Consumer lending - the case of Techcombank

Hoàng Mỹ

Khoa Quản trị Kinh doanh
Luận văn Thạc sĩ ngành: Kinh doanh và quản lý; Mã số: 60 34 05
Người hướng dẫn: TS. Phạm Thị Nhuận
Năm bảo vệ: 2010

Keywords: Quản trị kinh doanh; Ngân hàng; Cho vay; Người tiêu dùng

Content

TABLE OF CONTENTS

ACKNOWLEDGEMENT
ABSTRACT
TÔM TÀT
TABLE OF CONTENTS
LIST OF FIGURES AND TABLES
EXECUTIVE SUMMARY

INTRODUCTION

1 Background to the issue .............................. 9
2 Problem Statement and Research Objectives of the study 10
3 Scope and Limitation of the Research ......................... 11
4 Research Methodology ................................ 12
5 Research Structure ........................................ 12

Chapter 1: COMMERCIAL BANK’S CONSUMER LENDING -
THEORETICAL FRAMEWORK FOR ANALYSIS

1.1 The Basis of Bank Lending ................................. 14
1.2 The Basis of Consumer Lending .......................... 17
1.2.1 The Concept of Consumer Lending .................. 17
1.2.2 The Nature of Consumer Lending .................... 18
1.2.3 The Types of Consumer Loans ........................ 19
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2.4 The Effects of Consumer Lending</td>
<td>24</td>
</tr>
<tr>
<td>1.2.5 The Factors Impacts on Consumer Lending</td>
<td>25</td>
</tr>
<tr>
<td>1.3 The Process of Consumer Lending</td>
<td>27</td>
</tr>
<tr>
<td>1.3.1 Receiving application and collecting information</td>
<td>28</td>
</tr>
<tr>
<td>1.3.2 Evaluating applications</td>
<td>29</td>
</tr>
<tr>
<td>1.3.3 Approving loans</td>
<td>32</td>
</tr>
<tr>
<td>1.3.4 Managing and collecting loans</td>
<td>33</td>
</tr>
<tr>
<td>1.4 Precautions to be taken in granting consumer loans</td>
<td>34</td>
</tr>
<tr>
<td>1.5 Pricing and structuring of consumer loans</td>
<td>35</td>
</tr>
<tr>
<td>1.5.1 Loan pricing</td>
<td>35</td>
</tr>
<tr>
<td>1.5.2 Loan structuring</td>
<td>37</td>
</tr>
<tr>
<td>1.6 Consumer Lending Quality</td>
<td>37</td>
</tr>
<tr>
<td>1.6.1 Consumer Lending Quality from Different Perspectives</td>
<td>37</td>
</tr>
<tr>
<td>1.6.2 Measuring the Quality Consumer Lending</td>
<td>39</td>
</tr>
</tbody>
</table>

Chapter 2: CURRENT SITUATION OF CONSUMER LENDING AT TECHCOMBANK

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Techcombank profile</td>
<td>44</td>
</tr>
<tr>
<td>2.1.1 History and Development</td>
<td>44</td>
</tr>
<tr>
<td>2.1.2 Vision and Mission</td>
<td>46</td>
</tr>
<tr>
<td>2.1.3 Techcombank’s Organization</td>
<td>46</td>
</tr>
<tr>
<td>2.1.4 The Products</td>
<td>47</td>
</tr>
<tr>
<td>2.1.5 Achievements</td>
<td>47</td>
</tr>
<tr>
<td>2.2 Current Situation of Techcombank’s Consumer Lending</td>
<td>47</td>
</tr>
<tr>
<td>2.2.1 Consumer Lending Process</td>
<td>47</td>
</tr>
<tr>
<td>2.2.2 Consumer Lending Quality</td>
<td>52</td>
</tr>
<tr>
<td>2.2.3 Quality of consumer loans</td>
<td>56</td>
</tr>
<tr>
<td>2.2.4 Quality of Service</td>
<td>58</td>
</tr>
<tr>
<td>2.3 Assessment of the Techcombank’s Consumer Lending Quality</td>
<td>62</td>
</tr>
<tr>
<td>2.4 Development Trend of Techcombank’s Consumer Lending</td>
<td>66</td>
</tr>
</tbody>
</table>
Chapter 3: CONCLUSIONS AND RECOMMENDATIONS

3.1 Conclusions ................................................................. 68

3.2 Recommendations ......................................................... 69

3.2.1 Developing the Outstanding of Consumer Loans .......... 69
3.2.2 Increasing in Capital Mobilization ................................. 70
3.2.3 Clarifying the Responsibility of Professional Divisions .... 70
3.2.4 Applying and Revising the Credit Scoring System ........... 71
3.2.5 Applying Up-to-date Technology and Modern Equipments 72
3.2.6 Following Some Tactics in Evaluating Applications and Mitigating Credit Risk ........................................ 73
3.2.7 Expanding the Key Performance Indicators (KPIs) .......... 74
3.2.8 Increasing the Quality of Information Provided by the Credit Information Centre ........................................ 74
3.2.9 Enhancing Human Resource Quality ............................. 74
3.2.10 Responding to Changing Consumer Need and Purchasing Behavior .................................................. 76

3.3 Limitations of the Research and Recommendations for Further Study .................................................... 77

REFERENCES ................................................................. 79

APENDIXES ............................................................... 81

APPENDIX 1- QUESTIONNAIRE

APPENDIX 2- TECHCOMBANK ORGANIZATION CHART

APPENDIX 3: TECHCOMBANK’S PRODUCTS

References:

(a) Books and magazines
1. Behrens, C.F, 1952, Commercial Bank Activities in Urban Mortgage Financing
2. Bland, M.E, 1998, The Usefulness of Missing Information on Personal Loan Applications in Differentiating Approved from Denied Loans and Late-Paying from Timely Paying Loans, University of Mississippi

4. Choi, D.Y., 1997, Service Competition in Retail banking, University of California, Los Angeles


7. FDIC, 2007, Quarterly banking profile


10. Iossa, E. & Palumbo, G., 2006, Overoptimism and lender liability in the consumer credit market


12. Linda, M.D., 1992, A prescriptive model for the control of commercial lending quality, Georgia, US.


14. Maki, M., 2000, The growth of consumer credit and the household debt service burden


17. Oesterreichische Nationalbank (OeNB) and Austrian Financial Market Authority (FMA), Credit Approval Process and Credit Risk Management


20. Thomas, S., 2004, New ideas in credit process


b. **Periodic Reports**

1. HSB-MBA lecture documents
5. Techcombank’s retail credit documents

c. **websites**