Equity capital}}{\text{Liabilities}}$$

Figure 6: Debt coverage ratio of 17 enterprises in VN30 period 2019 - 2023.



Source: Draw by the author

Looking at the chart, we see that in 2019 the debt coverage ratio was 0.99%, and by 2020 it had decreased to 0.76%. In 2021, this ratio increased to 0.78%, meaning that the enterprise had 0.78 VND of equity, but the debt was 1 VND, and the capital autonomy in this year was lower than the debt. By 2022, this ratio had decreased

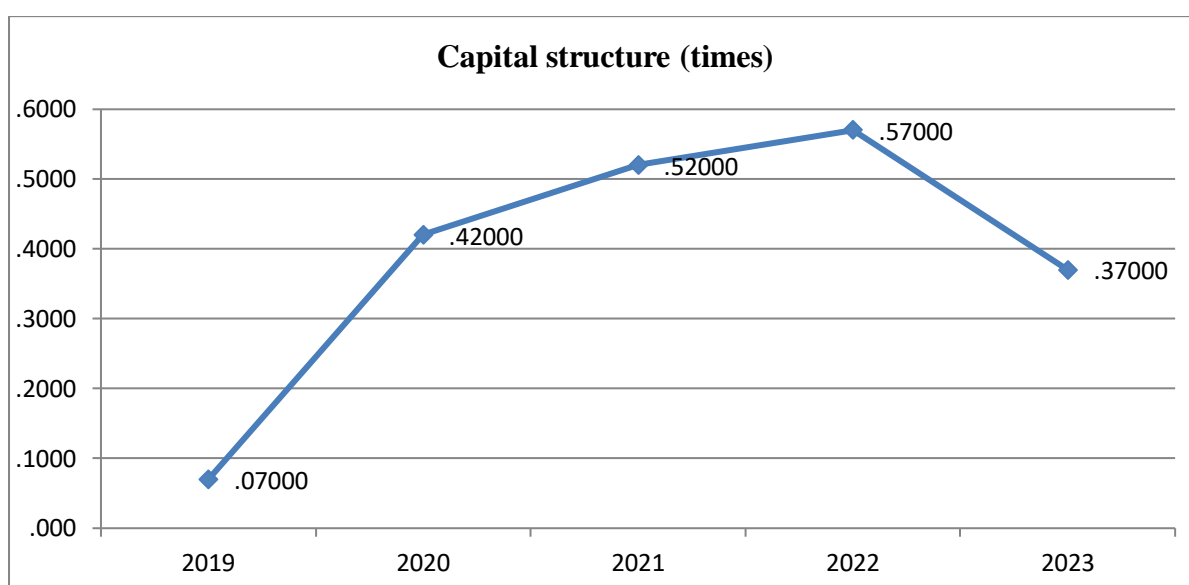
significantly to 0.59%, but this ratio increased slightly in 2023 to 0.64%. This shows that the debt payable has increased over the years.

Capital structure of the VN30 group:

Capital structure is the relationship between the proportion of debt and equity in the total capital of the enterprise. When referring to the capital structure of a business, people only consider long-term capital including long-term debt and equity, not short-term debt, because short-term debt is short-term in nature, temporarily does not affect much the sharing of management rights and supervision of business operations. Thus, the capital structure of a business is a certain ratio between long-term debt and equity.

$$\text{Capital structure} = \frac{\text{Total long – term debt}}{\text{Equity}}$$

Figure 7: Capital structure of 17 enterprises in VN30 period 2019 - 2023.



Source: Draw by the author

The above graph shows that in 2019, the long-term debt was 0.07 times higher than the equity, which means that the debt was very small compared to the equity of the enterprise. Then it gradually increased over the years, showing that in 2022, the long-term debt was 0.57 times higher than the equity. But by 2023, this ratio decreased to 0.37 times. From there, we can see that the capital structure increased over the years and decreased in 2023.

Specifically: The capital structure tends to increase from 0.35 to 0.61 times, which does not mean that the equity is reduced, leading to an increase in the capital structure. In fact, in enterprises in the VN30 group, the long-term debt in 2019 was 39 trillion VND, corresponding to the equity of 579 trillion VND, but by 2022, the long-term debt increased to 462 trillion VND and the equity also increased to 804 trillion VND. The increase in long-term debt in 2022 compared to 2019 was 11.8 times, while equity increased by 1.4 times. This shows that long-term debt increased faster than equity.

4. Evaluation of achievements, limitations and reasons of capital mobilization from bank loans of 17 enterprises in the VN30 group

4.1. Achievements

Capital mobilization of enterprises in the VN30 group has achieved remarkable results: Bank credit is still the

main form of capital mobilization of enterprises in the VN30 group. This form of capital mobilization brings relatively good results for enterprises in the group.

4.2. Limitation

Enterprises in the VN30 group are limited in capital mobilization for many reasons. In general, in terms of scale, enterprises considered large corporations in Vietnam are still only medium and small-sized enterprises in the world. The ability to mobilize capital of enterprises is very limited. The Vietnamese financial market is very vibrant but unstable, enterprises are not flexible in capital mobilization because in Vietnam, banks are superior, unlike neighboring countries, banks have to invite enterprises. The ability to access capital of enterprises is still limited, the reason is that credit institutions are afraid of loan safety issues and sometimes also because enterprises do not meet the conditions for borrowing from credit institutions. The capital structure as well as the investment structure are not suitable and do not meet the requirements for medium and long-term investment.

A real problem that is happening is that businesses have difficulty accessing capital. When accessing capital and borrowing, businesses are passive in the borrowing process because the amount of the loan depends on the bank's decision and the business must be supervised by the bank during the process of using the loan. Bank interest is also sometimes a pressure for businesses.

4.3. Reason

The reason for this situation is that the ability to value assets of enterprises is not good, the assets of enterprises are often valued lower than the actual value, so when borrowing with collateral, they can only borrow up to 70% of the asset value, according to the valuation method of the lending bank, moreover, the competition between banks in the race to attract capital leads to pushing lending interest rates too high, which further reduces the ability of enterprises to access bank capital.

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