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Solutions To Enhance The Level Of Capital Sufficient Securities Companies: The Case Of Vietnam

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Abstract. Researching the factors affecting the capital adequacy of Vietnamese securities companies, through a linear regression model presented in the form of two-dimensional panel data: the time dimension (from 2014 to 2021).), the spatial dimension is the enterprise (48 securities companies), corresponding to 238 observations, using STATA 14 software (and SPSS 20) to analyze and select the regression model, to test and estimate the data regression model. whether the array. The results found three factors affecting the size of equity capital, the level of capital adequacy of Vietnamese securities companies, which are: Size of securities company's assets (LnTTS); Liabilities to Equity (D/E) and Inflation (Inf). The R-squared index is equal to 0.731, which means that 3 independent variables, corresponding to 3 factors, explain 73.1% of the variation of the dependent variable, the degree of capital adequacy. Implications of financial solution management to improve profitability for securities companies include: Controlling hot growth, increasing the size of business equity through diversifying mobilization sources (such as through issue shares, increase retained earnings, seek foreign strategic shareholders, mergers and acquisitions, investment funds, etc.), and at the same time reduce debt capital mobilization and reduce financial leverage. In terms of long-term strategy, securities companies need to improve efficiency by focusing on strong customer segments (such as online securities companies, small and medium-sized enterprises or small and medium-sized enterprises). investment goods). Besides, longtime securities companies recommend restructuring the apparatus to improve ROE and thereby the company will achieve its profit target.

Keyword: Securities companies, Vietnam

1. Introduction

In recent years, the number of securities companies in Vietnam has tended to decrease in number, from 105 companies in 2009, up to now, according to statistics from HOSE and HNX (VNX), the number of securities companies. operating just over 70 companies. The main reason is the result of competition in the market economy, the capital size of securities companies is small, leading to the inability to diversify marketing strategies and expand the market, many securities companies do not operate. efficient, long years of losses, leading to transformations, mergers, and exits from the market.

The company's business capital is formed from two sources, namely internal resources (own capital, equity) and external resources (liabilities and external sources), although in the period of 2014 – 2021, the average asset growth rate of securities companies is up to 30%, but compared to the size of securities companies/investment banks in the world, this scale is still quite small, leading to insufficient competitiveness. and security risks to the system. The author's article mentions solutions to improve the capital level of Vietnamese securities companies to meet development requirements.

2. Literature review

According to the Vietnamese great dictionary (Nguyen Nhu Y, 1998) explains the capital: Principal, money spent for production and business, making it profitable. Shareholder's capital: is the contribution of shareholders to create capital for the company in the form of issued shares at par value recorded on the share and undivided profits or other reserves [2,1829]. According to Le Van Te (1996) capital, capital is the contribution to production activities by investing actual capital, which is one of the three main factors of production [1, 92]. Thus, it can be understood that Equity is the equity capital of a securities company, is the size of the enterprise's owners, also known as the share capital, the book value of the enterprise, the value of the business. net assets of the business.

When the size of equity is larger, the financial independence of the enterprise is higher, the financial security of the enterprise with related parties is more certain. Equity indicators are the basis for enterprises to determine their self-financing ability or existing financial capacity in relation to related parties.

During the initial period of operation, equity is the basis to create financial resources of securities companies. Equity is used for the purpose of investing in fixed assets, long-term and short-term investments for profit. Being a stable source of capital and always growing in the process of operation, at the same time, the own capital always moves and participates in the business process of the enterprise. Any decision to increase capital is always associated with the requirements of developing new products and services, and expanding business operations. Although it only accounts for a proportion of total capital, equity plays an extremely important role because it is the basis for the formation of other capital sources. The value of equity is associated with the prestige, capacity, position of the capital owner and the capital supply and demand relationship in the market. Equity capital determines the scale of operations of securities companies such as limits on external capital mobilization, limits on margin credit and guarantees for investors, etc. because the activities of securities companies are subject to the provisions of law. based on the size of equity capital. In addition, equity is formed from legal capital sources that are allowed to circulate in the financial market. In the context of economic integration, the equity capital of securities companies will be of an international nature associated with a highly competitive environment when securities companies are expanding the attraction of investment through the financial market by means of diversity finance instruments.

The period from 2017 – 2019 up to now, has witnessed a strong expansion in the total asset size of the Vietnamese securities company system, the average growth of total assets and about 30%/year (Figure 1). Performing statistics on the total assets of 48 securities companies (240 observations) from the period 2014 – 2021 showed that the assets of securities companies increased significantly, in 2014 it was 1.140,00 (billion VND), in 2015 it was 1.070,56 (billion), in 2016 is 1.253,06 (billion VND), in 2017 is 1.450,95 (billion VND), in 2018 is 1.450,95 (billion VND), in 2016 is 1.419,52 (billion VND), in 2019 was 1.9876,37 (VND billion), in 2020 it was 2.406,10 (VND billion), in 2021 it was 3.003,78 (VND billion) (Table 1).

Table 1 Size assets of securities companies over the years 2014 – 2021

Descriptive Statistics					
YEAR	N	Minimum	Maximum	Mean	Std. Deviation
2014	48	19,44	7980,88	1140,00	1549,87
2015	48	24,48	7705,07	1070,56	1349,01

2016	48	43,37	8914,44	1253,06	1576,59
2017	48	40,72	13717,80	1450,95	2210,63
2018	48	33,44	13227,97	1419,51	2159,93
2019	48	36,26	18764,38	1976,36	3170,61
2020	48	36,63	23825,63	2406,11	3940,17
2021	48	137,58	27044,12	3003,78	4637,97
Valid N (listwise)	48				

(Source: The author uses SPSS 20 software to synthesize on the basis of financial statements of securities companies over the years, unit billion VND)

The corresponding increase in the period from 2014 – 2021 is -6,09%; 17,05%; 15,79%; -2,167%; 39,23%; 21,74% and 24,84% (Figure 1)

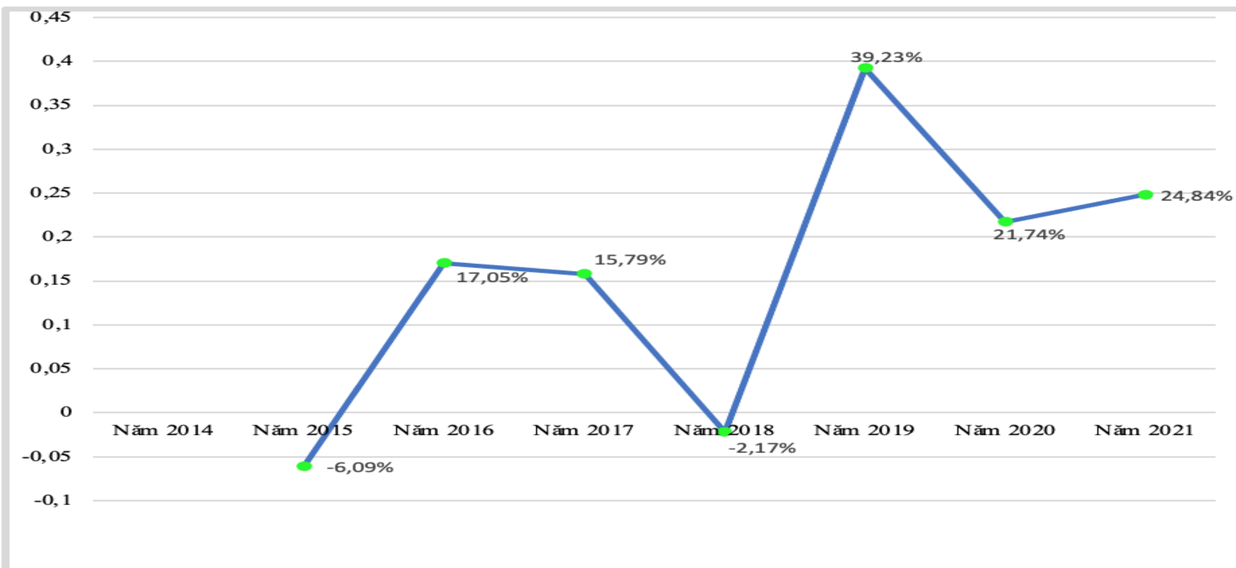

Figure 1 Change in size of assets of securities companies over the years 2014 – 2021

(Source: The author uses Excel software to summarize on the basis of financial statements of securities companies over the years, in billion VND)

Equity size, sufficient capital (Size - equity / total assets) tend to increase, however (SIZE) only meets about 68% of equity in the period 2014 – 2021, the highest in 2021 was 70,4305% (Table 2)

Table 2 Size of Securities Company over the years 2014 – 2021

Descriptive Statistics					
Year	N	Minimum	Maximum	Mean	Std. Deviation
2014	48	14,54%	99,23%	62,1697%	24,92484%
2015	48	14,73%	99,57%	64,9758%	22,22184%

2016	48	16,55%	98,92%	63,1696%	23,32830%
2017	48	17,56%	99,32%	65,0201%	23,78546%
2018	48	15,73%	99,60%	74,1860%	25,37469%
2019	48	15,12%	99,90%	73,5208%	25,53973%
2020	48	28,32%	99,86%	74,6347%	21,16106%
2021	48	28,06%	99,63%	70,4305%	22,74511%
Valid N (listwise)	48				

(Source: The author uses SPSS20 software to synthesize on the basis of financial statements of securities companies over the years, unit %)

With such an increase in scale and assets, but the scale of Vietnam's securities companies is still small, compared to other securities companies/invested banks in the world, it is not competitive enough, considering the group of securities companies called the largest in Vietnam. such as: SSI Securities Corporation, VPS Securities Joint Stock Company; VNDIRECT Securities Corporation; Mirae Asset Securities (Vietnam); Ho Chi Minh City Securities Corporation…also found this correlation (Table 3).

Table 3. Size of securities companies/investors of Vietnam compared to other countries in the world (2021)

Country	Assets	Country	Assets
Vietnam		**South Korea**	
SSI Securities Corporation	$1.177 B	KB Financial Group	$564.4 B
VPS Securities Joint Stock Company	$0.522 B	Woori Financial Group	$367.4 B
VNDIRECT Securities Corporation	$0.504 B	Mirae Asset Daewoo	$114.2 B
Mirae Asset Securities (Vietnam)	$0.428 B	Korea Investment Holdings	$64.8 B
Ho Chi Minh City Securities Corporation	$0.326 B	NH Investment & Securities	$57.8 B
Viet Capital Securities Joint Stock Company	$0.315B	Kiwoom Securities	$34.6 B
echcom Securities Joint Stock Company	$0.274 B	Samsung Securities	$58.8 B
Saigon - Hanoi Securities JSC	$0.264 B	Meritz Securities	$40.5 B
KB Securities Vietnam Joint Stock Company	$0.242 B		
MB Securities Joint Stock Company	$0.206 B		
China		**Japan**	
Citic Securities	$161 B	Daiwa Securities	$254.1 B
Bank of Beijing	$421.2 B	Chiba Bank	$170.7 B
Huatai Securities	$109.6 B	Hokuhoku Financial Group	$156.5 B
Guotai Junan Securities	$107.5 B	Yamaguchi Financial	$109.1 B
Haitong Securities	$96.3 B	Japan Securities	$98.4 B
China International Capital	$79.8 B	Gunma Bank	$95.2 B
GF Securities	$70 B	Chugoku Bank	$88.6 B
China Merchants Securities	$76.4 B	Nanto Bank	$60.8 B

(Source: Author compiled based on financial statements of securities companies and website forbes.com, B is billions of dollars)

With the current situation of capital scale of such securities companies, it is necessary to systematically and comprehensively study the factors affecting the size of own capital and sufficient capital of securities companies.

Selection of variables: **Equity/total assets** (SIZE) is a dependent variable representing the size of own capital, sufficient capital of securities companies, shows the financial autonomy of the securities company, less dependence on debt capital, which shows that the company has good financial independence and autonomy, the company is not under much pressure to depend on loans. The minimum limit of this coefficient is codified by the legal framework based on the development level of each stock market and the management level of securities companies in the market. This limit is also established in relation to other financial institutions in the economy such as commercial banks, insurance companies as well as access to the degree of autonomy of regional securities trading organizations. world. showing the level of financial independence of the enterprise. In the time of McCauley et al. (1991), allocating equity to core activities is very important [16].

- Selecting the independent variable of the factor model affecting the capital capacity of securities companies

+ Size of the securities company (LnTTS): The variable of the size of the securities company is expressed in the indicator Total assets (Size) (or Total net revenue). The size of capital measures economic advantages according to the size of the company, each securities company with different sizes will have different business strategies, different segments, and product diversity depending on the size. Elyasiani et al. (2007) return and risk have significant interdependence and vary with size, larger organizations are found to have stronger risk-related spillovers (e.g., risk-related spillovers). is volatile) while smaller institutions show a clearer association of returns with limited risk spillover [4]. Lee et al. (2014) argue that securities companies (especially large securities companies) have achieved economies of scale and benefited significantly from economies of scale [11]. My et al. (2020) the size of securities companies affects the productivity and performance of securities companies [12]. Hu et al. (2010) Securities companies have large scale corresponding to large market share [9]. Taikai (2017), Japanese online securities companies (small securities companies) merged not due to weakness, but due to financial restructuring in a short period of time in order to increase their scale [13].

+ Total debt/equity (D/E): Equity strategy can affect the capital capacity of securities companies, that total debt/total equity has negative impact on operations. According to Wang (2020), margin financing and securities lending play an important role for securities companies to expand their trading scale in the market, which is a type of leveraged transaction, but the risk is still high. transaction risk is large, and at the same time has an impact on the value of listed shares [14].

+ Rate of foreign ownership: Allen et al. (2000) argue that there should be a separation between banks and securities business due to safety and efficiency factors [3]. Hu et al. (2010) ownership of foreign links in securities companies has a positive influence on the efficiency of securities companies. My et al. (2020), the rate of foreign ownership in securities companies has a significant negative correlation with productivity and performance, while the majority ownership rate of domestic shareholders, individual shareholders have a positive effect, there is no significant correlation between banks' ownership of securities companies.Yeah et al. (2010) increasing the share ownership ratio of major shareholders will increase the operational efficiency of securities companies [15]. Goldbeg et al. (1990) the entry of banks into securities activities has a significant stimulating effect on competition in the securities industry [6]. Fang et al. (2009), the form of foreign ownership has a negative impact on the efficiency of securities companies, thus indirectly affecting the level of capital adequacy of securities companies [5].

- Group of macro variables affecting the financial capacity and the level of capital adequacy

+ Growth rate (GDP): Economic growth is an important factor affecting the level of capital adequacy of securities companies. In the period of high and stable economic growth, the risks and risks for securities companies tend to decrease, securities companies invest more in their fields, leading to a low level of sufficient capital. On the contrary, in the difficult economic period, the growth rate decreases, the securities companies must maintain a large amount of capital to ensure operation.

+ Inflation (Inf): Low or high inflation levels both indirectly affect the capital capacity of securities companies, increased inflation will reduce the real value of income and assets, reduce investment opportunities and capacity. debt repayment capacity of securities companies.

In addition, in order to fully study, the author also hypothesized that the IPO (Initial Public Offering) event of securities companies and raising foreign ownership (from 51%) will affect the size of equity capital, the level of capital adequacy. of securities companies.

3. Methodology

(1) Objectives of quantitative research. The author examines the impact of internal and external factors affecting the size of equity capital, the level of capital adequacy of securities companies in the period 2014 – 2021, the results serve as a basis for accurately assessing the effects, help securities companies have solutions to increase the scale of own capital, sufficient capital level in production and business activities.

(2) Research data. The data used by the PhD student is secondary data, taken from the website (Vietstock.vn), from the annual reports of securities companies and the General Statistics Office (Gso.gov.vn). The data set includes financial statements of 48 securities companies in the period 2014 – 2021, 238 observations, the author will exclude newly established or consolidated securities companies, which makes financial data uncomparable and securities companies are not fair. provide sufficient information for the study. According to Bollen (1989) when analyzing the model with linear structure, the sample size is calculated according to the formula n=5*2i (i is the observed variable in the model). According to Tabachnick and Fidell (2007) the sample size in multiple linear regression analysis is calculated according to the formula n= 50 + 8q (q is the number of independent variables in the model). Variables are represented in the form of array data (Panel Data) with two dimensions: the time dimension (from 2014 to 2021), the business dimension (48 securities companies).

(3) Research method. The author uses STATA 14 software to analyze and select regression models, test and estimate regression models of array data. For array data, there are three methods of regression: Pooled Ordinary Least Square - Pooled OLS, Fixed-Effects Model, Covariance model, and Within. Estimato, Individual Dummy Variable Model, Least Squares Dummy Variable Model- Fem), random effects regression (Radom-Effects Model, Random Intercept, Partial Pooling Model-Rem), hausman test, to select the model Fits out of 3 models. The selected model continues to be tested for defects and corrects for the defects in the model.

Applying descriptive statistical techniques and linear regression, the model studies the impact of factors affecting the size of equity capital, the level of capital adequacy of securities companies based on the application of linear regression techniques. calculated on array data of the form:

$$\mathbf{Y_{it} = \beta_1 X_{it1} + \beta_2 X_{it2} + \ldots + \mu_{it}}$$

$$\mathbf{Y_{it} = \beta_1 X_{it1} + \beta_2 X_{it2} + \ldots + v_i + \varepsilon_{it}} \text{ **với i =1,2,…,n và t = 1,2,..,t (*)**}$$

In which:

Yit: value of Y for object i at time t

Xit1: value of X1 for object i at time t

Xit2: value of X2 for object i at time t

μit = vi + εit, the model error is split into two parts: vi represents unobservable factors that differ between subjects but do not change over time, εit represents those unobserved factors vary between subjects and change over time.

- Hypotheses the expected effects of the factors on the size of equity capital, the level of capital adequacy of securities companies:

No.	Variable names and symbols	Calculation formula	Expected impact
The dependent variable is capital size (SIZE).			
The independent variable includes			
1	Total years of operation of securities company (AGE)	Operating time (calculated according to the number of years of actual operation of the business)	+
2	Size of securities company (LnTTS)	Ln (total assets)	+
3	Total Debt/Equity (D/E)	Total Debt/Equity	-
4	Growth (GDP)	Actual GPD Annual Growth Rate	+
5	Securities company has IPO (Dummy1)	Dummy variable takes the value 1 if IPO, 0 if not IPO	+
6	Foreign ownership ratio (Dummy2)	The dummy variable takes on a value of 1 if the foreign ownership rate is 51% or more, and 0 if the foreign ownership rate is less than 51%	+
7	Inflationary (Inf)	Annual inflation rate	-

Description of variables participating in the model (*)

Table 4. Statistics of variables in the regression model

. summarize SIZE AGE LnTTS DE GDP Inf DUMMY1 DUMMY2

Variable	Obs	Mean	Std. Dev.	Min	Max
SIZE	240	.685134	.2397061	.1454384	.9990415
AGE	240	15.6	2.951	11	22
LnTTS	240	1185462	.6004819	1028865	1343207
DE	240	.7570132	.9828383	.0009594	5875764
GDP	240	.0630625	.0066404	.0525	.0708
Inf	240	.0175	.0026	.0141	.0205
DUMMY1	240	.3697917	.483378	0	1

DUMMY2	240	.2005208	.4009125	0	1

(Source: Author of statistics on STATA 14 software)

4. Results

To perform panel data regression, regression of least squares (Pool-OLS), fixed effects regression method (FEM) and random effects regression method (REM) can be used. The author uses Hausman test to choose between regression model (FEM) and (REM) for panel data of the research sample.

The Hausman test has the following hypotheses:

H_0: There is no correlation between the explanatory variables and the random component (ie the REM model is suitable)

H_1 : There is a correlation between the explanatory variables and the random component (i.e. the FEM model is suitable)

Table 5. Hausman Test results for the model (*)

Variable	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	FEM	REM	Difference	S.E.
LnTTS	-.069463	-.0980735	.0286105	.0180899
DE	-.1781557	-.187249	.0090933	.0038281
Inf	-5.217.237	-5.051.743	-.1654934	.
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 11.05				
Prob>chi2 = 0.0115				
(V_b-V_B is not positive definite)				

(Source: Author of statistics on STATA 14 software)

Results of Hausman test (Table 5), the author received a p-value of 0.0115 less than 0.05 (5%). Thus, at the 5% significance level, there is no basis to reject the hypothesis H0, the appropriate method chosen is fixed effect (FEM). Therefore, the study will use the model (FEM) to regress to find out the factors that affect the size of equity capital, the level of capital adequacy of securities companies in the period 2014 – 2021. After removing the non-significant variables, and dealing with the defects of the regression model, at the same time, to compare the models with each other to consider the reliability of the effects, (Table 6) below.

Table 6. Results of regression model of factors affecting the level of capital adequacy of securities companies (*)

. esttab OLS GLS FEM REM, r2 star(* 0.1 ** 0.05 * 0.01) brackets nogap compress**

Variable	(1)	(2)	(3)	(4)
	SIZE	SIZE	SIZE	SIZE
LnTTS	-0.106***	-0.110***	-0.0695***	-0.0981***

	[-9.15]	[-18.69]	[-2.91]	[-6.28]
DE	-0.206***	-0.192***	-0.178***	-0.187***
	[-25.71]	[-38.51]	[-19.93]	[-23.17]
Inf	-4.666*	-1.595**	-5.217***	-5.052***
	[-1.92]	[-2.31]	[-2.99]	[-2.86]
_cons	2.197***	2.188***	1.752***	2.096***
	[15.17]	[31.48]	[6.11]	[11.10]
N	240	240	240	240
R-sq	0.828		0.731	
t statistics in brackets				
* p<0.1, ** p<0.05, *** p<0.01				

(Source: PhD student in statistics on STATA 14 software)

The coefficient of determination (R2) is the coefficient to evaluate the fit of the regression model. The value of the coefficient (R2) indicates how much of the variation in the dependent variable can be explained by the regression model. Based on the regression results in (Table 3.4), the results, including 3 independent variables, explain 73.1% of the variation of the dependent variable SIZE of securities companies, including: Size of securities companies (LnTTS); Liabilities to Equity (D/E) and Inflation (Inf). Specifically, the impact results are as follows:

Size of securities company (LnTTS): There is a negative impact on the level of capital adequacy of securities companies. The size of the securities company has a negative effect on the level of capital adequacy SIZE in the period 2014 – 2021 which can be explained by the larger the size of the securities company, but the increase in equity has not kept pace, which will cause the SIZE of the securities company to decrease. In the research segment, the growth scale of securities companies due to the increase in external debt mobilization is much larger than the increase in capital of owners.

- Liabilities to equity (D/E). There is a negative effect (negative impact) on the level of capital adequacy of securities companies. The higher the D/E ratio, the smaller the SIZE capital is, which is explained by the fact that when the securities company uses a large amount of debt in its business activities, the equity size of the securities company is significantly reduced compared to the increase in size. property growth. Along with the effort to raise the equity level, in the period 2014 -2021 the securities company has mobilized debt from sources to invest in the portfolio on the stock market, so the SIZE in this period tends to increase. gradually, at the same time (D/E) tends to decrease, in 2014 the average of the research sample was 106,0355%, down to 60,9372% in 2021 (table 7), this represents safety. to creditors, especially to issuers and investors.

Table 7. Change (DE) of securities companies over the years 2014 – 2021

Descriptive Statistics					
Year	N	Minimum	Maximum	Mean	Std. Deviation
2014	48	0,8%	587,6%	106,0%	130,8%

2015	48	0,4%	578,7%	81,0%	97,7%
2016	48	1,1%	504,4%	91,5%	103,0%
2017	48	0,7%	469,5%	86,6%	101,8%
2018	48	0,4%	535,9%	65,6%	106,3%
2019	48	0,1%	561,2%	65,6%	101,1%
2020	48	0,1%	253,2%	48,3%	55,0%
2021	48	0,4%	256,4%	60,9%	63,4%
Valid N (listwise)	48				

(Source: The author uses SPSS20 software to synthesize on the basis of financial statements of securities companies over the years, units %)

- Inflation (Inf). There is a negative impact on the level of capital adequacy of securities companies. Inflation has a close relationship with SIZE at 1% significance level, inflation is high, the market has many uncertainties, deposits, loans and investments of securities companies tend to be riskier, so SIZE reduction.

In addition, in the model (*), there is no significant relationship between (GDP), dummy variables (Dummy) and SIZE of securities companies, implication, economic growth rate or ownership in Vietnam. has no significant effect on the capital adequacy of securities companies

4. Implications of solution management to improve capital adequacy of Vietnamese securities companies

The first is to change the debt mobilization policy (reducing external forces).

In capital strategy, usually internal resources (self-capital, equity) are used for a long time, external resources (debt capital) are used for each short-term period. long-term business Securities companies need to increase internal resources and reduce external forces for securities companies. Securities companies can raise new shareholder capital by issuing more common shares, when the shareholder's capital increases, it will strengthen the capacity of securities companies to improve solvency, or in case the securities companies cannot or do not want to increase equity by raising capital and issuing shares, and want to maintain the policy with the optimal financial structure achieved. Then the policy of retaining profits is the only option, which is sustainable growth.

Sustainable growth is the expectation that any manager with interests associated with a securities company wishes to achieve, sustainable growth is the maximum growth in assets in accordance with the growth rate of total net turnover. and net operating cash flows without depleting the firm's financial resources.

It is clear that the growth rate of equity from retained earnings is always equal to the growth rate of debt, the financial structure does not change, so the growth rate of equity and debt capital determines the increase in assets. asset growth rate is the limit to the growth rate of total net turnover.

In general, shareholders' concern about dividend payout ratio is negatively related to their perception of the investment opportunities of the firm, if retained earnings can be effectively used to generate income. more attractive offers they are willing to put aside future profits and vice versa they will not be satisfied. When the dividend yield does not meet the investor's expectations they may sell the stock, thereby reducing the share price in the market. This is a difficulty for the management of securities companies, it is necessary to make reasonable decisions in the income distribution structure.

Balance the interests of shareholders when implementing the stock dividend policy.
The form of stock dividends or common stock issuance to shareholders from capital surplus and retained earnings will help securities companies increase their financial capacity, however, it should be considered in the economic context.

During the stock market rally, the number of shares has not been met, the increase in the number of shares in circulation gives buyers more opportunities to buy and sellers are willing to sell a part of their increased shares. As a result, the demand for the stock is satisfied, and the stock price increases. Conversely, if the supply of shares exceeds demand at the time, the increase in the number of shares will not only not increase, but also decrease the market value of shareholders when common shares are divided.

Select strategic shareholders who are foreign financial groups and diversify the portfolio of strategic partners. Securities companies that choose strategic shareholders who are financial groups will achieve many goals, namely allowing the securities company to increase its financial capacity, governance and technology, and at the same time allowing the securities company to learn, supported with experience in applying technology to management, as well as better meeting the needs of services, especially investment banking services. Foreign financial groups have long experience and high operational efficiency (the maximum percentage of foreign shareholders being organizations or individuals is 49% of charter capital, however, if the partners satisfy the conditions, The Law on Securities 2019 increases the ratio up to 100% (The condition is that the investor must be licensed and have a continuous operation time in the banking, securities, and insurance sectors within the previous 02 years). years of participation in capital contribution to the establishment, purchase of shares or contributed capital; The licensing agency of the country of origin and the State Securities Commission have signed bilateral or multilateral cooperation agreements on information exchange, cooperation in management, inspection and supervision of securities and stock market activities; Profitable business activities for 02 consecutive years prior to the year of capital contribution for establishment, purchase of shares, capital contribution and the latest year's financial statements must be audited with full approval).

Currently, only a few securities companies can do this, such as strategic investor Daiwa Securities Group Inc and its subsidiaries, which are strategic shareholders holding nearly 20% of the voting capital of SSI Securities Company or SSI Securities Company. Dragon Capital Markets Company Limited (DC) Strategic shareholder, holding 29.96% of HCM's charter capital

Second, increase the efficiency of using assets. Securities companies need to carefully scrutinize to find long-term inactive assets, that is, assets that do not directly or indirectly generate sales should sell them. For long-term assets that are not formed from debt or have little debt, when selling securities, the securities company will receive cash, then working capital will increase CR. In the case of assets formed from debt, when selling them working capital may not increase immediately, but total debt will decrease, costs will also decrease, the rate of return will therefore increase. up. If managed well, working capital will increase accordingly. Of course, not all assets are sold, but securities companies need to classify assets, and effectively re-evaluate each type of asset, especially long-term assets.

Third, maintain a reasonable growth rate. Securities companies re-evaluate the situation of growth in relation to profitability, the issues of note are that growth is two-sided, growth is too high (hot growth) associated with risks and financial risks, but also for businesses to have a great leap forward; Slow growth, no growth or recession may cause enterprises to lag far behind enterprises in the same industry, some options that the PhD student proposes are as follows:

For securities companies with charter capital of less than VND 1,000 billion (small and medium-sized securities companies): Growth creates opportunities to increase accumulation and increase competitiveness, but to ensure stability, attention must be paid to limiting excessive growth. fast. Because, growth of small and medium-sized securities companies cannot completely rely on internal resources but must come from external funding sources to maintain growth, if uncontrolled growth leads to short-term insolvency. maturity, other consequences will reduce the profitability of securities companies and loss of safety.

For securities companies with sufficient charter capital of 1.000 billion VND or more (large securities companies), it is possible to rely on both external and internal funding sources to ensure growth. These securities companies need to ensure stability and balance between equity and short-term liabilities to reduce financial risks. Growth only creates long-term advantages when the enterprise has high profitability and net cash flow to meet short-term debt payment needs combined with the positive impact of financial leverage

In the context of limited financial capacity, as well as the unusual fluctuations of the business environment, a temporary solution to preserve the force is necessary but should not take risks to receive unexpected results.

Where the actual growth is greater than the sustainable growth rate. Let's first consider how long this situation lasts. If this rate slows down in the near future because the business has reached saturation, it means that the rapid growth rate is only temporary, so it can be solved by mobilizing more debt, when the growth rate is low. Real growth falls to less than or equal to sustainable growth, at which point the business moves from making money and being able to repay debt. Securities companies have long-term rapid growth, need to mobilize new shareholders and reduce the dividend rate.

Where the actual growth is lower than the sustainable growth rate. In this case, a securities company that needs to restructure its management organization, restructure its finances and implement a stimulus policy will have to consider implementing it when the risk of recession has been revealed. Some options are to return capital to the owners through an increase in the dividend payout ratio and the purchase of the company's own stock. Accelerate growth by researching other investment opportunities

Fourth, adjust business strategy, form investment banks and specialized securities companies.

The investment banking model is a model to upgrade the competitiveness and solvency of securities companies, in countries with developed stock markets such as the US and Europe, investment banks have appeared and formed along with the capital market development. The first investment banking was born in the US, when American commercial banks were not allowed to participate in the underwriting of securities. Investment banks play an important role in the financial market, by bringing together capital investors and people with capital needs, which can be businesses, governments and households. Providing corporate capital is the core activity of investment banking, helping clients raise capital in capital markets and providing important advice for mergers and acquisitions.

According to Iannotta (2010), investment banking encompasses a rather complex and heterogeneous set of activities, including advisory and underwriting services, trading and brokerage, and asset management. However, advisory and underwriting activities are still considered as core functions of investment banking [10]. In the same vein, Goodhart et al. (2016) investment banks play an important role in capital markets by bringing together capital providers (i.e. investors) and those who need capital (ie are businesses, government) [8]. Researcher Gemici et al (2019) conclude that investment banks provide advisory and management services for complex financial transactions and capital generation to corporations, institutions and governments. The two main activities are underwriting (borrowing and issuing equity securities) and mergers and acquisitions (M&A) [7].

Thus, it can be seen that the investment bank's activities are more diverse and potential than that of securities companies, specifically some activities such as:

Firstly, the underwriting service of the Investment Bank (Underwriting**).**

Underwriting is the process by which banks act on behalf of companies and institutions in raising capital through the sale of shares or bonds to investors (initial public offering). Thus, through IPO activities, banks will help companies and organizations get capital by marketing to investors.

Once the bank begins marketing the offering, the following bookkeeping steps are taken to value and complete the transaction.

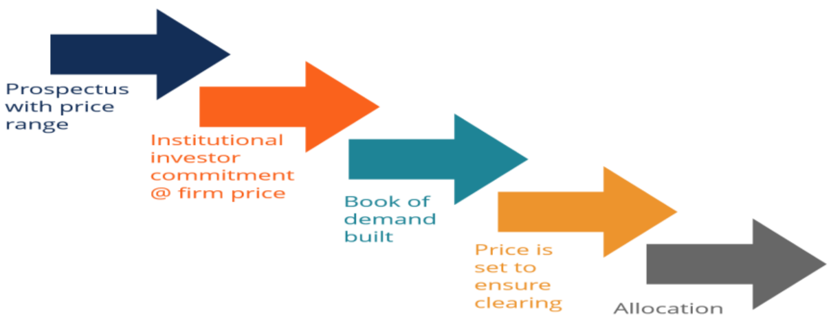

Figure 2. Bookkeeping process
(Source: https://corporatefinanceinstitute.com)

Second, M&A consulting services (Mergers and acquisitions**).**

It is a process that helps companies and organizations find, evaluate and complete mergers and acquisitions with other businesses to increase the scale and efficiency of production and business activities, as well as other goals of the parties. Banks through the extensive network and relationships of banks, the banks on behalf of their customers quickly find and help the deal take place, the bank will advise both parties for the M&A transaction.

A merger and acquisition transaction usually occurs in 10 steps, as shown in the figure below:

Figure 3. M&A process (Source: https://corporatefinanceinstitute.com)

Third, brokerage and investment (Sales & Trading).
Investment banks connect buyers and sellers of securities on the secondary market, investment banks act as agents for clients and can also trade the company's own capital.

Fourth, professional research (Equity Research).
Research on securities listed on the market in order to determine the uptrend and downtrend of securities, help investors make investment decisions and support stock trading.

Research products are relatively diverse, including general research reports such as industry research, investment strategy research and product research. Research reports are the basis for investors to make timely trading decisions.

Fifth, wealth management (Asset management).
Asset management – managing investments, managing portfolios for institutional and individual investors in many different ways, this is a business that is low in risk and nature. stable source of income for investment banks, and at the same time this income does not depend on market fluctuations.

Today, investment funds have diversified to form different types of investment funds with different investment objectives and levels of risk to meet the diverse needs of customers. Common types of investment funds include mutual funds, pension funds, hedge funds, private equity funds, venture funds, and several others.

Sixth, wholesale banking (Mer-chant Banking).
This is a business whose products are not securities but substitutes such as real estate, leveraged loans, large credit agreements, etc., in order to diversify investment portfolios and reduce risks and promote the main activities of the bank

An investment bank engaged in an unlisted (or listed but divested) enterprise that has the potential to grow and add value through financial and operational restructuring. Two common forms of capital investment are venture capital or leveraged buy-out (LBO). The investment transaction ends with divestment through listing the invested business on the market or selling to a third party.

Seventh, Main Broker Operation (Prime Brokerage).
Investment banking provides support services, catering to hedge funds. This business appeared in the 1980s and flourished in the 1990s and has now become a separate business due to the growth of hedge funds and institutional investors.

An Investment Bank Global Market Report 2021: Covid-19 Impact and Recovery to 2030 shows that the global investment banking market is expected to grow from \$102.84 billion in 2020 to \$111.45 billion in 2021 at a compound annual rate (CAGR) of 8.4%. The growth is mainly due to companies restructuring their operations and recovering from the impact of Covid-19, the market is expected to reach \$137.97 billion by 2025 at a CAGR is 5% [17, 2].

In Vietnam at present, commercial banks are not allowed to directly participate in the securities sector but are allowed to establish independent securities companies, however, it is time to encourage commercial banks to participate in the securities industry. this sector as an investment bank to improve liquidity.

Securities company specializing in small and medium enterprises (SME); Online securities company.
In recent years, Vietnam's business environment has changed positively, creating favorable conditions for small and medium enterprises to develop, the number of enterprises is increasing continuously, accounting for 96.7 % of total enterprises nationwide. In the field of capital markets, the Government should create conditions for specialized securities companies for this group of businesses. At the same time, the government needs to have incentives to create conditions for

specialized SME securities companies to actively support customers, the Government can appoint securities companies to participate and strengthen their role in supporting listing on VNX.

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