

The Impact of Foreign Bank Presence on Domestic Vietnamese Banks

Lien Dinh*, Jen-Je Su**, Tom (Duc-Tho) Nguyen***

This paper analyses the impact of foreign bank presence on domestic bank accounting performance taking into account the role of bank ownership. The data covers the period from 1992 to 2012; this period reflects almost all significant restructuring programs and achievements. The results indicate that the entry of foreign banks has generated strong competitive pressure, such that domestic banks have to forego their excess profits, and instead, share the non-interest-bearing income with foreign banks. As leaders of the market, state-owned commercial banks experienced the adverse impact on profit, to a greater extent than privately owned banks.

Field of Research: foreign bank presence, impact, competitive pressure, bank performance