Banking Sector Developments in Vietnam

BY STATE BANK OF VIETNAM

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I. CURRENT STATUS

STATE BANK OF VIETNAM
(Central bank)
- State management function over monetary, banking activities and foreign exchange (hereinafter referred to as the monetary and banking),
- performs the function of the central bank as the money issuing bank, the bank of the credit institutions and provides monetary services for the Government.
- ensure the safety and effectiveness of the national payment system
- contribute to promote socio-economic development.

SYSTEM OF CREDIT INSTITUTIONS
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BANKS: 40
- State-owned commercial banks: 1
- Joint-Stock Commercial banks: 31
- Wholly foreign owned banks: 5
- Policies Banks: 2
- Cooperative Bank: 1

NON-BANK CREDIT INSTITUTIONS: 27
- Finance Company: 16
- Leasing Companies: 11

Foreign Bank Branches: 49
Representative Office of foreign banks: 50
Micro-Finance Institutions: 3
People’s Credit Funds: 1148

WC-ABIF Meeting in December 06, 2016
LEGAL FRAMEWORK

Law on credit institutions, relevant Decrees and Regulations.

Limited by prudential ratios.

Commercial – based, full autonomy, self responsible for business results.
II. RESTRUCTURING PROCESS

• Objectives of Banking Restructuring:
  – In Short term: Ensure the liquidity, stabilize market confidence;
  – In medium and long term: operate prudentially, effectively with enhanced market principles.

• Contents of Banking Restructuring:
  - Reinforce operational scale and financial capability,
  - Improve technology and governance.
ACTION PLAN

• Comprehensively restructuring the banking system through merger and acquisition and recapitalization.

• Intensively resolving NPL loans by restructuring, rescheduling loans and selling to the newly established state owned asset management company (VAMC), lowering NPL rate of all banks to 3%/total outstanding loans.

• Enhancing prudential regulations, observing BASEL II and BASEL III.
ACTION PLAN (CONT)

• Improving legal framework
• Further improving securities markets infrastructure
• Strengthening market participants; operational capacity
• Improving policies and mechanism for policy banks
• Improving accounting and auditing standards system
III. RECENT DEVELOPMENTS OF BANKS

Growth in Retail banking

Growing Vietnamese Card payment Channel
E-Banking in Vietnam

Figure 3: Internet users in Vietnam (2000 – 2014)

(Source: www.internetlivestats.com, 2015)
IV. CAPACITY BUILDING NEEDS

Enhancing human resources in identifies development policy areas is preconditions for the success of financial reform and integration.

- Forecast and assess the changes of the world, regional and local markets.
- Develop new policies to adapt with changes of the situation.
- Experiences in accessing and managing risks.
- Develop new products/services to meet the demand of the markets.
THANK YOU