

# **SOCIALIST REPUBLIC OF VIETNAM**

**Independence - Freedom – Happiness**

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*Ho Chi Minh City, March 20<sup>th</sup> 2022*

## **CONTRIBUTION OF THE THESIS**

Thesis: *Impact of monetary policy on financial stability of Vietnamese commercial banks through risk taking.*

Major: Finance – Banking

Code: 9340201

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Course: 2016

Training Institute: University of Finance – Marketing

Thesis supervisor 1: Assoc. Prof, PhD. Tran Huy Hoang

Thesis supervisor 2: PhD. Nguyen Vinh Hung

### **Contribution of the thesis:**

The objective of the study is to impact of monetary policy on the financial stability of Vietnamese commercial banks through risk taking. By its findings, the study brings several contributions in terms of theory, new scientific and practical arguments as follows:

The thesis has great theoretical contributions in completing a theoretical framework of monetary policy's impacts on financial stability, monetary policy's impacts on risk taking and risk taking impacts on financial stability of Vietnamese commercial banks. In addition, the thesis contributes to the study of risk taking channel in Vietnam. Finally, earlier relevant have been fully and reviewed systematically in this thesis. From there, the thesis identifies research gaps and conducts research to fill them.

The results of the thesis show that monetary policy has an impact on financial stability. When the Central Bank relaxes monetary policy, it will improve financial stability by adjusting the capital adequacy ratios. Conversely, tightening monetary policy reduces capital adequacy ratios and which negatively impacts financial stability. The thesis also shows that monetary policy has an impact on risk taking and when the Central bank eases monetary policy, it reduces banks' risk taking of commercial. In addition, risk taking has a contrariwise impact on the financial stability of commercial banks. This indicates a trade-off between the risk taking and financial stability of Vietnamese commercial banks. That is, when banks increase their risk taking, their financial stability decreases. This is consistent with the risk taking channel.

When Central bank raises interest rates, commercial banks need to manage their lending activities more closely to maintain financial stability. To ensure financial stability, commercial banks must ensure an appropriate amount of liquid assets to deal with possible risks.

This thesis is empirical evidence of actual and meaningful value in Vietnam, providing empirical and have scientific evidence for the impact of Vietnam's monetary policy on the financial stability of commercial banks through risk taking. This thesis can be an invaluable reference for policymakers and help commercial banks manage more effectively. In addition, the thesis is used as a document for the researchers.

**PhD candidate**

A handwritten signature in blue ink, appearing to read 'Nga', with a long horizontal stroke extending to the right.

**Nguyen Thi Kieu Nga**