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EXECUTIVE INSIGHT
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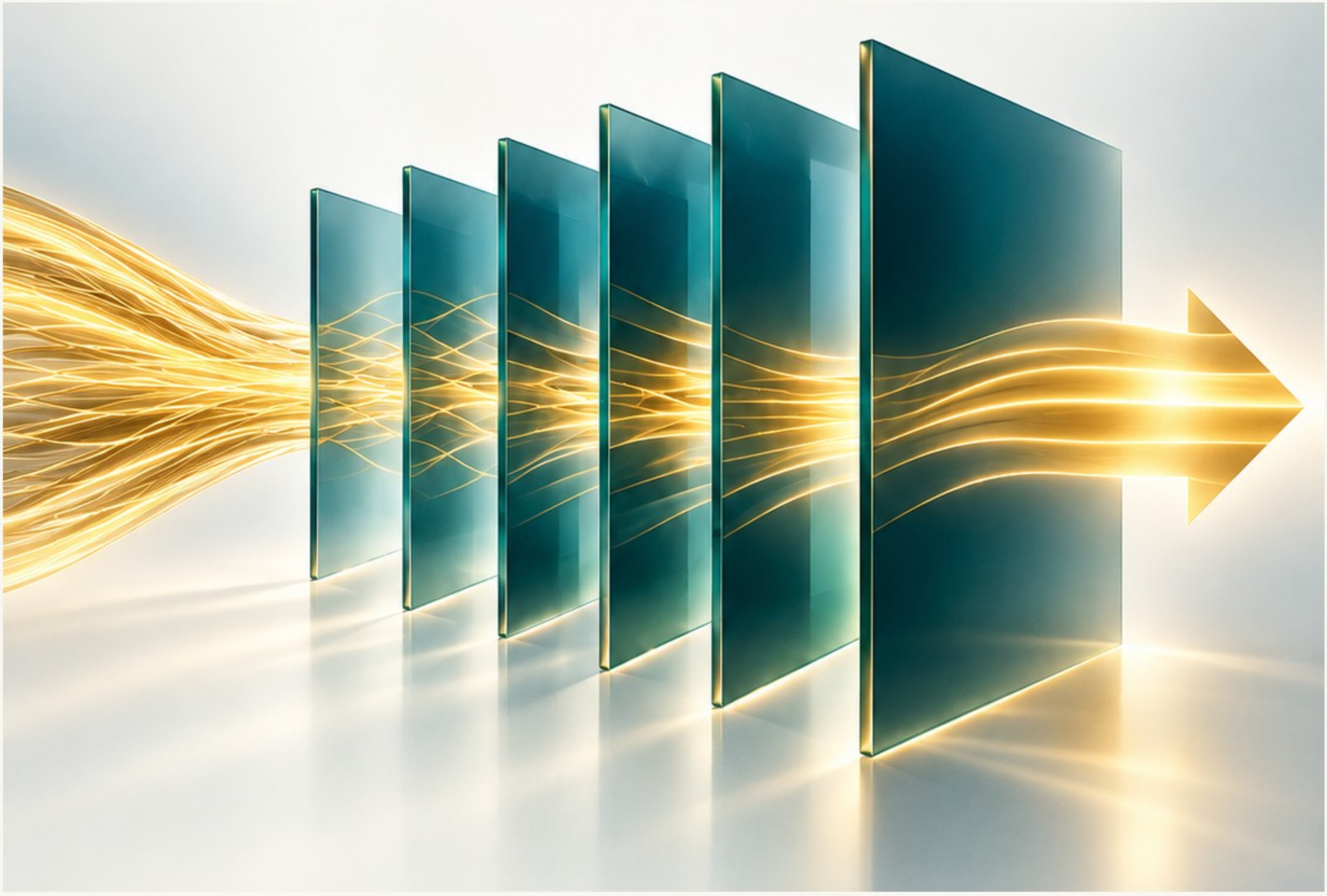
Your Company Does Not Have a Financing Problem.
It Has a Financeability Problem.

Why access to capital increasingly depends on what happens inside the company: strategy, cash generation, governance, transparency and execution capability.



STRONGER BUSINESSES.
A MORE RESILIENT VIETNAM.

EXECUTIVE LEAD

The financing question starts too late

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Vietnamese private companies are being asked to do more with capital.

Growth, new production capacity, technology investment, international expansion and participation in more sophisticated value chains all require funding. By 31 July 2026, outstanding credit across Vietnam had reached almost VND 20.3 quadrillion, up 8.98% from the end of 2025. More than VND 10.7 quadrillion was attributable to corporate borrowers, including more than VND 4 quadrillion to SMEs. [1]

Yet access to finance remains a structural constraint, particularly for smaller private businesses. At the same time, the constraint does not come from companies alone. Vietnam's banking system is itself facing increasing funding pressure as credit expansion outpaces deposit growth. [2][3]

This combination changes the management question.

When companies need capital, the obvious response is to ask where to find it. Which bank will lend? What collateral is required? Could another lender provide better terms? Is equity an alternative? Can existing facilities be extended?

These are legitimate questions.

But they may start the discussion too late.

Long before a company approaches a bank or investor, many of the conditions affecting that financing decision already exist inside the business. Strategy determines whether the intended use of capital is convincing. Economics determine whether growth creates value. Cash conversion determines whether earnings become financial capacity. Reporting determines whether outsiders can understand performance. Governance determines whether decisions and risks are controlled. Execution capability determines whether management can credibly deliver what it promises.

Financeability is created before financing begins.

Together, these factors create something broader than creditworthiness. They create financeability.

FINANCEABILITY
The demonstrated ability of a company to absorb capital, deploy it productively, control the associated risks and convert that capital into credible economic outcomes.

1 | DIAGNOSTIC SHIFT

Creditworthiness Is Not the Same as Financeability

Traditional discussions about corporate financing often begin with repayment capacity.

Can the borrower service the debt? Does it have sufficient collateral? What leverage can it sustain? What is its historical financial performance?

These questions remain important. But they do not fully capture the management challenge facing a company seeking capital for substantial growth or transformation.

Vietnam's own policy direction points toward a broader assessment. Resolution 68 calls for lending based more explicitly on business models, market-expansion plans, company data, cash flow and value-chain information. It also calls on private companies to strengthen governance, transparent financial systems, accounting and auditing to improve credibility and access to financial resources. [4]

A lender or investor is not only financing the company that exists today. Capital is frequently being provided against an expectation about what management will achieve tomorrow.

That changes the question.

> **Can this company demonstrate that it knows where capital should be deployed, that the underlying business can generate adequate returns, that performance can convert into cash, that risks are visible and controlled, and that the organisation can execute the plan?**

That is financeability.

It consists of six interconnected dimensions: strategic clarity, economic quality, cash generation, transparency, governance and execution capability.

These factors interact. Strong reporting cannot repair a structurally unprofitable business. Good governance cannot compensate indefinitely for weak cash generation. A convincing strategy does not create financing capacity if the organisation repeatedly fails to execute.

Financeability is therefore not a single financial ratio.

> **It is an outcome of corporate quality.**

2 | TRANSMISSION MECHANISM

How Internal Weaknesses Become Financing Constraints

The connection between organisational quality and financing is not always immediately visible.

A company may experience the result at the end of the chain: a smaller credit line than expected, additional collateral requirements, a higher risk premium, restrictive covenants, prolonged due diligence or a financing decision that does not materialise.

Management sees the financing outcome. The capital provider sees the risks that produced it.

STRATEGIC CLARITY	If management cannot demonstrate precisely why additional capital is required and how it will generate value, uncertainty surrounds the use of funds.
ECONOMIC QUALITY	Rapid revenue growth may look impressive, but if incremental sales require disproportionate working capital, carry weak margins or demand continuing investment, growth can increase financing needs faster than financial capacity.
CASH CONVERSION	A profitable company can still experience liquidity pressure if receivables expand, inventory accumulates or investment consumes operating cash faster than the business replenishes it.
TRANSPARENCY	When management reporting is inconsistent or forecasts cannot be reconciled with historical performance, an external capital provider must compensate for what it cannot see.
GOVERNANCE	When responsibilities are unclear or major decisions remain concentrated in one individual, the financing question extends to the institution responsible for delivery.
EXECUTION	An organisation may have attractive opportunities but insufficient management bandwidth, operating discipline or transformation capacity to convert them into results.

The capital provider does not see six separate management weaknesses. It sees one increasingly uncertain proposition about the future.

Different weaknesses therefore produce different risks, but they eventually converge. Higher perceived risk can reduce financing capacity, increase financing costs, strengthen collateral requirements, lengthen decision processes or narrow the range of available funding sources.

An internal corporate weakness has become an external financing constraint.

If the constraint is interpreted only as a shortage of capital, management searches for another source of capital. If the constraint is recognised as a financeability problem, management starts examining the company itself.

3 | MANAGEMENT TRAP

More Financing Does Not Repair a Weak Financing Proposition

When liquidity tightens, management must act.

Additional credit may be necessary. Existing facilities may need to be renegotiated. Maturities may need to be extended. Shareholders may have to inject capital. Assets may need to be monetised.

There is nothing inherently wrong with these measures.

The mistake is assuming that obtaining additional liquidity automatically resolves the problem that created the financing requirement.

Liquidity and corporate quality are different things.

A company with structurally weak margins can borrow additional money and remain structurally weak.

A company with poor working-capital management can increase its credit facilities while continuing to consume unnecessary cash.

A company expanding faster than its management capacity can fund additional growth and simultaneously increase organisational risk.

A company dependent on its founder for most material decisions can obtain more capital without increasing its institutional ability to allocate that capital effectively.

Liquidity can buy time. It cannot create corporate quality.

This distinction becomes especially important during periods of rapid growth.

Growth is often treated as evidence of corporate strength. It can be. But growth can also conceal weaknesses because increasing revenues postpone the moment at which structural inefficiencies become impossible to ignore.

Working capital expands. Organisational complexity increases. More people become involved in decisions. Additional management layers emerge. Investment requirements rise. Reporting becomes more demanding. Coordination across functions becomes harder.

The organisation that successfully managed a smaller business may not automatically be capable of managing the larger one it has become.

At that point, financing pressure can be an early signal of a deeper transition.

The company has outgrown some of the systems, structures and management practices on which its earlier success was built.

That is no longer merely a treasury problem. It is a transformation problem.

4 | COUNTER-EVIDENCE

Not Every Financing Constraint Comes From Inside the Company

The argument should not be misunderstood.

Companies operate within financial systems they do not control. The availability and price of capital are affected by monetary conditions, bank liquidity, regulation, lender concentration, sector exposure, collateral policies and broader perceptions of economic risk.

A well-managed company cannot transform away an adverse credit market.

Nor does rejection of a financing request prove that the company is badly managed.

This distinction is particularly important in Vietnam today. Reuters reported in August 2026 that loans had consistently exceeded deposits from 2021 to 2025 and that the gap had reached nearly USD 77 billion, while funding costs were rising. [3]

In practice, financing constraints usually lie somewhere on a spectrum.

PREDOMINANTLY EXTERNAL	Capital is scarce, expensive or unavailable despite strong corporate fundamentals.
PREDOMINANTLY INTERNAL	Capital may exist, but economics, transparency, governance or execution credibility make financing difficult.
MIXED CONSTRAINT	External conditions expose or amplify internal weaknesses.

This distinction matters because management cannot control the entire financing environment.

It can control much of the company's response to it.

Which part of our financing constraint is within management's control, and what must change to remove it?

That question turns an external complaint into a management agenda.

5 | VIET TA FINANCEABILITY ARCHITECTURE

Financeability Must Be Built Inside the Company

Financeability does not begin with preparing a better bank presentation.

It begins with determining whether the company behind the presentation is strong enough.

Strategy: Where will capital create value?

Management must connect financing to strategic purpose.

Why is capital required? Which strategic objective does it support? Why is this use superior to competing uses of capital? What assumptions must hold for the investment to create value?

A financing request without a clear capital-allocation logic is ultimately a request to finance uncertainty.

Economics: Does the underlying business generate adequate returns?

Growth must be tested economically.

Which products, customers, markets and business units create value? Where are margins deteriorating? What return will incremental investment generate? Does additional revenue improve the economics of the company or merely increase its size?

The objective is not growth at any price.

It is economically productive growth.

Cash: Can economic performance convert into financial capacity?

Profitability and liquidity must be connected.

Management needs to understand how revenue becomes cash, where cash is trapped, how working capital behaves under growth and how investment requirements interact with operating cash generation.

Accounting profit does not service debt. Cash does.

The gap between earnings and cash is therefore not an accounting detail. It is a strategic constraint.

5 | VIET TA FINANCEABILITY ARCHITECTURE

Corporate Quality Must Become Visible and Executable

Transparency: Can management demonstrate what is actually happening?

External confidence depends partly on internal visibility.

Reliable management information, credible forecasts, consistent financial reporting and clearly understood performance indicators allow management to identify problems earlier and capital providers to assess risk more accurately.

Transparency is not created for the bank.

It is a management capability that the bank happens to value.

Governance: Can decisions and risks be controlled?

As companies become larger, informal control mechanisms become less reliable.

Decision rights need to be clear. Responsibilities need to be explicit. Management must be accountable for outcomes. Material risks need ownership. Boards need sufficient information to exercise effective oversight.

This does not mean replacing entrepreneurial leadership with bureaucracy.

It means ensuring that organisational complexity does not grow faster than institutional capability.

Execution: Can the organisation deliver the plan?

Ultimately, financeability depends on credibility.

Can management execute the strategy for which capital is requested? Does the organisation have the necessary capabilities? Are initiatives prioritised? Is management bandwidth sufficient? Are results measured? Are deviations corrected?

Capital providers finance future outcomes under uncertainty.

Execution capability reduces that uncertainty.

STRATEGY > ECONOMICS > CASH > TRANSPARENCY > GOVERNANCE > EXECUTION > CAPITAL CONFIDENCE

The sequence is not a checklist for lenders. It is an architecture for management.

Source: VIET Transformation Advisors. Financeability Architecture is a VIET TA synthesis/application.

6 | MANAGEMENT RESPONSE

Do Not Start With the Lender. Start With the Company.

When financing pressure appears, management naturally wants to move quickly.

But speed without diagnosis can lead to the wrong intervention.

A more robust financeability transformation follows a sequence.

1. Diagnose

First determine where financeability is being lost.

Is the immediate constraint liquidity? Is the underlying issue margin deterioration? Working capital? Excessive leverage? Weak forecasting? An unclear investment proposition? Governance? Management capacity? Several factors simultaneously?

Diagnosis separates symptoms from causes.

Without it, management risks solving the most visible problem rather than the most important one.

2. Stabilise

Where immediate financial or operational pressure exists, stabilisation comes next.

Protect liquidity. Stop avoidable cash leakage. Establish short-term visibility. Address critical working-capital issues. Stabilise operational performance.

This phase creates time and control.

It does not yet complete the transformation.

3. Strengthen

Management then addresses the structural weaknesses revealed by the diagnosis.

That can involve strategic portfolio decisions, performance improvement, working-capital redesign, clearer accountability, stronger management reporting, governance changes or organisational capability building.

The exact measures differ by company.

Financeability improves when the underlying company improves.

6 | MANAGEMENT RESPONSE

From Internal Improvement to External Confidence

4. Demonstrate

Improved corporate quality must become visible and credible.

Strategy needs to translate into an investment case. Operational improvements need to appear in performance data. Cash improvements need to appear in forecasts and actual cash generation. Governance changes need to produce clearer decision processes and accountability.

This is where management converts internal improvement into external confidence.

5. Finance

Only now does the financing question become fully actionable.

What capital structure fits the business? Which financing instruments match the economic purpose and risk profile? Which funding sources are appropriate? What maturity structure is sustainable?

Financing is Step 5, not Step 1.

That does not mean management must complete a multi-year transformation before speaking with lenders. Financing and transformation may need to proceed in parallel.

It means that financing should be designed around a credible path to stronger corporate quality rather than treated as a substitute for it.

6. Measure and Embed

The process does not end when the money arrives.

Management must determine whether capital actually produces the outcomes on which the financing decision was based.

Are expected returns materialising? Is cash conversion improving? Are milestones being achieved? Are risks developing as anticipated? Are corrective decisions being taken early?

Financeability becomes sustainable only when these disciplines become part of normal management.

1	2	3	4	5	6
DIAGNOSE	STABILISE	STRENGTHEN	DEMONSTRATE	FINANCE	MEASURE & EMBED

Source: VIET Transformation Advisors. Financeability Transformation Cycle is a VIET TA synthesis/application.

7 | EXECUTIVE CONCLUSION

The Real Objective Is Strategic Freedom

Access to capital is important.

But it is not the ultimate objective.

The more important objective is choice.

A company with weak financeability tends to approach capital providers when it must. Time becomes limited. Negotiating leverage declines. Financing structures become constrained by urgency.

A strongly financeable company is in a different position.

It can decide when to raise capital, what type of capital to use, which providers to approach and which terms it is prepared to accept.

It can decline financing that does not fit its strategy.

It can pursue opportunities faster because the organisational foundations required to support capital deployment already exist.

It can withstand periods in which external financing conditions become less favourable.

And it can engage banks and investors from a position of preparedness rather than necessity.

That is why financeability should not be treated as a project undertaken shortly before a financing round.

It is part of corporate readiness.

If the company needed substantial additional capital six months from now, what would a sophisticated lender or investor discover about the company today?

EXECUTIVE TEST

Would the strategy be clear? Would the economics support the ambition? Would profits convert into cash? Would management information withstand scrutiny? Would responsibilities and controls inspire confidence? Would the organisation demonstrate that it can execute what management promises?

If the answer to any of these questions is uncertain, the financing discussion has already begun, even if no lender has yet been contacted.

The strongest response is not to prepare a better financing request. It is to build a stronger company.

SELECTED EVIDENCE

Sources

[1] VietnamPlus / Vietnam News Agency, “Banks take action to cut lending rates for SMEs as Vietnam seeks faster growth”, 12 August 2026. Official statistics cited: total outstanding credit nearly VND 20.3 quadrillion at 31 July 2026; corporate borrowers above VND 10.7 quadrillion; SME loans above VND 4 quadrillion.

[2] International Labour Organization, “Review of key policies supporting private sector development in Viet Nam”, 24 June 2026. Finding used: SMEs continue to face limited access to finance among other structural constraints.

[3] Reuters, “Foreign banks eye bigger Vietnam role as growth ambitions fuel funding crunch”, 12 August 2026. Counter-evidence used: loans had consistently exceeded deposits from 2021-2025, producing a gap of nearly USD 77 billion, alongside rising funding pressure.

[4] Politburo of Vietnam, Resolution No. 68-NQ/TW on private sector development, 4 May 2025, official Government policy portal. Policy direction used: lending based on business plans, company data, cash flow and value-chain information; stronger governance, financial transparency, accounting and auditing.

FINAL TAKE-AWAY

Build Financeability Before Capital Becomes Urgent

A financeable company does not merely have better access to capital. It has more strategic freedom.

Management should therefore assess financeability before financing becomes urgent, identify the internal constraints that can be changed and strengthen the company before capital dependence reduces its options.

The best time to improve financeability is while financing remains an option, not after it becomes a necessity.

Financeability creates choice. Choice preserves strategic freedom. Strategic freedom diminishes when financing becomes urgent.

MANAGEMENT CONSEQUENCE

Do not wait for the financing process to reveal weaknesses that management can identify and correct today.

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