

STRATEGIC MANAGEMENT FROM ANALYSIS TO IMPLEMENTATION – A CASE STUDY OF EXIMBANK

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TÓM TẮT

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Ngành ngân hàng luôn được xem là một ngành đầy thách thức. Ở một quốc gia đang phát triển như Việt Nam, với cuộc khủng hoảng gần đây do đại dịch COVID-19 gây ra và sức ép của chuyển đổi kỹ thuật số, sự cạnh tranh trong ngành này ngày càng trở nên gay gắt hơn. Do đó, rất cần thực hiện một bài phân tích trọn vẹn để tìm ra chiến lược phù hợp dẫn đến kết quả thành công của một công ty. Với phần phân tích tình huống thực tiễn trong trường hợp của Eximbank, bài báo này thể hiện một số bài học cho các bên liên quan và đề xuất phương án triển khai có thể áp dụng vào thực tế.

ABSTRACT

Banking has always been a challenging industry. In such a developing country as Vietnam, with the crisis caused by the COVID-19 pandemic and the pressure of digital transformation, the competition in this industry has become more and more intense. It is essential to do a thorough analysis in order to figure out the suitable strategy for the successful performance of a firm. With practical situation analysis in the case of Eximbank, this paper presents some lessons for stakeholders and proposes an implementation plan that can be applied in practice.

1. Introduction

The competition in the banking industry has become increasingly intense due to the development of commercial banks and other financial institutions in Vietnam as well as the penetration of foreign banks. Besides, the boom in technology and digital transformation together with the change in customer behaviors facilitate the development of fintech projects, causing the threat of new entrants in the financial industry. Since all organizations have limited resources, strategists must choose the plans which will be most beneficial to the firm. To achieve organizational success, the strategic management of a firm should focus on

integrating management, marketing, finance and accounting, production and operations, research and development (R&D), and information systems. Strategic management gives overall direction by formulating plans and policies aimed at achieving goals, and then allocating resources to put those plans into action. As a result, strategic management helps businesses obtain competitive advantages over their rivals.

In such an intensely competitive industry as the banking industry, it is vital to conduct a thorough analysis in order to form the ultimate strategic management plan for a particular organization. This paper investigates a specific bank which is still

dealing with existing issues for its long-term development. In the case of Eximbank, it aims to become a constantly growing and well performing bank in approach to the top banks in the market, however, the failed horizontal strategy through M&A effort with Sacombank several years ago led Eximbank to lose the key momentum to move forward. Though it has recently emphasized resolving the legacies during the restructuring process, business activities should be aggressively proceeded in accordance with an optimum strategy and appropriate orientations.

2. Concepts and stages of Strategic Management

Strategic management is a systematic approach to the management of changes that includes positioning the company through strategy and planning, real-time strategic reaction through problem management, and systematic resistance management throughout strategy execution (Ansoff & McDonnell, 1990). Strategic management is also defined as the art and science of

designing, implementing, and evaluating cross-functional decisions that facilitate an organization to achieve its goals (David & David, 2019). Henry (2021) described strategic management as an analysis of the situation facing the company then managers can formulate strategies for coping with those identified challenges.

David and David (2019) believed that the main benefit of strategic management, historically, has been to assist firms in developing better strategies by implementing a more systematic, logical, and reasonable decision-making process. Furthermore, the process is a primary value of engaging strategic management rather than the document or decision. Managers and employees become dedicated to supporting the organization as a result of their involvement in the process (i.e., discussion and participation). Communication is essential for effective strategic management indicated with details in Figure 1. In management, communication may be the most crucial term.

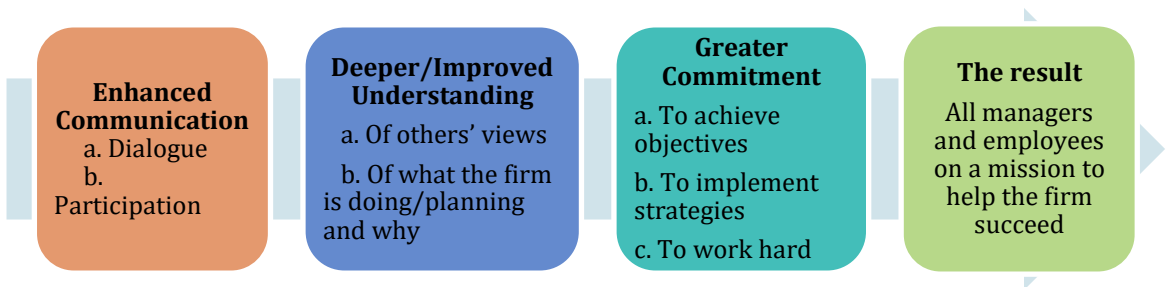


Figure 1. Intrinsic benefit of a firm engaging in strategic planning (David & David, 2019)

According to David and David (2019), there are three steps to the strategic management process: strategy formulation, strategy implementation, and strategy evaluation (See Figure 2). First, strategy formulation is to make decisions about what new businesses to enter, what businesses to abandon, whether to expand

operations or diversify, whether to enter overseas markets, whether to combine or create a joint venture and how to avoid a hostile takeover. Developing a vision and mission, determining internal strengths and weaknesses as well as external opportunities and threats of an organization, establishing long-term goals,

building alternative strategies, and selecting specific strategies to pursue are all part of the strategy formulation process. During this stage, a firm commits to certain products, resources, markets, and technology for an extensive period of time, therefore, strategic decisions have multifunctional ramifications and long-term impacts on a company.



Figure 2. Stages of Strategic Management Process (David & David, 2019)

Strategy implementation, as known as the “action stage” of the strategic management process, requires a company to establish annual objectives, create policies, inspire employees, and allocate resources in order to execute defined strategies. Strategy implementation consists of the strategy-supportive culture development, the creation of an effective organizational structure, the redirection of marketing efforts, budget preparations, the development and use of information systems, and the link of employee compensation to organizational performance. Implementing a strategy entails enlisting the help of employees and management to put plans into action as strategies that are developed but not implemented are useless. Strategy execution, which is often seen as the most challenging stage in strategic management, needs personal discipline, dedication, and sacrifice. That is why managers' ability to

inspire staff and interpersonal skills are critical to strategy implementation success.

In the final stage, strategy evaluation, managers should be aware of how particular strategies are working and their results as they are subject to modification in the future due to the constant changes of external and internal factors. Three key strategy-evaluation activities are (1) analyzing internal and external factors that are the foundations for existing strategies, (2) monitoring performance, and (3) implementing remedial measures. Because today's success is no assurance of tomorrow's, strategy assessment is required. There come new issues with success, and complacent companies are doomed to fail.

3. Case study of Eximbank

Established in 1989, Vietnam Export Import Commercial Joint Stock Bank, as known as Eximbank, was one of the first joint stock commercial banks in Vietnam. At present, Eximbank has a charter capital of VND 12,355 billion and owner's equity of VND 17,785 billion, making it one of the largest banks in terms of owner's equity among the commercial joint stock banks in Vietnam. Eximbank has developed a nationwide network with the Head Office located in Ho Chi Minh City and 207 branches and transaction offices and has established correspondent banking relationships with over 869 banks and their branches in more than 84 countries in the world.

In this paper, a feasible proposal of strategic management was created based on the three-step process mentioned earlier

in order to support the bank's long-term development with suitable orientations.

Strategy Formulation

First of all, the vision and mission of the bank should be fully understood before conducting the analyses. With a long history and experience in the banking industry, Eximbank clearly stated their vision aiming to become the top quality commercial bank in Vietnam driven by professionalism and integrity. Additionally, the bank also pointed out their mission as follows:

(1) Help clients achieve their aspirations by offering customer-centric services and solutions.

(2) Deliver a diversified range of high-quality products and solutions, optimizing the innovative technologies.

(3) Create a work environment that encourages and rewards diligent and highly-motivated employees.

(4) Generate value for all stakeholders: clients, shareholders, employees and communities, through the continuous growth of our business.

Among the joint stock commercial banks in Vietnam, Eximbank has a long history and quite large equity which has reached more than VND 17,000 billion up to 2021. Eximbank's key strengths are related to the Corporate banking segment. They also have strong foreign exchange services, trade finance, international settlement thanks to a wide network of correspondent banks and enlarging credit relationships. The bank was honored by world leading banks such as JPMorgan, Wells Fargo, Citibank for their excellence in international settlement quality in many years. Their

business in cards and bancassurance is also strong, however, they are less competitive than competitors in retail banking. Their brand name is not popular due to limited marketing activities. Moreover, their nationwide branch network mainly focuses on urban regions. Although they have put lots of effort and investment into technological transformation thanks to recent restructuring and received Vietnam Digital Awards in 2019 and 2020 by Vietnam Digital Communications Association, their digital transition is relatively slow compared to other banks.

International integrations opened many opportunities for Eximbank as they are strong in international services. With the support of SMBC (Sumitomo Mitsui Banking Corporation), Eximbank can take advantage of their high management level and financial resources for further development. Nevertheless, the competition among local and foreign banks has become more intense due to the new entrants, such as E-wallet services and fintech startups with the wave of technology development. Porter's 5 Forces Model in Figure 3 illustrates the competition of the industry in detail. In addition, according to Vietnam Report JSC. (2021), the top 5 critical threats of the banking industry in 2021 were: (1) Incomplete legal system for new business models; (2) Compliance with international standards at a higher level; (3) Competition in digital transformation and diversification of products and services; (4) Risks of cybersecurity and data security; (5) Complicated situation of Covid-19 pandemic and increasing bad debts.

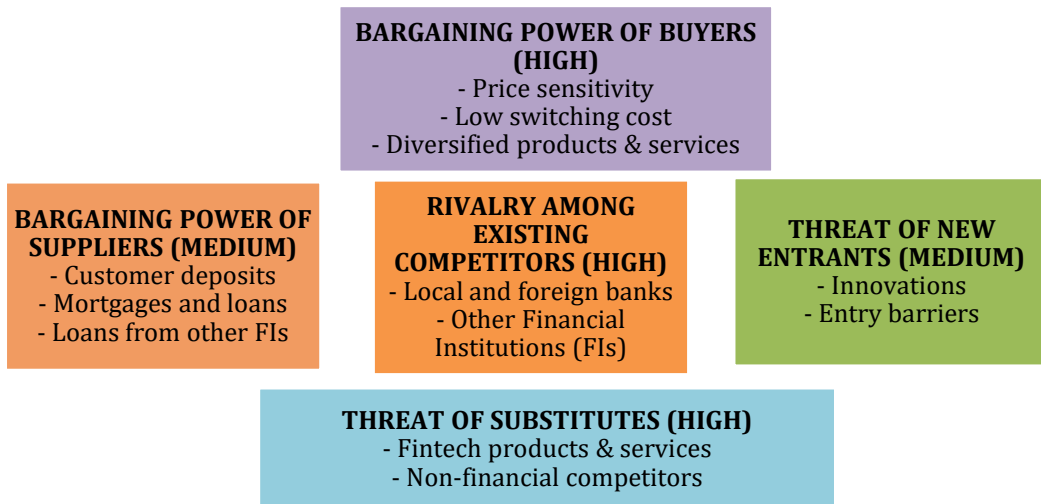


Figure 3. Porter’s 5 Forces Model

Table 1. SWOT analysis

Strengths	Weaknesses
1. Strong international services: be honored by world leading banks and has a wide network of correspondent banks 2. Strong corporate banking services: capital funding, lending, international payments, etc. 3. Key business segments (cards and bancassurance) all achieved outstanding growth rates 4. Enlarging credit relationships: International credit organizations and foreign banks find Eximbank credit-worthy enough and are willing to make available or raise trade loan limits	1. Branch network is nationwide but mostly focuses on urban regions 2. Less popular brand name due to limited marketing activities 3. Slow digital transition 4. Weak in retail banking
Opportunities	Threats
1. Economic development (GDP growth rate) 2. Vietnam is a developing country and attracts more FDI projects which demand increasing capital supplements 3. Stable legal system in Vietnam 4. No-cash strategy from Government, Revolutionary Technology 4.0, and young generation behavior facilitate digital transition 5. High demand for foreign trade thanks to international economic integration (more FTA) 6. Population growth, per capita income increases lead to more potential customers 7. SMBC is the major and strategic shareholder with 15% ownership to charter capital 8. As affirmed by the international credit ratings agency S&P Global, the long-term credit rating of Eximbank stays unchanged at B+, short-term credit rating of B and outlook ‘Stable’ in 2020 despite the Covid19 pandemic 9. Bancassurance development	1. Limited human resources to adapt to high tech development 2. Intense competition caused by both local and international competitors as well as new entrants i.e. fintech 3. Technological issues such as risk of data breach and increase in fraud 4. Oversea market shall face the threat of being less competitive than other banks in international markets due to modest capitalization

Table 1 sums up the outcomes of SWOT analysis with key internal strengths and weaknesses of Eximbank as well as external opportunities and threats that the bank may be facing. The Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, as shown in Table 2, is a useful matching technique for management to create four types of strategies: SO

(strengths-opportunities) strategies, WO (weaknesses-opportunities) strategies, ST (strengths-threats) strategies, and WT (weaknesses-threats) strategies (David & David, 2019). The most challenging phase of designing a SWOT Matrix is matching crucial internal and external elements, as it demands sound judgment and there is no one perfect set of matches.

Table 2. SWOT Matrix

SO strategies	WO strategies
1. Market penetration (S3, O4, O6, O9): In partnership with an insurance company to launch the insurtech system for diverse types of bancassurance. 2. Market penetration (S1, S2, S4, O2, O5, O7): Prioritize FDI market with competitive offers for FDI customers.	1. Market Development (W1, W2, O1, O6): Expand branch and ATM network to other regions rather than urban areas. 2. Product Development (W3, O4): Enhance digital banking with more functions to increase convenience for customers, connect with more vendors (shopping, payment, transfer) 3. Market Penetration (W2, O1, O6): Develop a branding strategy to attract more customers.
ST strategies	WT strategies
1. Market development (S1, S4, T4): Expand overseas business to seek foreign investors.	1. Market Penetration (W2, T2): Apply marketing and promotion campaigns (collaborate with KOL, ambassador, etc.) 2. Product Development (W3, W4, T2, T3): Provide new services (lending, payment, etc.) integrated with technology for individual customers. 3. Horizontal Integration (W3, T1, T3): Acquire new small fintech startups.

From Table 2, three most promising strategies are selected to be the strategic alternatives that would be planned in detail. The description indicates a brief of the implementation plan for that strategy, including the rationale for choosing it. The pros and cons of each strategy were also analyzed and anticipated.

After reviewing thoroughly the specific description as well as the advantages and disadvantages of each alternative in Table 3, a Quantitative Strategic Planning Matrix (QSPM) as shown in table 4 was carried out

for those three strategies. QSPM is the final stage of the strategy formulation analytical framework, objectively presenting which alternative strategies are the most feasible and suitable (David & David, 2019). This matrix uses input from SWOT analysis and matching outcomes from SWOT matrix to objectively determine among alternative strategies. The QSPM requires the assignment of ratings, known as attractiveness scores (AS), which allows strategists to make powerful big decisions by doing little ratings.

Table 3. Strategic alternatives

Alternatives	Description	Advantages	Disadvantages
1. Bancassurance - Insurtech (Market penetration)	<ul style="list-style-type: none"> - In partnership with MSIG Vietnam to launch Insurance Policy Administrative System for diverse types of bancassurance. - With Home Insurance Administrative System launched on 28/11/2018, MSIG Vietnam became the first and only foreign non-life insurance company associated with a bank to apply in Vietnam. 	<ul style="list-style-type: none"> - Simplicity, personalization and convenience, allow to speed up the process by reducing the number of steps. - Very few banks in Vietnam apply this (Techcombank cooperated with CoverGo Insurtech to launch iTCBLife on 1/7/2021) - Bancassurance is a key service with outstanding growth rates. EIB aims to promote cross-selling of insurance products combined with banking products and services to bring more benefits to customers and increase sales. 	<ul style="list-style-type: none"> - Need to maintain and strengthen the relationship with partners to take advantage of capital sources and diverse products. - Technology needs to be enhanced to limit security risks, network security and data-related risks.
2. Expand overseas business to seek foreign investors (Market development)	<ul style="list-style-type: none"> - Utilize maximum proportion of foreign investors (30%), currently SMBC holds 15% - Investigate and negotiate with potential foreign strategic investors who have strong financial resources and high management level 	<ul style="list-style-type: none"> - Increase the size of equity and financial capacity - Enhance competitiveness and speed up the settlement of bad debt - Improve risk management capacity, innovate technology 	<ul style="list-style-type: none"> - Finding suitable foreign strategic investors is very difficult - Other investment channels are more attractive such as investment funds - Potential risk that foreign investors can withdraw their capital
3. Prioritize FDI market (Market penetration)	<p>Complete the services offered to corporate customers receiving foreign direct investments by creating more policies and offering more promotions to attract and support customers</p>	<ul style="list-style-type: none"> - Developing in accordance with Eximbank's strengths in the corporate banking segment - Having the support of strategic shareholder SMBC to focus on Japanese FDI enterprises 	<ul style="list-style-type: none"> - Difficult to build relationships with new customers - Intensely compete with foreign and large banks - FDI tends to borrow capital from abroad

Table 4. QSPM

	Weight	STRATEGIC ALTERNATIVES					
		1		2		3	
		Bancassurance - Insurtech		Expand overseas business to seek foreign investors		Prioritize FDI market	
Key factors		AS	TAS	AS	TAS	AS	TAS
Strengths							
1. Strong international services: be honored by world leading banks and has a wide network of correspondent banks	0.20	1	0.20	2	0.40	3	0.60
2. Strong corporate banking services: capital funding, lending, international payments	0.20	1	0.20	1	0.20	4	0.80
3. Key business segments (cards and bancassurance) achieved outstanding growth rates	0.10	3	0.30	1	0.10	1	0.10
4. Enlarging credit relationships: International credit organizations and foreign banks find Eximbank credit-worthy enough and are willing to make available or raise trade loan limits	0.15	1	0.15	3	0.45	3	0.45
Weaknesses							
1. Branch network is nationwide but mostly focuses on urban regions	0.10	2	0.20	1	0.10	1	0.10
2. Less popular brand name due to limited marketing activities	0.05	-	-	-	-	-	-
3. Slow digital transition	0.10	2	0.20	1	0.10	1	0.10
4. Weak in retail banking	0.10	-	-	-	-	-	-
Total	1.00						
Opportunities							
1. Economic development (GDP growth rate)	0.10	1	0.10	3	0.30	2	0.20
2. Vietnam is a developing country and attracts more FDI projects which demand increasing capital supplements	0.07	1	0.07	2	0.14	4	0.28
3. Stable legal system in Vietnam	0.07	1	0.07	3	0.21	2	0.14
4. No-cash strategy from Government, Revolutionary Technology 4.0, and young generation behavior facilitate digital transition	0.05	3	0.15	1	0.05	1	0.05

5. High demand for foreign trade thanks to international economic integration (more FTA)	0.15	1	0.15	2	0.30	3	0.45
6. Population growth, per capita income increases leading to more potential customers	0.05	3	0.15	2	0.10	1	0.05
7. SMBC is the major and strategic shareholder with 15% ownership to charter capital	0.07	1	0.07	2	0.14	4	0.28
8. As affirmed by the international credit ratings agency S&P Global, the long-term credit rating of Eximbank stays unchanged at B+, short-term credit rating of B and outlook 'Stable' in 2020 despite the Covid19 pandemic	0.07	1	0.07	2	0.14	2	0.14
9. Bancassurance development	0.05	4	0.20	1	0.05	1	0.05
Threats							
1. Limited human resources to adapt to high tech development	0.10	2	0.20	1	0.10	1	0.10
2. Intense competition caused by both local and international competitors as well as new entrants i.e. fintech	0.10	2	0.20	2	0.20	2	0.20
3. Technological issues such as risk of data breach and increase in fraud	0.07	2	0.14	1	0.07	1	0.07
4. Oversea market shall face the threat of being less competitive than other banks in international markets due to modest capitalization	0.05	1	0.05	2	0.10	1	0.05
Total	1.00		2.87		3.25		4.21

With the highest score of 4.21 from the QSPM in table 2, the market penetration strategy 'Prioritize FDI market' is proposed to Eximbank mostly based on their main strength in Corporate banking services such as capital funding and lending. Moreover, they also have strong international settlement and foreign exchange services to continuously support the operation of FDI customers. Thanks to the economic development and international integration of Vietnam, the number of FDI projects in the country is rising. According to the Foreign Investment Agency, for many years, Japan has always been one of the top

investors among 106 countries and territories investing in Vietnam as of the end of 2021. Despite the Covid-19 pandemic, in 2021, Japan has a total registered investment capital of almost 3.9 billion USD, accounting for 12.5% of total investment capital, increasing 64.6% compared to the previous year. This can be a huge competitive advantage for Eximbank since they can take advantage of the relationship with Japanese corporates from their strategic shareholder – Sumitomo Mitsui Banking Corporation (SMBC). Therefore, Eximbank should put more effort in developing FDI Enterprises

Department under Corporate Customers Division to complete services offered to corporate customers receiving foreign direct investments.

Strategy Implementation

As Eximbank has just established FDI Enterprises Department, it should create more policies and offer more promotions to attract and support FDI customers, especially the Japanese. There can be an increasing competition with Japanese banks in terms of financing for Japanese FDI enterprises in Vietnam. However, Eximbank has an advantage of in-depth knowledge of the local market over foreign banks. Hence, it would be more accurate and easier for the bank to evaluate FDI customers. Moreover, the Vietnamese local regulations are more comprehensive for local banks as Eximbank rather than banks from overseas. That is the reason why many Japanese banks would like to be in partnership with local banks to operate this type of credit product. Thus, the biggest pressure comes from the local competitors. Besides, FDI companies tend to receive large amounts of funds from their parent companies through capital injections, therefore, Eximbank should focus on developing products for their regular operating activities like trade finance loans and other short-term working capital loans as well. In this paper, some promotion programs and policies are

proposed for Eximbank to enhance their competitiveness.

By closely collaborating with SMBC, Eximbank can access Japanese FDI customers with a large number of new corporate customers and individual customers as well. Through a team of experts directly working at Eximbank, cooperation and supporting activities are strongly promoted and facilitated, becoming more extensive and practical. The bank should also make proper preparations for budgets considering annual operating costs such as expenses for expats, advertising and promotion costs in addition to the funds for lending. Two programs with competitive interest rates, attractive terms and conditions, and good value propositions for the customers are suggested bellow.

Program 1: Credit promotion program for FDI customers

- Product limit: 5,000 billion VND
- Implementation time: 1 year
- Loan term: up to 6 months
- Currency: VND
- Interest rate: Maximum 4.8%/year (for export loans); Maximum 6.5%/year (for domestic and/or import loans)

Table 4. Proposed interest rates of program 1*

Export	Prioritized Business Segment			Domestic /Import	Prioritized Business Segment		
	Manufacturing	Electronics	Wholesale /Retail		Manufacturing	Electronics	Wholesale /Retail
1-3 months	2.7%	2.9%	3.0%	1-3 months	5.1%	5.3%	5.4%
4-5 months	3.6%	3.8%	3.9%	4-5 months	5.6%	5.7%	5.8%
6 months	4.3%	4.5%	4.6%	6 months	6.0%	6.1%	6.2%

Program 2: Foreign currency credit program for FDI customers

- Product limit: up to 150 million USD
- Implementation time: 1 year
- Loan term: up to 6 months
- Currency: USD and other foreign currencies
- Interest rate: Minimum 2.50%/year

Table 5. Proposed interest rates of program 2*

	Prioritized Business Segment		
	Manufaturing	Electr onics	Wholesale /Retail
1-3 months	2.50%	2.55%	2.60%
4-5 months	2.65%	2.69%	2.73%
6 months	2.80%	2.85%	2.90%

For FDI customers

- + Free transfer of salary payment to employees.
- + Free domestic money transfer fee for transactions < 500,000 USD in the first 2 months.
- + 50% discount on foreign money transfer fee for transactions < 500,000 USD in the first 2 months for group customers.

*With estimated inflation rate of 2.32% in 2022 (Statista, 2021)

Furthermore, customers can have greater deals in some special conditions. For instance, FDI companies with Guarantee from SMBC can negotiate and get approval to have better interest rate. For FDI companies who had loans proceeded by the top 10 Japanese banks within 3 years, they can be offered unsecured loans. Customers can mortgage in JPY and use export orders in JPY or to Japan as mortgages to borrow in other currencies.

For individual customers

- + Free to open payment and credit accounts for all company employees.
- + Free domestic money transfer/withdrawal transaction, 50% discount on foreign money transfer fee for the board of directors within the first 2 years.
- + Waiver of annual fee of credit card for the board of directors for the first 2 years.

Table 6. Other proposed service promotions for new customers

In order for evaluation, suitable KPIs with critical items should be set not only for FDI Enterprises Department but also for many other departments in the bank. In addition to targets in lending revenue as well as other related services such as FX trading and foreign remittance, the bank should also take the number of customers and its growth into consideration. Besides building new relationships, Eximbank must provide excellent customer services with flexible and timely support to current customers to enhance their satisfaction. Moreover, Operation Division must perform accurately and on time as well as cooperate with Legal and Compliance Department and Risk Management Department to well manage potential risks including credit risk, market risk, etc.

Strategy Evaluation

When a company's strategies are not effectively working, it is essential for them to realize as quickly as feasible. This is sometimes discovered by managers and employees on the front lines before strategists. Hence, measuring organizational performance is an important activity of strategy evaluation (David & David, 2019).

Eximbank is expected to be in a good financial position over the next three years since the application of this strategy. Net Income is projected to grow over the years and reach 6,881 billion VND in 2024 thanks to the high growth in revenues. Operating expenses would obviously rise to more than 2,800 billion VND in 2022 due to the costs of implementing the strategy then barely fluctuating in the following years.

Provisions for credit losses are also forecasted to increase in order to well manage risks and cover bad debts.

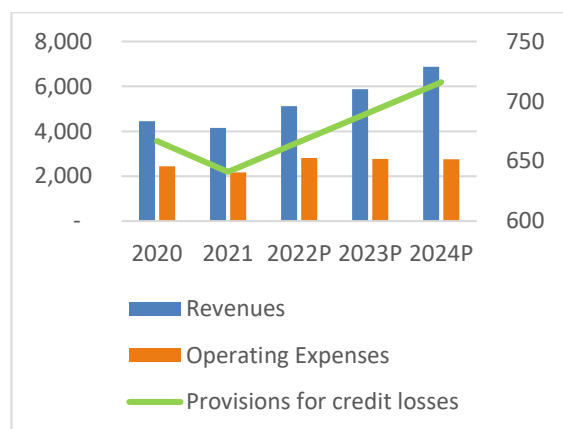


Figure 4. Historical and projected financial figures

According to historical data, the current ratio of Eximbank was high while the loan loss reserve coverage was relatively low. By applying this strategy which aims at FDI market, the bank is expected to have better distribution and improve those financial ratios. The increase in provisions and decrease in non-performing loans (NPL) will help loan loss reserve coverage rise in the following years, showing the better capability of handling bad debts and risk management. Net interest margin is also estimated to go up over the years and reach 2.30% in 2024. Besides, the profitability and efficiency of the strategy are also indicated by the growth in ROA and ROE which reach 1.39% and 11.50% in 2024 respectively.

	Historical Ratios		Projected Ratios		
	2020	2021	2022	2023	2024
Current Ratio	6.04	3.99	4.00	4.15	4.43
Quick Ratio	6.04	3.99	4.00	4.15	4.43
Total Debt-to-Total-Assets Ratio	0.90	0.89	0.90	0.89	0.88
Total Debt-to-Equity Ratio	8.54	8.36	8.81	8.20	7.30
Times-Interest-Earned Ratio	3	3	3	5	6
Loan-to-Deposit ratio (LDR)	0.74	0.82	0.84	0.84	0.84
Cost-to-Income ratio (CIR)	0.55	0.52	0.55	0.47	0.40
Loan loss reserve coverage (Provision/NPL)	0.26	0.31	0.45	0.53	0.69
NPL ratio %	2.52%	2.50%	2.32%	1.95%	1.70%
Net Interest Margin (NIM) %	2.10%	2.00%	2.10%	2.20%	2.30%
Operating Profit Margin %	45%	48%	45%	53%	60%
ROA %	0.67%	0.68%	0.70%	1.00%	1.39%
ROE %	6.37%	6.36%	6.88%	9.24%	11.50%

Table 6. Historical and projected financial ratios

The Covid-19 pandemic may bring many opportunities for banks as the FDI enterprises need increasing capital supplements to maintain their operations and recover from its consequences they have been suffering for more than two years. However, the

pandemic is not totally under control due to new variants of the virus and vaccine inequity (Page et al., 2022; Taylor, 2022). The global supply chains could be endangered and directly affect the operations of FDI enterprises in Vietnam. Due to the limited provisions for credit

losses and the existing amount of NPL, Eximbank can struggle to handle bad debts. Thus, Eximbank should devise contingency plans in advance. The bank can strengthen the valuation process so as to avoid potential risks in the first place by strictly taking the following factors into account for credit appraisal: (1) History, operating experience in the industry of the parent company; (2) Relationship with partners; (3) Financial capacity of the investor, ability to raise capital; (4) Experience and management capacity of the Board of Directors; (5) Feasibility, sensitivity, financial efficiency of the project. Moreover, they should also boost marketing activities and promotions to attract more deposits from other customers, especially individual customers since they tend to put money in savings accounts as a culture to avoid market volatility. The attractive and competitive deposit interest rate of Eximbank is also a plus. By this way, they can allocate funds to loan loss reserve when it becomes insufficient due to bad debts.

4. Conclusion

Thanks to strategic management, a firm is enabled to be more proactive than reactive in determining its own future; a firm can initiate and impact activities (rather than merely responding to them) and therefore make

decisions to shape its own destiny. This paper illustrates a comprehensive case analysis of Eximbank in an attempt to make a practicable strategic management proposal.

With a long history and large owner's equity, Eximbank intended to expand their business through a horizontal integration strategy. However, their M&A effort failed, leading them to lose the momentum to move forward. Meanwhile, the industry has become more competitive due to the pressure from both local and foreign competitors. Additionally, the advancement in technology and digital transformation causing changes in customer behaviors promotes the development of fintech services and startups which threaten current players within the financial industry. Thus, developing and emphasizing on FDI market is such an optimum and feasible strategy as it is based on their current resources and competitive advantages which are their strengths in Corporate banking and International services as well as the relationship with their strategic shareholder – SMBC. During the restructuring process, this strategy is the best way for Eximbank to promote their business with appropriate orientations and keep them in a positive financial position in the long run.

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