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FINANCIAL BANKING GROUP MODEL IN SOME COUNTRIES IN THE WORLD - RECOMMENDATIONS FOR BUILDING AND COMPLETING THE LEGAL FRAMEWORK IN VIETNAM

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***Abstract** - In order to affirm the competitive position and the development of the banking system in the integration period and respond to the changes of the world economy, the establishment of joint-stock commercial banks into financial and banking groups (investment and business activities on all three financial, securities and insurance markets) will create sustainable development for both the banking system and the economy. However, the development of the joint-stock commercial banking system into financial groups with banking as the mainstay requires a clear legal framework as a foundation to promote the operational efficiency of commercial banks. while also ensuring the safety of the banking system. On the basis of analyzing the role of financial and banking groups, studying the status of commercial banks through secondary documents, referencing models of financial and banking groups of some countries in the world. and recommend building a legal framework on the banking and financial group model for commercial banks in Vietnam.*

***Keywords**: banking and financial group model, commercial banks, legal framework, Vietnam.*

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INTRODUCTION

The development trend of financial markets in the world shows that the formation and development of financial - banking groups is an inevitable result in many countries and regions around the world, especially in the United States, Europe and some Asian countries. The goal of the formation of banking and financial groups is to expand operations and innovate technology, reduce costs to be able to survive in competition, thereby bringing maximum profits to the group.

From the late 60s of the twentieth century to the present, large, influential and transnational financial institutions and banks have dominated not only the economy of each country but also the world.

Since the inception of the financial crisis of 2007-09, the banking sector in Europe has been undergoing fundamental changes. Following the major fallouts of large banking groups - in particular those with excessively risky business models combined with the trillions incurred in losses and subsequent taxpayer-funded government bailouts to keep the European banking sector afloat - a wave of re-regulation was undertaken to bring back eroded market confidence and to safeguard financial stability. This led to major restructuring and waves of deleveraging with fundamental implications for the future of the European banking sector and financial intermediation. In this changing context of evolving market structures and regulations, the banks' business models analysis can provide market participants, depositors, creditors, regulators and supervisors with a useful tool to better understand the nature of risk attached to each bank business model and its contribution to systemic risk throughout the economic cycle[1].

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[1]Ayadi, Rym and Ayadi, Rym and De Groen, Willem and Sassi, Ibtihel and Mathlouthi, Walid and Rey, Harol and Aubry, Olivier, Banking Business Models Monitor 2015 Europe. Centre for European Policy Studies and International Observatory on Financial Services Cooperatives.Https://ssrn.com/abstract=2784334 or http://dx.doi.org/10.2139/ssrn.2784334

According to some researchers, banks with a more diversified incomes structure are more secured in times of crisis shocks, as the higher level of diversification increases their resilience to the effects of destabilizing factors. The volume of received non-interest income in the total income is important since their formation are connected not only with payment of services but also with trading in the market by financial and currency instruments, underwriting or securitization. The structure of costs also has a significant impact on the riskiness of a business model. The results of some studies confirm the thesis that economically ineffective banks are closer to the risk of default.[2]

The establishment of banking and financial groups in terms of investment brings many advantages in business activities, but also poses great problems in risk management[3],[4]. In terms of advantages, in addition to a tight organizational structure, in terms of operations, the banking and financial group model creates a more flexible environment for business entities in the face of operational barriers established by regulatory requirements. banking law. BHCs (Bank Holding Companies) or FHCs (Financial Holding Companies) have flexibility in capital regulation, greater opportunities to participate in investment activities such as securities, advantages in relationships with investors. or flexibility in structure through mergers and acquisitions, etc.[5] Due to these advantages in operation, the development and formation of financial and banking groups is a trend of the market. However, banking and financial groups operate in many fields (usually including finance, securities, and insurance) with a focus on banking services on a large scale, so the model of a financial-banking group is poses a huge problem in risk management, especially one of the most mentioned risks in research and practice when developing this model is the threat to the stability of the banking system. and the economy. Because banks are large, the company that owns the bank has the ability to concentrate financial power, in addition to the banks, they can own non-bank companies, such as manufacturing, shipping or selling businesses. retail, this has led to concerns that parent companies could use deposits in bank subsidiaries to lend money to other businesses, giving them an unfair advantage or that they could use its influence in lending to influence borrowers to patronize their other businesses. Practices in Vietnam in recent years have shown that these activities are not controlled, nullifying the provisions of Article 126, Article 127 of the Law on Credit Institutions, and cross-ownership between leading banks. to virtual equity and high risk of bad debt. The phrase "too-big-too-fail[6] meaning too big to fail or too big to fail is used precisely to refer to this risk. Therefore, the expansion and development of banking and financial groups without control can cause problems for the entire economy and the Government may have to offer bailout packages to rescue them. Therefore, the selection and development of a regulatory legal framework for banking and financial groups is necessary and is the foundation for competition and sustainable development in the current economic integration conditions.

1. The role of financial - banking groups in the development of the national economy

Financial - banking groups are considered as a great source of profit for the economy, the formation and development of financial - banking groups play an important and indispensable role in each specific economy. to be:

Organizations are formed in the economic linkage group to enhance the ability to accumulate, focus on competition and maximize profits in the group. This is where the potential for profitability is great: through economies of scale, through diversification of products, services, and scope of operations. The operation of a financial-banking group allows cost savings (administration costs as well as operating costs): information technology is strongly applied, compatible with the needs of service development and other services. Diversified financial products led to changes in cost structure, increased investment costs, but a sharp decrease in transaction and administrative costs.

Financial groups - banks also fully meet the increasingly diverse and complex financial needs. The speed of development of the global economy in general and of each economy in particular has led to a drastic change in the demand for financial services of customers, which is no longer just a service in a

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[2] Lyubich O., Bortnikov H., Panasenko H. (2016). Analysis business model of state banks in Ukraine, Finance of Ukraine, 10, 7-38.

[3] Tursoy, Turgut, 2018. Risk management process in banking industry. Https://mpra.ub.uni-muenchen.de/id/eprint/86427.

[4]Global Risk Practice December 2015, The future of bank risk management, https://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/risk/pdfs/the_future_of_bank_risk_management.pdf

[5] Division of Supervision and Regulation and Regulation, Board of Governors of the Federal Reserve System, 1995.

[6] US Securities and Exchange Commission. Report: Citigroup, Inc

single field. Therefore, commercial banks must expand their operations by integrating with new service providers to better meet the increasingly diverse needs of customers.

The banking and finance group affirms its strengths and brand names that will bring advantages in competition. The strength of the brand will be promoted throughout through the use of the brand name of a large, reputable company of the group for all products, financial services and supply chains.

In addition, banking and finance groups will be an effective support method in commercial banks' investment and business activities, in addition to traditional banking activities that are increasingly narrowing due to customer demand.

2. Models of financial - banking groups in the world

A financial-banking group does not have its own legal entity, its headquarters is the headquarters of the parent company. Group members act on behalf of the parent company when establishing relationships with external partners. At the same time, the relationship between companies/banks in the same group is also based on economic relations, market relations and the same as external customers. This is the condition and basis for risk dispersion in financial and banking activities. The decisions of the parent company/bank for members of the group are approved by voting and decisions at the General Meeting of Shareholders, the Board of Directors, appointing people to participate in the management, administration, and representatives. The financial and banking group establishes a unified system of governance principles within the group with the establishment of vision, mission, core value system, regulations and management regulations. internal management and building a common brand for the whole corporation. This system of governance principles applies uniformly and affects all member companies/banks in the group.

The formation of financial - banking groups according to the rules of the market, which is the overall combination of development methods, may be the endogenous path of the parent company/bank on the basis of established, contributed capital to establish a series of affiliated companies/banks at home and abroad and exogenously through the acquisition, merger, consolidation of companies/banks in the field of banking and finance. products to expand the scope and capture the market[7]. Around the world, the banking-financial group model in different regions and countries has also been established with different structures and forms. Here are the common models:

2.1. Versatile banking model

Universal Banking, that is, within a bank that includes all the financial businesses of the group. The banking group model appeared early in the UK and the US with the activities and business operations of both commercial banks and investment banks. In the United States, this type of corporation is a product of the Glass-Steagall Act of 1933. General purpose banking provides financial services not only as investment banking and commercial banking but also as insurance. The Board of Management directly manages the activities of each business type of the bank and indirectly exercises the right to hold shares in companies. The capital relationship between subsidiaries is not regulated separately, but capital can be distributed to each company depending on management purposes. Therefore, it is very difficult to zone off risks between subsidiaries, besides the risk of one sector can lead to the risk of other sectors.

A versatile bank thanks to its large scale, it is able to dominate the market, gain a monopoly and have healthy competition. In the process of centralization and internationalization of the banking system, due to the large and diversified capital structure, the multi-purpose bank has enough financial resources to provide large credits or invest in technological innovation thanks to its large and diversified capital structure. However, due to its high competitiveness, the risk of failure of a multi-purpose bank is very small. In Europe, banks can do business in securities, but large industrial countries do not allow any single company to do business in all three sectors (banking, insurance, securities).

2.2. Parent-child company model

Parent-subsidiary relationship model in which the parent company is the company holding shares controlling the subsidiaries and acts as the linking nucleus. Bank shareholders directly manage banks but do not directly manage insurance companies or securities companies. The leaders of the banks directly manage the activities of securities companies and insurance companies. Therefore, with this model, the

[7] Bui Thanh Lam, *Model of a financial-banking group: from the world to Vietnam* (2012). https://tapchitaichinh.vn/nghien-cuu-trao-doi/mo-hinh-tap-doan-tai-chinh -ngan-hang-tu-the-gioi-den-viet-nam-6894.html

capital of banks, securities companies and insurance companies is managed independently, but chain risks can still occur.

Banks, securities companies and insurance companies hold equity. Therefore, risk containment among subsidiaries can prevent contagion to a certain extent. The impact of cyber security on the parent bank's operations can affect its subsidiaries. In the United States, this type of corporation is only approved when the national banks deal in insurance or securities. This model is also allowed to be implemented in Japan (called the model of subsidiary companies in specific fields).

The parent-subsidiary model combines the principles of centralization and decentralization in the direction of centralized corporate senior managers and strategic, long-term and important decisions to ensure optimization. All activities of the corporation, business management decisions are assigned to subordinates for implementation.

One thing to emphasize is that the optimization of the entire operation of the group and its member companies is achieved through mobilizing greater resources to effectively develop and implement business strategies. effectively regulate the internal transactions of the group.

The group's offices and functional departments perform the functions of researching, developing strategies and managing internal transactions, which have created an advantage in effectively allocating resources within the group. With the "parent - child company" model, the parent company plays a general management role, especially the role of capital distribution. Financial groups can form subsidiaries according to the general provisions of laws and regulations in their respective fields of operation.

Such an establishment has a number of advantages, such as the fact that the group directors are not responsible for planning the overall strategies for the operations of the whole group. However, such advantages are diminished in some parent-subsidiary models where the chief executive officer sits on both the bank's boards and the main operating subsidiaries are the bank.

3. Actual situation of organization and operation of commercial banks and recommendations on banking and financial group models for commercial banks in Vietnam

According to statistics, in Vietnam, commercial banks have large capital and establish many subsidiaries (subsidiaries of commercial banks are understood as companies in one of the following cases: (i) commercial banks or commercial banks. and related persons of the commercial bank owning more than 50% of the charter capital or over 50% of the share capital with voting rights; (ii) The commercial bank has the right to directly or indirectly appoint a majority or all members of the Board of Directors. Board of Directors, Members' Council or General Director (Director) of the subsidiary; (iii) the commercial bank has the right to amend and supplement the charter of the subsidiary; (iv) the commercial bank and related persons of the direct commercial bank or indirectly control the adoption of resolutions, decisions,
decided by the General Meeting of Shareholders, the Board of Directors, the Members' Council of the subsidiary. Affiliated company of a commercial bank is a company in which the commercial bank or the commercial bank and its related persons own more than 11% of the charter capital or more than 11% of the voting share capital, but are not a subsidiary of the commercial bank. there. In terms of influence, the Bank is able to exert significant influence, but not control, over the policies and activities of the enterprise. Joint venture company of a commercial bank is an enterprise or other credit institution with legal status, independent accounting, capital contribution, established on the basis of a joint venture contract between the credit institution and the parties and is jointly owned and controlled by the credit institution. and capital contributors) and associates in various fields such as securities, fund management, financial leasing, insurance, money transfer, such as Vietcombank (VND 47,325.1 billion) with 13 companies. subsidiaries, joint ventures and associates; Viettinbank (48,057.0 billion VND) has 7 subsidiaries, 02 joint ventures and associates; BIDV bank (50,582.2 billion VND) (State Bank, 2022) has 04 subsidiaries, 07 affiliated companies with the restriction of commercial banks directly participating in securities activities, financial groups have been developing under the second model. and in the form of the parent company is a bank.

Table 1: Number of subsidiaries, affiliates and other investments of some banks

Stt	Bank	Subsidiaries	Company joint venture, associate	Other investments
1	Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	5	5	15
2	Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank)	7	2	No information
3	Bank for Investment and Development of Vietnam (BIDV)	4	7	No information
4	Saigon Thuong Tin Joint Stock Commercial Bank (Sacombank)	7	0	No information
5	Vietnam Import-Export Joint Stock Commercial Bank Nam (Eximbank)	first	2	No information
6	Military Joint Stock Commercial Bank (MBBank)	3	first	No information
7	Asia Joint Stock Commercial Bank (ACB)	4	2	
8	Vietnam Technological and Commercial Joint Stock Bank (Techcombank)	4	0	15
9	Vietnam Prosperity Joint Stock Commercial Bank (VPBank)	2	0	13
ten	Vietnam International Joint Stock Commercial Bank (VIB .)	first	8	No information

Source: *Summary of financial statements of banks over the years*

Legally, the formation and development of financial - banking groups generally follow the rules and methods of economic groups that Vietnam now has a legal framework. In addition, these corporations, as a particular financial institution, have large activities and influence in society, so it is necessary to be bound and controlled more closely. from many state regulations. Regulations must be established specifically and clearly showing the supervisory function of the State management agency in the organization and operation of financial groups, especially in operational management and risk management. when developing network, field and scope of activities. For example, an overview of the laws of some countries regulating this field shows the existence of a separate Act to regulate[8].

In the United States, to become a bank holding company, the company must be approved by the Federal Reserve Board, and must comply with the provisions of the banking act. The operation of bank-owning companies is regulated in the Separate Act –Bank Holding Company Act, 1956 (Law on Bank-Owning Companies). The Act consists of three main parts that regulate the contents of operations, explain the terms of "bank", "control", "financial holding company", "subsidiary". Especially in Part 3, it regulates the acquisition and ownership of banks, the structure of bank assets of ownership companies. In terms of governance, the Federal Reserve Board of Governors will be responsible for regulating and overseeing the operations of BHCs, such as setting capital standards, approving mergers and acquisitions, and controlling the operations of BHCs. BHCs. In 1999, the US Congress amended the law with the enactment of the Gramm-Leach-Bliley Act, which allows BHCs to become a Financially Owned Company - FHC when engaged in activities. movement over a wider range. However, in order to be approved to become an FHC, a bank still has to attest to the FED that all its subsidiary branches are well-capitalized and well-managed. -m

[8] Nguyen Thi Thanh Tu, *Completing the governing law on investment activities of commercial banks in Vietnam* (2019). Doctoral Thesis in Law.

anaged", while serving the low- and middle-income communities well under the Community Reinvestment Act (CRA).

In general, the effectiveness of management when regulating BHCs/FHCs has also been evident in the US in dealing with violations related to overlapping ownership and bank manipulation – a case that happened in Vietnam, but In some respects, the problem of solving the case is not enough. For example, in the ownership relationship at Saigon Thuong Tin Joint Stock Commercial Bank - STB, Exim Real Estate Joint Stock Company and Saigon Development Investment Joint Stock Company, an associate company of Exim bank. If in Vietnam, the above enterprises are only subject to supervision under the Law on Enterprises, while their activities tend to resemble a financial investment fund - a field subject to the supervision of the Securities and Exchange Commission. The State Securities Commission passed the Law on Securities and at the same time related banking activities with the management of the State Bank. It is the complexity and ambiguity that creates holes in management and supervision. Meanwhile, with regulations in the United States, the Federal Reserve under the Bank Ownership Law has the power to supervise capital, approve mergers and acquisitions transactions, and inspect the operation of banks. bank ownership company. In Canada, the Bank of Canada Law dedicates an independent part with nearly 300 articles from article 662 to Article 963 (part 15) to regulate BHC - Bank owning company. The contents of comprehensive regulations on all aspects of the company model include issues of legal status, rights and obligations; organization and operation; Capital Structure; cooperation with the Government; financial regulations; investment activities; …[9]

In Japan, the Bank of Japan Act refers to the Bank owning Company in an independent part (Section 3 Chapter V). The Bank of Japan Act focuses on ensuring safety in banking operations with regulations on limiting the activities of BHCs carried out by affiliated companies; limits on buying and holding stocks with right to decide; measures to ensure the healthy operation between BHCs and affiliated banks; other issues related to accounting, finance, mergers and acquisitions, etc.

In Vietnam, current regulations allowing commercial banks to contribute capital and buy shares have been giving rise to some negative consequences for the operation of banks and the economy. Specifically, the situation of cross-ownership between banks and their subsidiaries, affiliates, difficult-to-control transactions between companies with ownership relationships, etc. Faced with this situation, together with the assessment of trends Financial and legal developments in the world show that it is necessary to build and supplement legal regulations to manage groups of companies in the financial sector - financial groups - banks in Vietnam. So, how to build a legal framework to suit the economic conditions and practices in Vietnam?

It can be seen that the name of the Banking-Finance Group has not been officially recognized, but in fact, along with the expansion of business activities, some commercial banks have also met the conditions and have all the necessary factors. such as scale, management, brand, human resources, etc. like a financial group. A number of commercial banks have participated in conducting business in many different areas of financial activities (contributing capital, establishing banks, financial companies, financial leasing companies, securities companies, insurance companies, etc.), Fund Management Company, Debt Management Company and Security Asset Exploitation ...) and non-financial (Company providing services related to real estate Banking, Investment company building infrastructure works) , transportation infrastructure, gold and silver trading company, ...).

Thus, considering world trends, comparing with countries with similar banking operation models to Vietnam such as Canada and Japan, and at the same time considering the reality of Vietnam's financial market, it can be seen that, the inclusion of the content of management of financial-banking groups in the law is necessary and grounded for the following reasons:

Firstly, building legal content for the banking and financial group model is meaningful in creating the basis for controlling the operation of commercial banks and the system of affiliated companies. This point of view is also based on an assessment of the current state of Vietnamese law. Currently, the Law on Enterprises of Vietnam 2020 has specified the issue of economic groups, so the inclusion of the concept of a financial-banking group is completely appropriate to meet the development of the banking industry. banking, the growth and competitiveness of domestic banks in front of financial - banking groups in the world that have been doing business in Vietnam and regional markets.

Secondly, the finance-banking sector has specialized characteristics and high sensitivity, which greatly affects the economy and the public, especially the trend of developing multi-sector banks with

[9] Banks of Canada Act ,2013.

large scale. large capital, wide influence. With this development trend containing risks, it is clear that the general adjustment in corporate law has not been able to create an adequate legal basis for managing and monitoring all contents related to business activities. of banking and financial groups, especially controlling and limiting systemic risks.

Third, the development of regulations on banking and financial groups will also contribute to unifying current regulations related to the operation of credit institutions in general and commercial banks. Specifically, the current Law on Credit Institutions and guiding documents allow commercial banks to establish affiliated companies to do business in the fields of financial leasing, finance, insurance, remittances, and financial management. assets, securities, investment funds, capital contributions, joint ventures with other financial institutions and non-financial operating companies to create a series of subsidiaries, subsidiaries, affiliates. In addition, the provisions in the Competition Law (mechanism of economic concentration, monopoly control), the Law on Securities (mechanism for capital contribution and share purchase), Investment Law (mechanism for investment in the form of mergers, consolidation...) has created a legal framework that allows credit institutions to contribute capital, buy, sell, merge, merge with other banks, invest and contribute capital in non-financial institutions. other.

Regarding the content and regulations on financial-banking groups, when building, it is necessary to mention a number of basic issues as follows: definition of a banking and financial group; the scope of operations of a financial-banking group; limit the operation and management between the parent company and its affiliated companies; measures to ensure safe and healthy operation between companies; financial reporting, auditing and information reporting regimes; management and supervision activities of the State Bank and other management agencies; …

From the reality of the commercial banking system in Vietnam, there can be forms of practice to build financial - banking groups such as:

- Mid-tier banks get together;
- Big banks get together;
- Large banks combine with one/several medium banks;
- Large banks have established themselves as corporations (increasing capital through issuing shares, acquiring non-banking organizations, etc.);
- Big banks buy one/several mid-tier banks;
- Non-bank financial institutions (possibly also non-financial institutions) expand their operations into the banking sector (establishing a bank within the group) and other financial sectors (with or without the establishment of a financial institution). belonging to the group as prescribed by law);
- M&A (Consolidation and merger). The most popular form today is M&A (Consolidation and merger due to management ambition) and the wave of mergers and formations of giant banks appeared thanks to two main motivations: Reducing intervention of the state (deregulation) on banking activities; Remove barriers between banks, insurance companies and securities companies. In the US, even non-financial companies such as the Wal-Mart retail group want to participate in banking activities besides forming giant financial-banking groups. megabank and the old banking model became obsolete due to the following fundamental structural change: The growth of the capital market since the 1980s. In the period 1974-1994, in the total debt of the non-financial sector, the proportion of US commercial banks decreased from 30% to more than 20% despite the number of credits. absolute banking still increases with economic growth. The larger the commercial banks, the more favorable conditions for investment activities through the underwriting (Wing) and underwriting (underwriting) of stocks and bonds, consulting M&A, trading securities and commodities on bank accounts. and of other institutions. The developed stock market creates new opportunities for commercial banks through securitization or selling off debts, arranging fees without raising capital.

Information technology thrives with the 4.0 revolution. The appearance of competitors with retail banks, such as mobile payments, has paved the way for phone companies to compete with commercial banks in payment and account management activities. individual. However, it is also not easy for phone companies because they have to deal with financial risks and have to accept stricter regulations. Retail banks offer new services based on the development of information technology, such as online banking, which has become a very beneficial new method for banks in serving customers. its customers.

In fact, in the world in recent years, giant banks have formed through two basic forms: merger/consolidation (M&A) and organic growth. The case of banks "swallowing" each other (bank-eat-bank) is not much. About half of the world's bank mergers reduce equity value, while midsize banks increase market value, in part because investors hope it will be taken over by the big banks.

repurchase. Giant banks, financial - banking groups are the common trend of the whole world. Japan's three new megabanks have "swallowed" up to 11 old banks.

The ten largest commercial banks in the US control 49% of total banking assets in the country. Ten years ago this figure was only 29%. America's third largest bank by market capitalization JPMorgan Chase is the result of a merger between 550 banks and other financial institutions, 20 of which have merged within the past 15 years. Below, are the ten largest financial-banking mergers in the world from 1995 to present.

From that fact, the financial-banking group consortium model formed from SOCBs follows a mixed model of holding structure with a unitary structure (concentration of power), operating under the model of parent company - subsidiary company, both centralized and decentralized but towards the overall efficiency of the corporation. Detail:

Financial-Banking Group is a combination of parent banks and subsidiaries; The parent bank has legal status, inheriting the legal rights and obligations of the SOCB before the conversion. The management apparatus of the parent bank is the management apparatus of the corporation. The Group uses the coordinating apparatus of the parent bank as an agency to assist in management, operation and professional advice. The structure of the parent bank includes: The Board of Directors performs the group management function; the general director performs the group's executive function; the Supervisory Board performs the function of inspecting and supervising the Group's activities; the corporation's office and functional departments serve as an advisory body to the group's leadership;

Independent subsidiaries are directly engaged in non-banking financial services business. To be able to transform SOCBs into financial-banking groups, it is necessary to form a complete macro-legal framework that complies with the objective laws of the market mechanism, with a focus on changing the ownership structure. ownership in the direction of privatization, as the basis for creating an effective and transparent governance mechanism, ensuring sustainable development and minimizing risks. At the same time, it is necessary to renovate the inspection and supervision apparatus in the direction of forming a unified inspection and supervision apparatus for the entire financial market, replacing the current specialized inspection segments, ensuring that no issues are overlooked. subject to inspection, supervision and safety of the financial system.

The trend of forming financial groups with the core of being commercial banks will be the mainstream. In the field of finance - banking, the current trend of creating open banking models (Open Banking) with the center being commercial banks and an ecosystem of related industries and fields "surrounded" is a trend. in many development finance countries in the region and around the world. In this model, banks take the initiative, own the platform and have the right to allow third parties to connect to the ecosystem to exploit both banking and non-banking services at the same time. Experts say that many large international financial institutions that come to Vietnam only do traditional banking business, and most of them serve FDI enterprises, or have large customer files in Ho Chi Minh City. In the future, if they see no hope of developing into a financial group, they will resell or narrow their market operations in Vietnam. Therefore, if we have more "open" policies for the financial group model, we can retain many large investors. Since then, domestic commercial banks have many opportunities to cooperate in developing a complete financial ecosystem. The benefits of attracting investment from this legal openness are even more attractive and favorable than tax exemptions or land rents[10]. With this model, together with the national financial supervision committee will create a hedging system in the entire financial market. Building a banking and financial group model with the model of parent company and subsidiary company will control and minimize risks in each market and in the whole market while meeting the growing demand and affirming its position. competition in the banking industry.

CONCLUSION

The corporatization of commercial banks in particular is an inevitable trend of the process of diversification in the development of the market economy and integration. It is not only the process of multi-ownership and nominalization of ownership, but also the basic method of survival, as well as the inevitable result of the process of capital accumulation, concentration and the creation of a more perfect and competitive financial market. The development of financial markets is both the law of the market economy because thanks to it, the circulation of goods and capital circulation is expanding rapidly, but

[10] Thach Binh, *Joint Stock Bank towards the financial group model (*2022). https://thoibaonganhang.vn/ngan-hang-co-phan-huong-den-mo-hinh-tap-doan-tai-chinh- 126730.html

the vulnerability, sensitivity and especially the spread and mutual influence of this market is also a great challenge for all countries with market economies. The problem is that it is impossible to avoid challenges, cannot resist objective trends, so it is necessary to actively identify, analyze and respond appropriately on the basis of respecting and making the most of the positive aspects of today's market laws as well as globalization laws[11].

The inevitable trend of financial market integration and development is associated with the stable development of the economy, which requires the selection and building of a legal framework to promote the performance of financial corporations. the main bank for Vietnamese commercial banks and at the same time ensure safe control for the entire system and economy. The selection and construction of a financial and banking group model according to the model of parent company and subsidiary company with the mainstay of joint-stock commercial banks will meet the objectives of expanding business scale and competing with customers. and economic sustainability.

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