

USING NEW MODEL APPROACH FOR ENHANCING RISK MANAGEMENT MECHANISM IN A CASE OF VIETNAM LISTED BANK

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ABSTRACT

The purpose of this study is to figure out what are results of VAR model - a New Model approach for Enhancing Risk Management Mechanism in case of Vietinbank CTG in our country. This study mainly use combination of quantitative methods (statistics, calculation formulas) and qualitative methods including synthesis, inductive and explanatory methods. The research findings tell us that - Risk free rate reduce in short term will reduce beta; second, Industrial manufacturing stabilize in medium term will cause beta CTG stable; third, Also we see that increase in lending rate in medium term will cause beta CTG increase; fourth, a reduction in trade balance in short term will reduce beta, but in long term, stability in trade balance will stabilize beta CTG; fifth, Fluctuation in exchange rate will influence beta, in long term recover and increase in exchange rate will stimulate beta increase. Hence, authors would recommend that: Ministry of Finance, State bank of Vietnam, Treasurer, and relevant agencies need not to increase R_f (to increase bank beta); then, Not increasing lending rate too much to increase beta; next, Not increasing trade balance too much as well. Last but not least, Management implications: Improving MIS system to provide information. Besides, this study also give out recommendations for enhancing socio-economic roles of Vietnam banks in future.

Key words: socio-economic roles, VAR approach, risk model, Vietnam banks, beta CAPM, inflation, economic development, Vietnam

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