



## *Vietnam Financial Sector and Banking*

# Purpose and Target:

Control inflation to stabilize the macro economy;

Improve CI's capability of governance and transparency via legal framework and reporting mechanism;

Enhance the financial capability n competition of Cis

Strive for the proportion of foreign currency deposits / total payment facilities to be below 7.5% by 2020 and 5% by 2030

Optimize ATM and POS networks, NAPAS

Operational management capacity, inspection, internal audit and risk management of credit institutions will gradually improved to approach international practices.

# Vietnam Banking Strategy towards 2025

## 02 phases:

### 1- Period of 2018 – 2020

- Commercial banks basically have their own equity level according to Basel II standards (re-structuring, increasing capital)
- Focusing on bank restructuring together with handling bad debts/NPLs.

### 2- Period 2021 – 2025

- Perfecting the application of Basel II under standard method, for all the commercial banks
- Increase the proportion of income from non-credit services in total income at 12-13%, and then 16-17%
- NPLs of all banking system < 3%

# SBV's trend in managing monetary and banking policy

Strongly supervise CIs

Encourage capital increase or restructuring (M&A)

Promoting modernizing information technology systems and internal payment systems;

Promoting “Comprehensive Financial Inclusion” and development of cashless payment; Converting domestic payment cards from magnetic cards to chip cards;

Promoting the renewal of active digital technology (internet banking, mobile banking), using 4.0 application.

Gradually reduce foreign currency credit vs total credit

# SBV's trend in managing monetary and banking policy

Promoting the development of "green credit"

Encouraging increasing the proportion of credit invested in renewable energy, clean energy, low carbon production and consumption sectors;

Continuing supporting for lending for agricultural development, production area and encouraged areas (SME, auxiliary industry, high-tech)

Strict control of credit on potential risk areas (real estate and securities)

Keep stable operating interest rates (\*)

Enhance AML framework and implementation

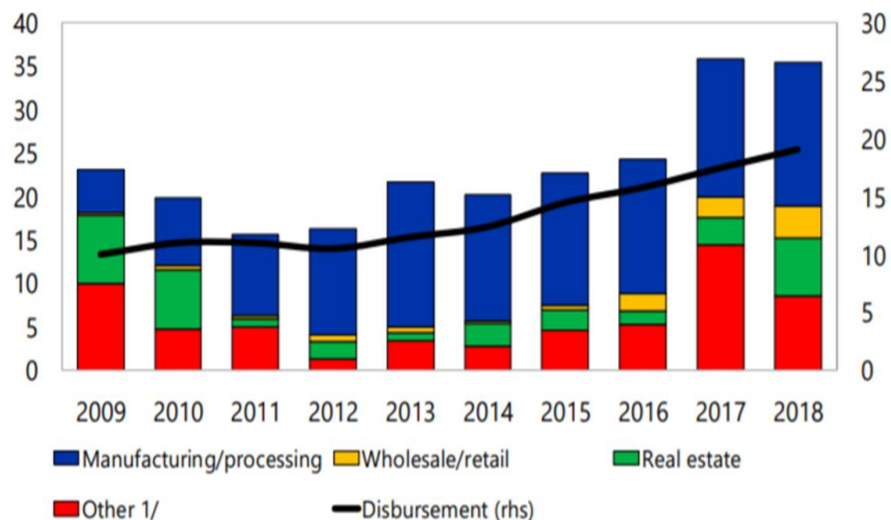


# USDVND Forecast

12/2018	06/2019	12/2019 F	2020 F
23,204	23,300	23,660	24,130

## FDI Commitments and Disbursements

(In Billions of USD)

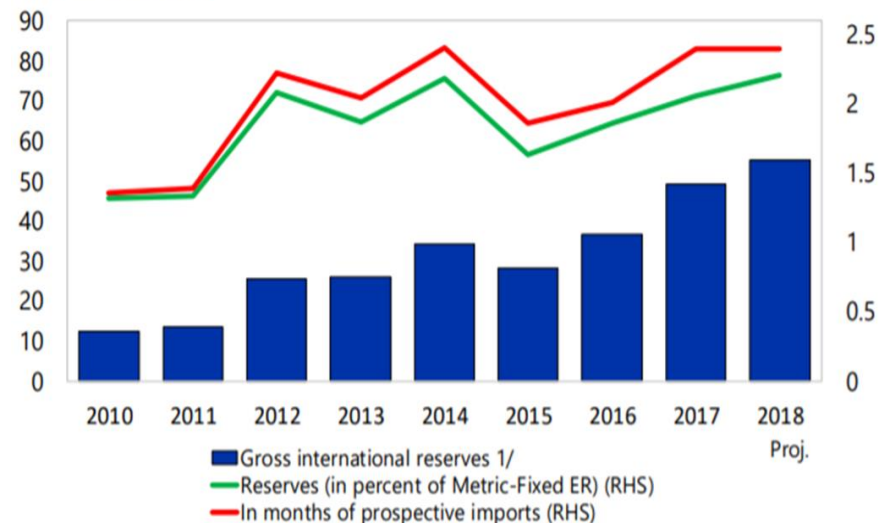


Source: National authorities; and IMF staff calculations.

1/Construction, Hotel and Restaurants, Mining, Agricultural, Forestry and Fishery, Electricity, Gas and AC production and other.

## Reserves

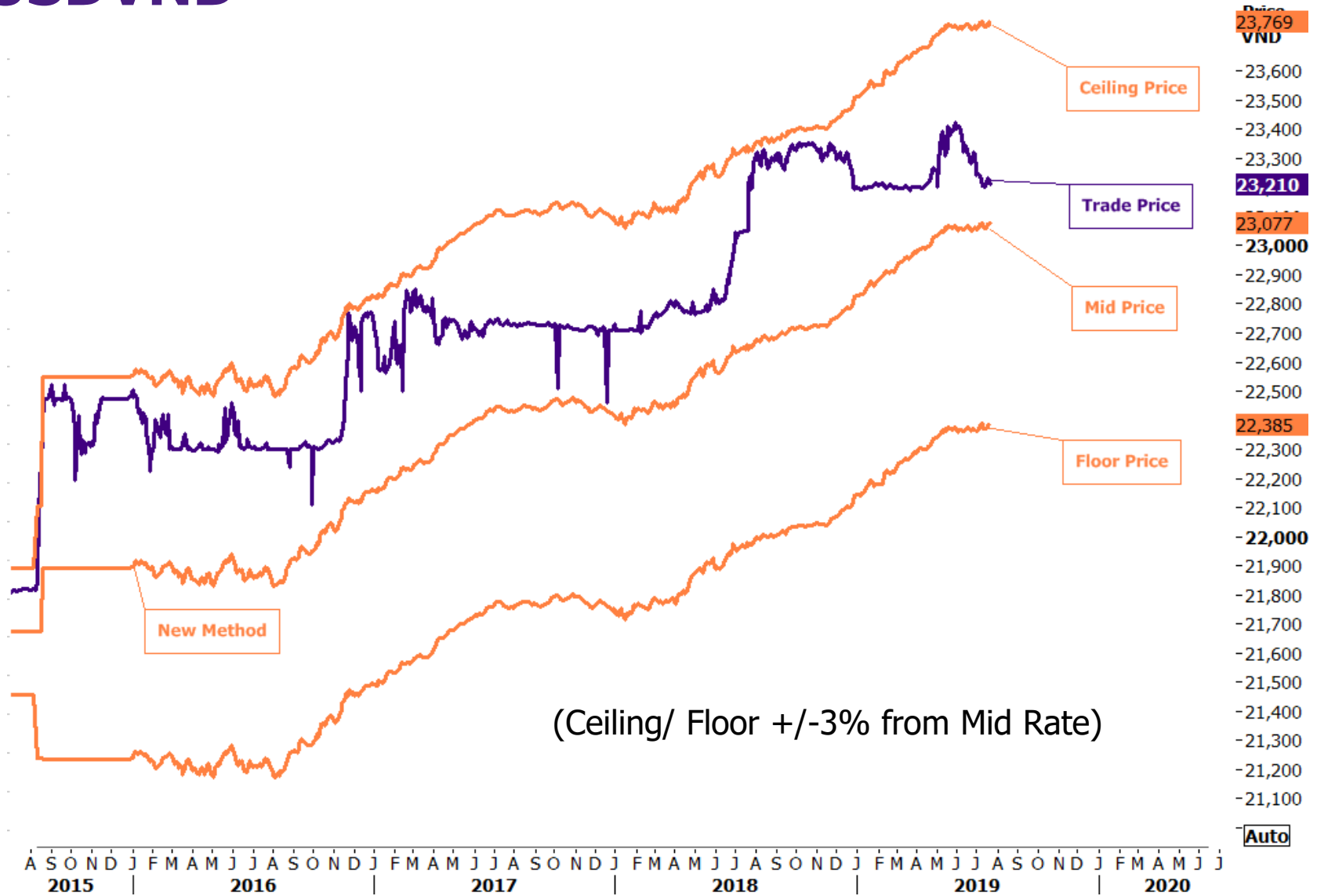
(In Billions of USD)



Sources: National authorities; and IMF staff calculations.

1/Excludes government deposits.

# USDVND



# SBV Adopted a more Market-based FX Methodology

The new methodology from Jan 4, 2016 with setting a daily USD/VND reference rate by SBV. Allow for more frequent yet smaller adjustments in the VND but still within the +/- 3% trading band.

Based on a weighted average of Dong prices in the interbank market the previous trading day. And movements in eight currencies (\*) relevant to Vietnam's trade and investment activities.

## *Daily trading volume*

Spot: USD 1 Bio

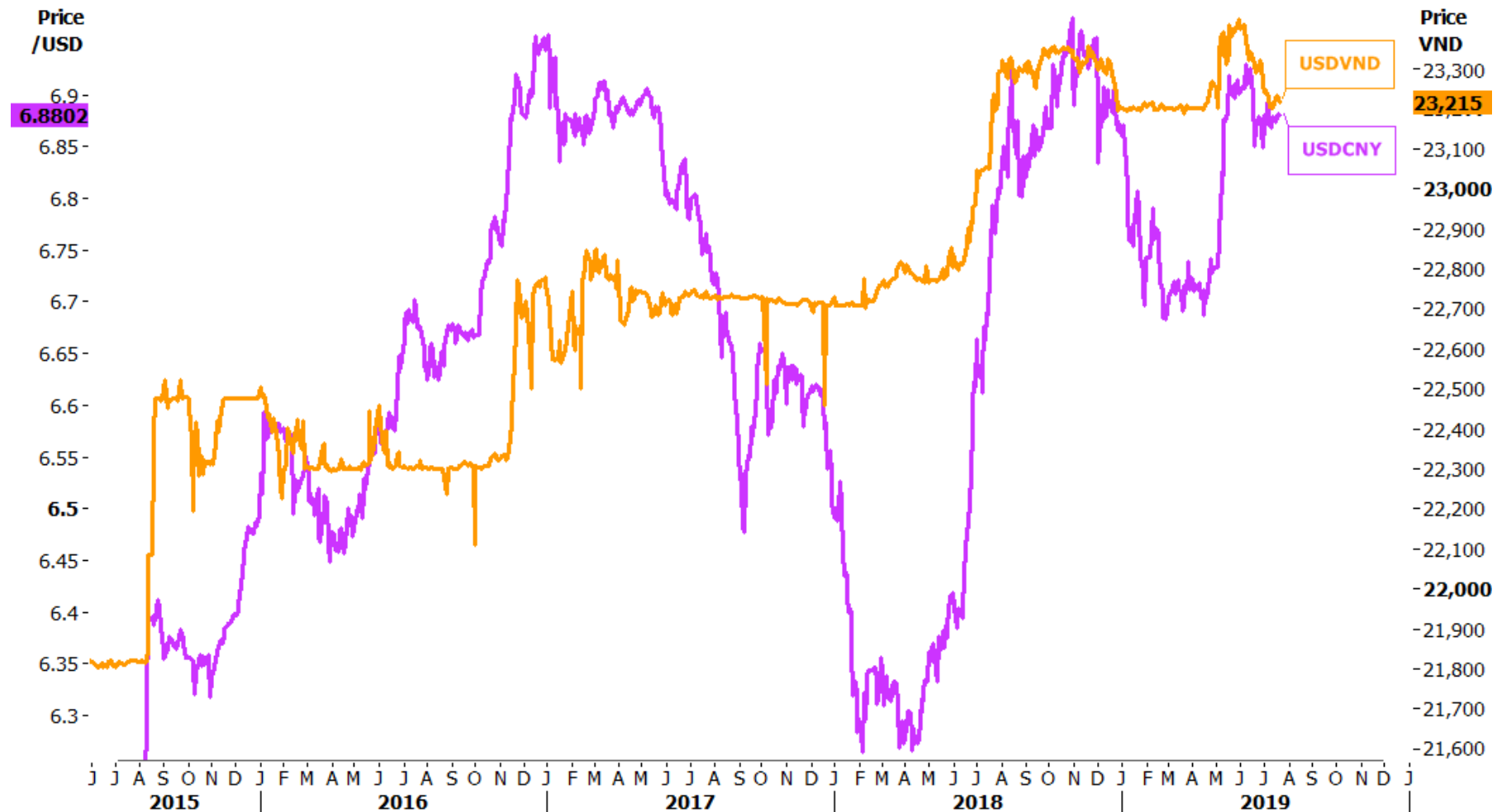
Forward & Swap: USD 200-400 mio

SBV also showed in their website the reference bid/ask rate applied when banks having demand to deal with SBV.

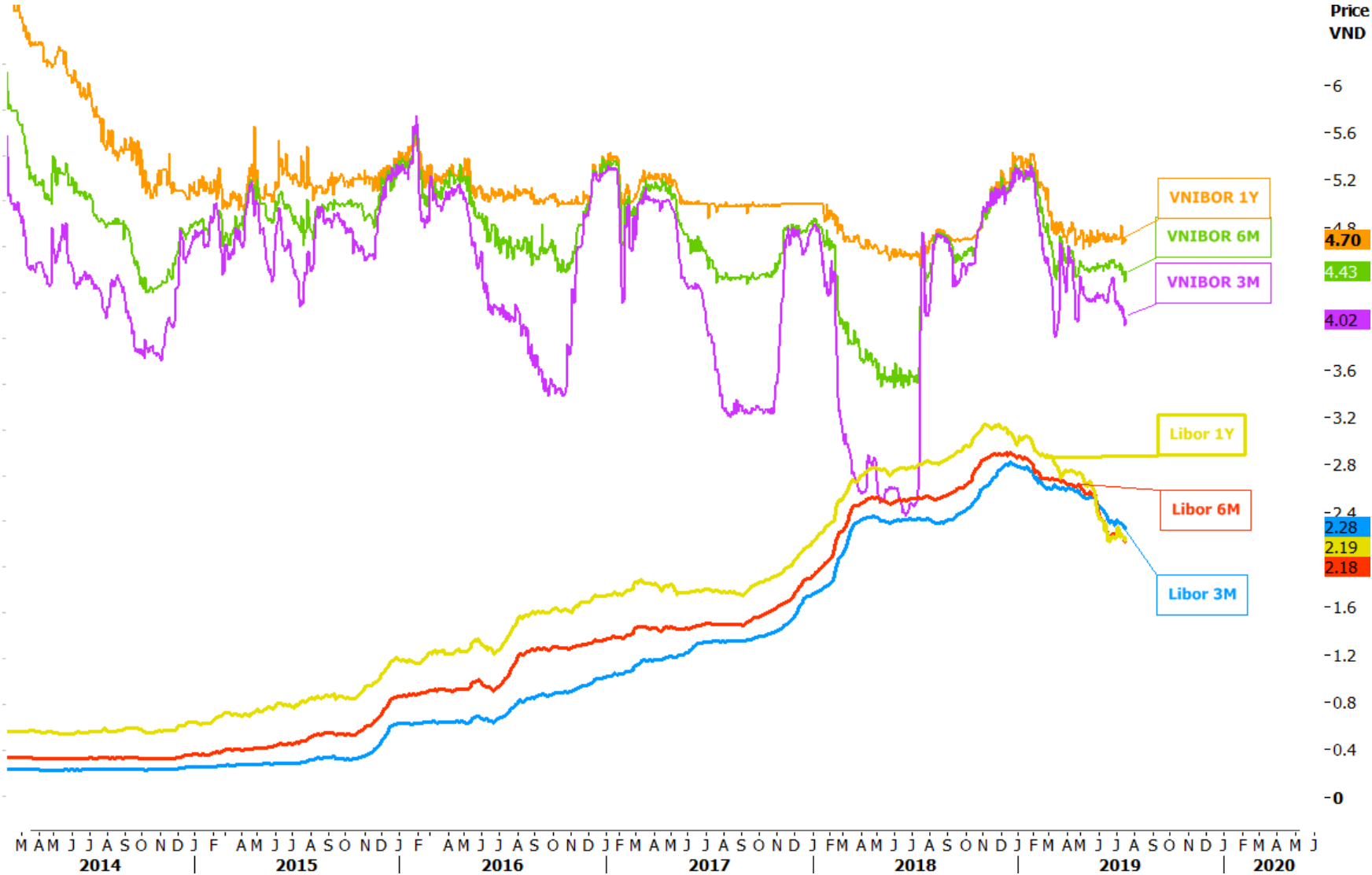
(\*) USD, CNY, EUR, JPY, TWD, KRW, THB, SGD



# USDVND vs USDCNY



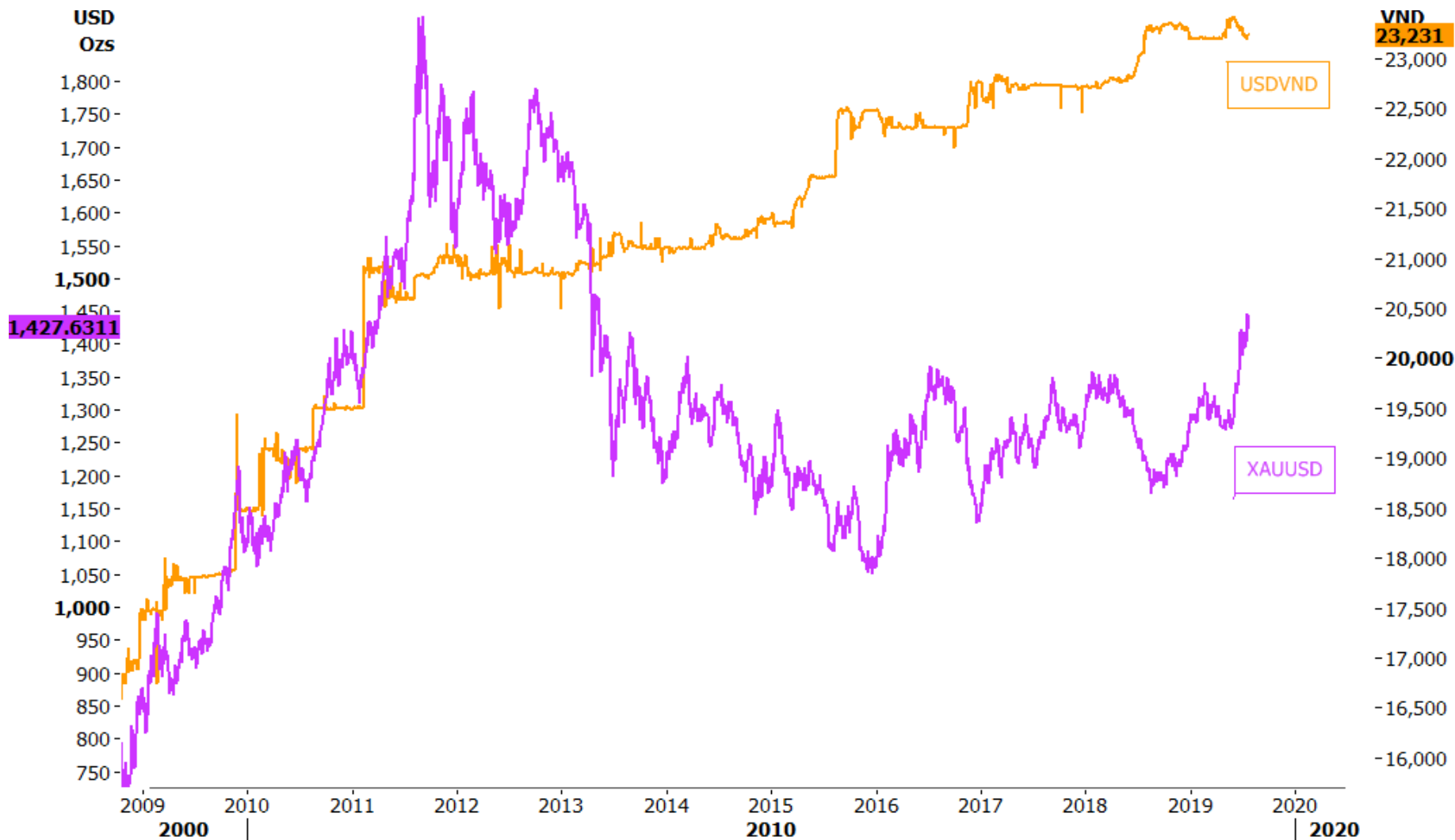
# VNIBOR vs LIBOR



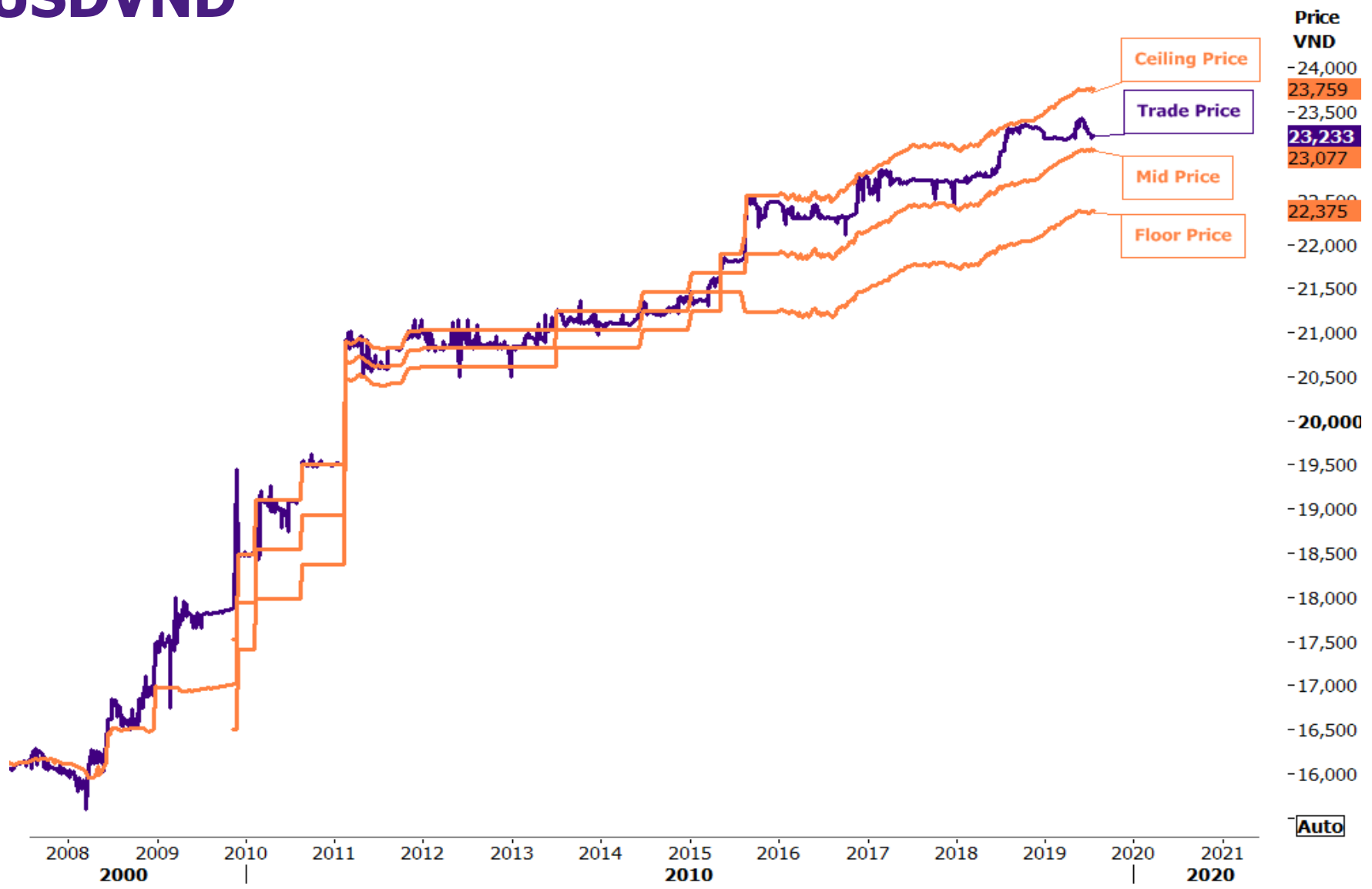
# VND interest rate



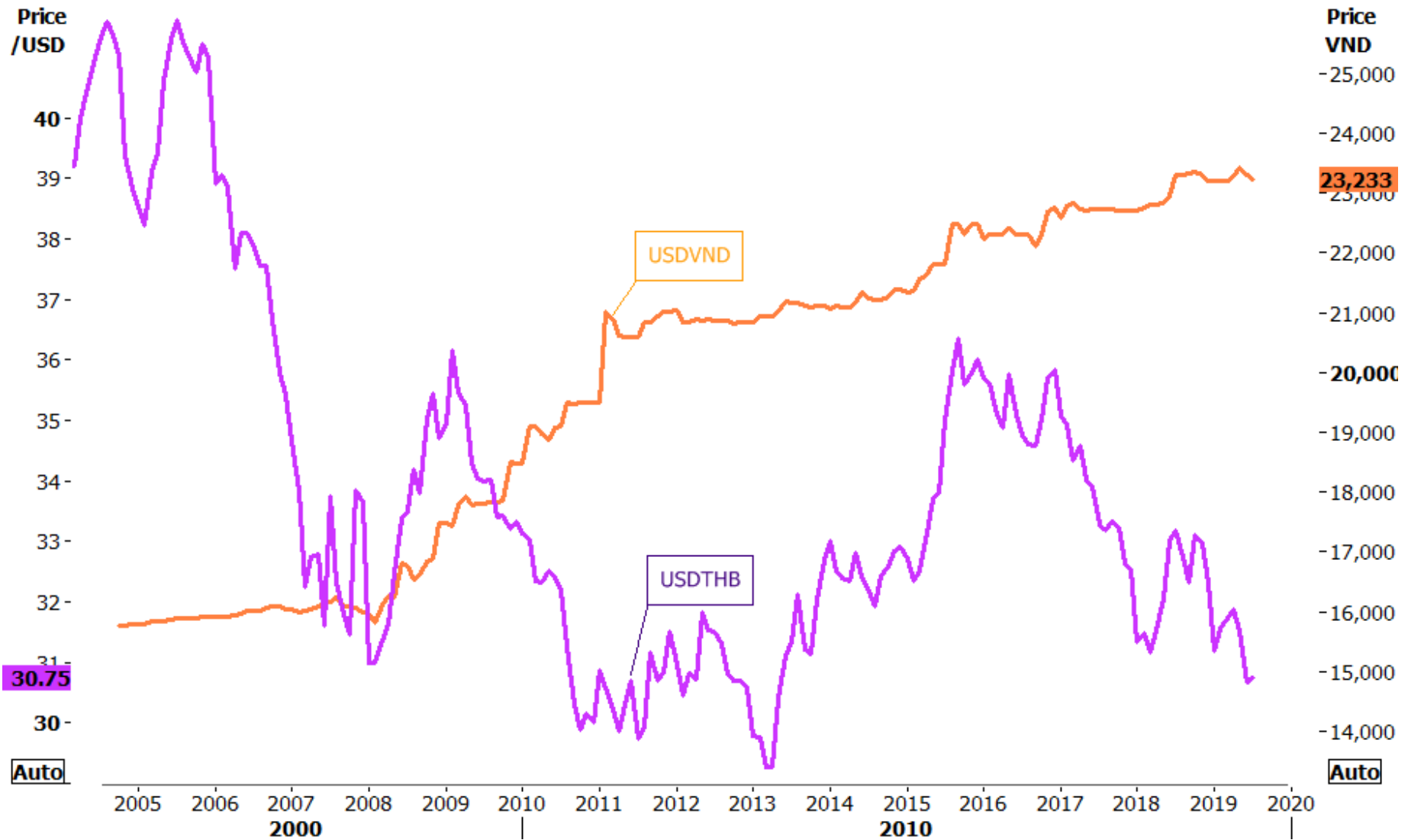
# USDVND vs XAUUSD



# USDVND



# USDVND vs USDTHB





# Financial Markets products

Instruments	Liquidity	Regulatory	Supporting document
FX spot	Good	No restriction on sale of FCY	Purchase of FCY requires supporting document
FX Forward/Swap	Good up to 6 mth		
FX option	Poor	Only non- VND products	Supporting document required
Cross currency swap	Poor		
Interest rate swap	Very poor		

# Siam Commercial Bank HCMC Branch

Mplaza Saigon, 39 Le Duan, D1, HCMC

