

**THE IMPACTS OF FINANCIAL DEVELOPMENT
ON ECONOMIC ACTIVITIES IN VIETNAM**

By

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**Thesis submitted to the School of Economics, University of Adelaide
for fulfilment of the degree of Doctor of Philosophy**

2008

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ABSTRACT

This thesis examines the impacts of financial development on economic activities in Vietnam at both the macro and the micro level in three core chapters. The first core chapter examines the role of financial development in growth and sources of growth in Vietnam by using the provincial panel data. It shows that financial development has a positive influence on the efficiency of using savings, on the quantity and quality of investment, on productivity, and hence growth. It also finds that there is an indirect impact of financial development on growth mainly through increasing the quality of foreign direct investment rather than the quantity.

The following chapter analyses the determinants of household financial development and its role in economic activities of Vietnamese households by using the Household Data Survey. It suggests that the social relationship, location, fixed assets, household size, education, age and Kinh group are the key determinants of household financial development. Moreover, financial development contributes to household income through improving the level of savings and investment, labour productivity and reducing the problem of asymmetric information. Financial development is positively related to household welfare.

The final core chapter looks at the impacts of financial development on firm performance in Vietnam by using the Firm Data Survey. It suggests that around 80.7% of Vietnamese firms lie between 0% and 20% in the efficiency scores derived from the DEA technique for 1,886 firms. Financial development plays a key role in firm performance. Smaller firms benefit more from the higher level of financial development.

DECLARATION

I assure that this thesis does not contain any material which has been accepted for the award of another degree or diploma in any university or another tertiary institution, and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where due reference is made in the text.

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Nguyen Dinh Phan (Phan Dinh Nguyen)

07th December, 2008

ACKNOWLEDGEMENT

The completion of this thesis would not have been possible without the help of a group of people and institutions, whom I would like to thank.

First, I would like to express my deep and sincere thanks to my supervisors, Prof. Richard Pomfret and Dr. Raul Barreto who have given me invaluable comment and advice. Their guidance and constant support have encouraged me to experiment with new ideas. I have learnt from them the way of thinking logically, and working scientifically and effectively. This knowledge has helped me not only complete this thesis but will prove useful in my future life.

I would like to thank the Vietnamese government and the School of Economics, University of Adelaide, for the scholarship and financial support. I would also like to express my special thanks to Prof. Mark Weder, Prof. Kym Anderson, Prof. Daniel Leonard, Ass. Prof. Colin Rogers, Ass. Prof. Ramkishen Rajan, Dr. Pataporn Sukontamarn, Dr. Nadya Baryshnicova and Dr Stephanie McWhinnie who have read and helped me to perfect my thesis. I am very grateful to all of lecturers and staff at the School of Economics, University of Adelaide who have provided the favourable conditions for the completion of my thesis.

I thank all of my friends at the School of Economics and the Vietnamese International Student Association (VISA2000) in Adelaide for their help and support during my studies in Adelaide.

Last, I am totally indebted to all of my family for their unconditional love and support.