
State Bank of Vietnam (SBV)

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Brief presentation

The State Bank of Vietnam was established in 1951. Until 1988 SBV played the role of a Central Bank, setting broad monetary policies and regulations, and the role of a commercial bank, carrying financial activities of a regular retail bank. Since 1988, and the reform of the financial system, the banking sector follows a regular two tiers system, with the establishment of specialised commercial banks. The law on the State of Bank of Vietnam (1998) clarifies the roles and responsibilities of the central bank.

Involvement in microfinance

SBV lends to state owned banks such as VBARD and VBSP, which conduct microfinance activities. It also directly supervises the People's Credit Funds system and issue individual licenses to new PCFs.

Regulatory framework

The Laws on Banking and Credit Institutions enacted in 1997-98 covers the operations of licensed banks and non-bank financial institutions (PCFs and credit cooperatives). SBV Banking Inspectorate Department (BID) is responsible for the inspections of all credit institutions covered by the law. The Cooperative Law (1996) provides a framework for the development of cooperatives, such as the PCFs. However, there is currently no comprehensive legal framework for microfinance services as they effectively fall outside the law on Credit Institutions.

In January 2000 SBV officially allowed the VWU to operate credit and savings schemes in pursuing its goal of poverty eradication. However, other social organisations are also mobilising saving without explicit legal support.

Since 2002, SBV has liberalised interest rates, except for the VBSP, however in practice only a few organisations apply market-based rates to cover their costs, due to informal and political pressures.

Distinctive features

Direct supervision of PCFs.

Sources

- The Role of the Asian Development Bank in Promoting the Development of Microfinance in Lao PDR and Viet Nam. 2003. Brett Coleman, ADB, November 2003.
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