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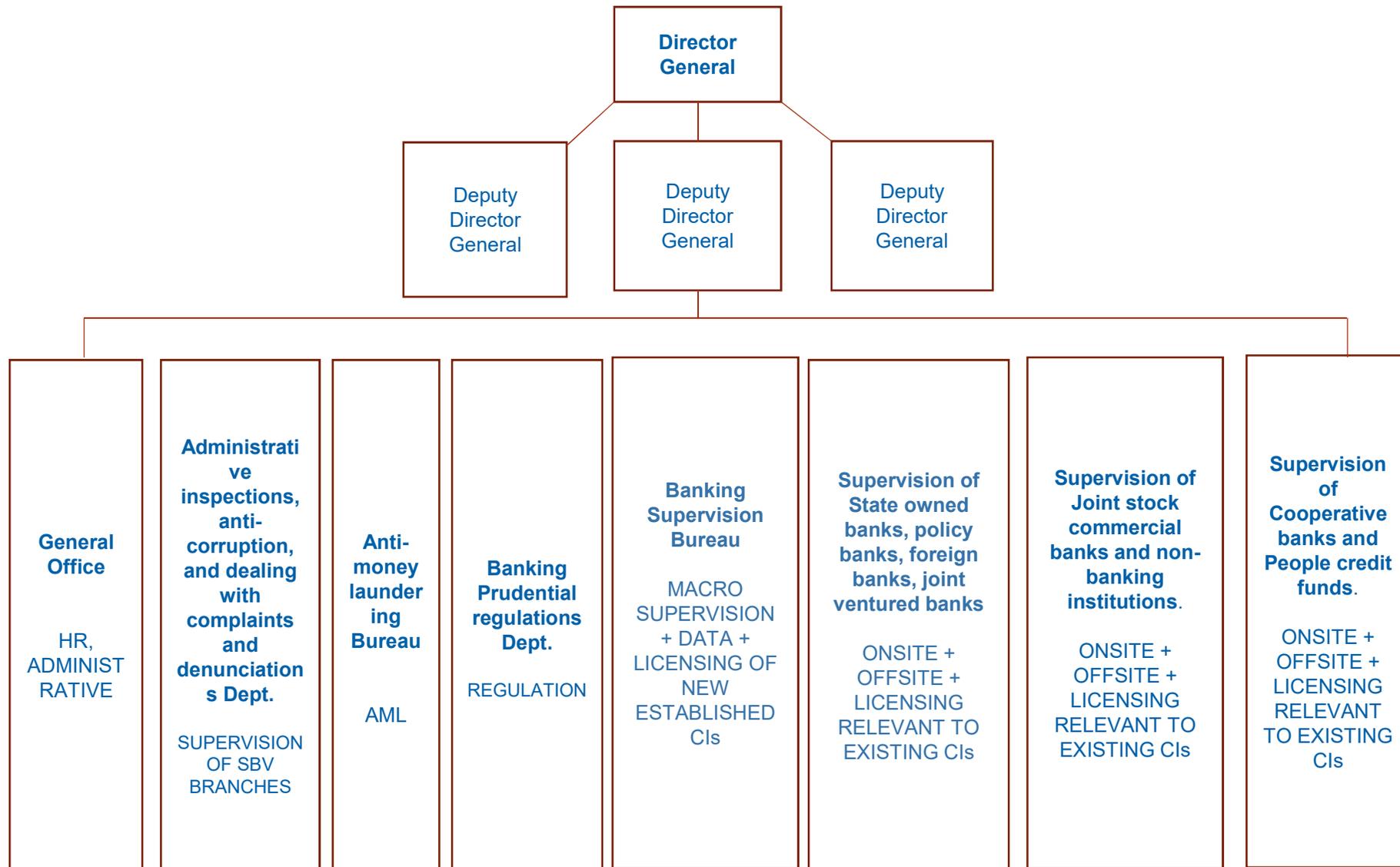
Agenda

- Overview of Banking Supervisory Agency (BSA);
- Overview of Vietnamese banking industry;
- Challenge of banking supervision in Vietnam;
- Future approaches by BSA, SBV;
- About myself.

Overview of Banking Supervisory Agency (BSA), SBV



- Organizational structure:



Overview of Banking Supervisory Agency (BSA), SBV



- **Functions:**

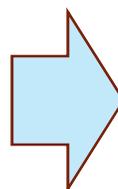
Banking Supervision Agency (BSA) is an agency belonged to the SBV. The BSA executes the function of advising and assisting the SBV Governor in making the state management of credit institutions and foreign bank branches, monitoring, resolution of complaints and denunciations, anti-corruption, anti-money laundering and deposit insurance; conducting administrative, specialized banking supervision in the areas under the SBV management; and implementing anti-money laundering and anti-terrorist financing in line with law and as assigned by the SBV Governor.

Overview of Vietnamese banking industry



Number of credit institutions:

- 45 commercial banks
 - ✓ **04 state-owned banks (at least 50% state ownership);**
 - ✓ **03 wholly state-owned banks (Compulsory transfer);**
 - ✓ 28 joint stock commercial banks;
 - ✓ 02 joint venture banks;
 - ✓ 09 foreign owned banks.
- 49 foreign bank branches;
- 26 non-bank credit institutions;
- 01 co-op bank;
- 01 policy bank;
- 01 development bank;
- 1.182 people credit funds (co-op credit institutions).



Major features (as of August 2020):

- State –owned banks are dominant the banking system in terms of size (total assets) = 41,2% as of 8/2020;
- Credit/private sector = 137,9% (as of 12/2019);
- Credit growth/year = 12% (as of 12/2019);
- Credit lending = ~65% total assets (as of 8/2020);
- NPL = 2,01% (as of 8/2020);
- CAR = ~13-17% (according to circular 22 and 41, respectively, as of 8/2020);
- ROA = 0.51% (as of 6/2020);
- ROE = 6.27% (as of 6/2020);
- LDR = 87,41% (as of 12/2019).

Challenge of banking supervision in Vietnam



1. Potential noncompliance and wrongdoing against banking law and regulations;
2. Credit quality and increased bad debts (concerns over NPL), especially through the Covid – 19 pandemic, low efficient mechanism for resolving bad debts;
3. Credit concentration on high risk industry (securities, real estate,...);
4. Credit concentration on certain large borrowers (government related or private corporations and their related companies...);
5. Remaining issues of cross-shareholding, influence of dominated large shareholders, related party lending;
6. Uncertain capacity of raising capital for some banks, CAR just above the minimum level;
7. Internal control, risk management and internal audit of some banks are not sufficient, causing potential bank risks;
8. More complicated banking products and service supported/implemented by high tech infrastructure;
9. Mechanism of exchange information and cooperation between licensing, inspection and supervision are not sufficient and efficient;
10. Dealing with weak banks: (i) those have potential to recover; (ii) those are under special control; (iii) those are already compulsorily transferred.

Future approaches by BSA, SBV



1. Complete and enhance legal framework (for those areas: NPL settlement, asset classification and provisioning, Basel II implementation, bank governance, dealing with weak credit institutions, early intervention, fin tech, e-banking and payment..); Beside, minimized the procedures for bank licensing.
2. Focus on dealing with weak banks (sell to strategic foreign investors, M&As, allow to go bankruptcy) and potentially high risk people credit funds; preventing negative impacts to the whole system;
3. Accelerate the progress of NPL;
4. Accelerate the progress of applying Basel II in the whole system;
5. Gradually shift from compliance-based supervision to risk-based supervision;
6. Enhance the quality and efficiency of supervision (onsite and offsite) of SBV branches in 63 provinces across the country;
7. Better cooperate with CIC, Deposit Insurance of Vietnam, MOF and other government inspection agencies in Vietnam;
8. Improve competency and experience of supervisors (training, technical support and assistance from FSA, JICA, WB, IMF, big four auditors...).



About myself

- Work as a deputy chief of the Banking Supervision Bureau
- My main duties include:
 - Developing and amending legal documents and regulations on banking operations, establishment and operation licensing of credit institutions, regulations on prudential limits, on loan classifications and loan loss provision, internal control systems...
 - Reviewing applications for licensing the establishment of foreign bank branches and 100% foreign owned banks in Vietnam.
 - Participating in assessing banks' Restructuring and bad debt Resolution Report;
 - Participating in designing, preparing and implementing financial sector development programs, applying international practices in banking operation;
 - Conducting training activities on licensing regulation and safety operation within BSA.



Thank you