

Abstract

The main goals of the bachelor thesis is an institutional analysis of the banking reform in Vietnam. The author analyzes how the banking reform influences the institutional development. Modern institutions require flexible and efficient rules, both formal and informal. Hence, a legal framework is analyzed as well especially as to whether the *de jure* banking legal framework corresponds with the *de facto* one. Liberalization and internationalization of Vietnamese economy has a big impact on the development of the banking sector. Albeit institutions are *de jure* well developed they are not sufficiently efficient due to the inability of enforcement of laws, lack of confidence, and corruption in the banking sector. Vietnam has chosen the right direction but the establishment of efficient institutions has to go hand-in-hand with the change of informal rules. Since the diffusion of information is limited due to lack of codification of laws, connections relationship and informal rules play a crucial role in the banking sector. Informal rules are deeply entrenched and tenacious, and hence difficult to change in the short time.