



FACT SHEET



Banking and Financial Sector Management

Name of Programme:

Banking and Financial Sector Management

Budget:

SECO contribution
CHF 7.77 million (2007 – 2010)

Partners:

- State Bank of Vietnam
- State Securities Commission
- Bank Training Centre
- Mekong Housing Bank
- Banking Universities
- Vietnam Bankers Association

Ongoing Projects:

- Technical Assistance and Training Programme for the State Bank of Vietnam
- Bank Restructuring Workshops
- Capital Market Training
- Technical Assistance to the Banking Sector through the Bank Training Center
- Bank Directors Training
- Train-the-Trainers for the Vietnamese Banking Universities
- Technical Assistance to the Mekong Housing Bank

Background

Sound macro-economic conditions, including monetary policies, a strong and healthy banking system and well functioning financial markets, are basic conditions for development. Dynamic and well-regulated financial sectors have a critical impact on the effectiveness of economic policies, support the integration of developing countries into the world economy and contribute to the prevention of the emergence of major economic crises.

Vietnam embarked on a comprehensive banking reform programme with an overall aim to improve the regulation and supervision of banks, to enhance their transparency and accountability, to strengthen the financial health of the banking system, and to create incentives for banks to operate on a more commercially-oriented basis. The ambitious strategy of the State Bank of Vietnam for reforming the banking sector includes a modernization plan for the Bank itself, and a detailed plan to be implemented more widely in all relevant banking institutions to ensure the international integration of the banking sector (the so-called "Technical Assistance Roadmap").

For the last few years, the Swiss State Secretariat for Economic Affairs (SECO) has been accompanying the Vietnamese authorities along this process with an increasingly comprehensive technical assistance and training programme. Strengthening the financial sector and financial markets is an important pillar of SECO's cooperation programme in Vietnam, with its main aim of contributing towards more favorable framework conditions for private sector development. The current programme will be implemented between 2007 and 2010. It complements and builds upon successfully implemented previous phases based on the expressed needs of our Vietnamese counterparts.

Objectives

The overall goal of the Programme is to further assist Vietnam in building the professional and institutional capacity of important actors in the financial sector, in particular the State Bank of Vietnam, the State Securities Commission, bank training institutions and state-owned commercial banks, in areas relevant for the modernization and strengthening of the financial sector.



Approach

Switzerland's assistance to the financial sector in Vietnam is fully aligned with the State Bank of Vietnam's own strategy and represents an important contribution to its implementation.

It encompasses training and capacity building for the State Bank of Vietnam and financial sector regulators, as well as for the banking sector and capital markets in general, within four main components:

- Support the transformation of the State Bank of Vietnam into a modern central bank through the provision of technical assistance and training;
- Enhance and modernize training and capacity building programmes in the field of banking, finance and capital markets;
- Promote dialogue among different stakeholders of the financial sector, including an exchange of experience with international specialists;
- Develop the capacity of state-owned commercial banks as important intermediaries of the financial sector through training of their top management and by offering direct consulting support to selected institutions.

The programme covers a niche where SECO has a comparative advantage, as it is able to capitalize on the extensive network, expertise and experience of the Swiss financial sector. It creates synergies with other initiatives funded by SECO, in particular in the area of private sector promotion.

On-going Projects

• **Technical Assistance and Training Programme for the State Bank of Vietnam**


The aim of the project is to provide policy advice and assistance for the implementation of financial reforms, specifically for the transition to a more market-oriented monetary policy, and for the introduction of a human resource policy at the State Bank of Vietnam that is adapted to the needs of a central bank.

• **Bank Restructuring Workshops**

One of the key elements of Switzerland's technical assistance to the State Bank of Vietnam is a series of highly successful Bank Restructuring Workshops, held jointly by SECO and the Bank. They are a forum for Vietnamese bank executives, government officials with responsibilities related to the Vietnamese banking sector, educators, and others to discuss the most relevant issues related to the development of Vietnamese banks and the banking sector, and typically attract 70 – 100 participants. Topics are selected with a view to introduce the audience to some of the experiences of other transition countries in financial sector reform and other aspects of bank restructuring. Apart from the opportunity for exchanges about good practices in financial sector management, an overarching goal of the workshops is to promote dialogue between the regulators and the various stakeholders.

• **Capital Market Training Programme**

This project seeks to support the training centre of the State Securities Commission (SSC) in Hanoi, the major training institution not only for SSC staff but also for Vietnamese securities industry professionals and managers, on building fund management capacity and a domestic private banking industry. This is becoming an increasingly pressing task in Vietnam, where the domestic capital market is expected to serve as an important source of equity for the impending privatization process. The training intends to enhance the expertise of SSC's in-house trainers in several key disciplines, and add new areas of specialised knowledge in the domain of investment management. The programme covers many topics new to Vietnam but with a long tradition in Swiss banking.



- **Technical Assistance to the Banking Sector through the Bank Training Centre**

This project provides financial and technical assistance to the private sector banks in Vietnam through the Bank Training Centre (BTC). BTC aims to strengthen the range and quality of financial and banking services through targeted training programs for local financial institutions. Founded in 2001 by the IFC-managed Mekong Private Sector Development Facility (MPDF), BTC is now primarily owned by joint stock banks. It is privately managed while donors, including SECO, provide funding for programme development to improve the range and technical quality of training courses and to reinforce BTC's capacity to assess and address the evolving training needs of banking institutions.

- **Bank Directors Training**

In conjunction with the Vietnam Bankers Association, SECO is developing training for senior executives from the state-owned bank sector. The objective of the project is to train a selected group of 40 to 60 directors and senior executives from the state-owned banks in organizational reform and improved business and risk management practice, in order to accelerate change within financial service providers. Training will focus on senior executives and will address issues related to the transition to equitised ownership and effective management decision-making in the dynamic and more competitive banking environment.

- **Train-the-Trainers for the Vietnamese Banking Universities**

This project intends to improve the technical skills in major banking subjects of selected teaching staff in the Banking Academy in Hanoi and the Banking University in Ho Chi Minh City. Training under the project will impart new knowledge and skills to an expected 100 lecturers, which will enhance the capabilities of the two universities to better prepare those taking its courses to gradually build Vietnamese banking practice up to international standards. Specific training areas include: teaching methods for bank trainers, business strategy development and planning, risk management, lending process, credit management, marketing, commercial bank management, and investment management.

- **Technical Assistance to the Mekong Housing Bank**

Switzerland's technical assistance to the Mekong Housing Bank (MHB) has the overall goal of upgrading MHB's core banking functions, with the ultimate objective of improving its operating practice, organisation, and financial condition and performance in anticipation of equitisation. The project consists of extensive technical assistance to achieve improvements in key areas including: corporate strategy and planning, organisation and human resource development, credit and risk management, asset/liability management, management information systems, internal audit and controls. By strengthening the capacity of the MHB, the project will demonstrate best practices in banking management which will result in a wider impact in other banks.