

PRIME MINISTER-----
No: 986/QĐ-TTg**SOCIALIST REPUBLIC OF VIETNAM**
Independence - Freedom - Happiness-----
Hanoi, August 8, 2018**DECISION**
ON APPROVING THE STRATEGY FOR DEVELOPMENT OF VIETNAM BANKING INDUSTRY TO 2025,
ORIENTATION TO 2030-----
PRIME MINISTER*Pursuant to the June 19, 2015 Law on Government Organization;**Pursuant to the Law on State Bank dated June 16, 2010;**Pursuant to the Law on Credit Institutions dated June 16, 2010 and the Law amending and supplementing a number of articles of the Law on Credit Institutions dated November 20, 2017;**At the proposal of the Governor of the State Bank of Vietnam,***DECISION:****Article 1.** Approving the "Strategy to develop the banking industry in Vietnam to 2025, with orientation to 2030" with the following main contents:**I. VIEWPOINTS, OBJECTIVES****1. Perspective**

a) The monetary system, banking and activities of credit institutions are the lifeblood of the economy and continue to play an important role in the overall financial system of Vietnam. Operational stability of the credit institution system plays a key role in monetary and financial stability, is a prerequisite for macroeconomic stability and sustainable growth, and must be ensured. by the synchronous and effective coordination between monetary policy, fiscal policy and other macroeconomic policies, and the harmonious and balanced development of the banking, securities and insurance sectors.

b) Improving institutions in the monetary field, banking plays an important role in contributing to perfecting the institutions of a socialist-oriented market economy. The legal framework related to currency and banking must be in line with market principles, ensure the safety, soundness and stability of the system, enhance transparency, publicity, competition and appropriateness. with international best practices.

c) The system of credit institutions, including all economic sectors, is treated equally and competes according to the law, operates autonomously and takes self-responsibility. In which, domestic credit institutions play a key role in mobilizing and allocating credit capital, providing banking products and services for the socio-economic development of the country. country.

d) The State, through the role of the State Bank, creates a stable and safe monetary and banking business environment, encourages healthy competition, ensures discipline, discipline and respect for the rule of law. laws and respect the laws of the market. The state intervenes mainly with market instruments, or through state financial resources; create all favorable conditions for the private sector to develop on the basis of compliance with the law. The State only intervenes directly in the money market and banking operations when there is a risk of instability in the money market, a threat to the safety of the system, and a threat to economic stability. macro.

d) Timely seize opportunities and challenges from the impact of the industrial revolution to guide the operation of the banking industry. Deeply aware of the application of modern science and technology and innovation, coupled with the development of high-quality human resources, are the key and key components for rapid and sustainable development, improving the competition, shortening the gap in development level of Vietnam's banking industry compared with the region and the world.

2. Goals**a) Overall goal**

Modernize the State Bank of Vietnam (hereinafter referred to as the State Bank for short) in the direction of: having a reasonable organizational model and a synchronous, effective and efficient operating mechanism, in line with the market mechanism. socialist-oriented school with full legal standing and accountability; implementing the priority objective of controlling inflation, contributing to stabilizing the macro-economy, promoting sustainable growth; ensure the safety and soundness of the system of credit institutions, play a key role in ensuring financial stability; performing the role of supervising payment systems, being the payment and settlement center for payment systems and financial and monetary transaction systems in the economy.

To develop the system of credit institutions in the following direction: domestic credit institutions play a key role; transparent, competitive, safe and effective operation; diversified structure in terms of ownership, scale and type; on the basis of advanced technology and banking management, in line with operational standards in accordance with international practices, towards the development level of the group of 4 leading countries in ASEAN by 2025; dynamic

and creative to adapt to the process of liberalization and globalization; meeting the economy's growing demand for financial and banking services, moving towards financial inclusion by 2030, ensuring that all people and businesses have the opportunity to fully and conveniently access financial services. quality banking and financial services, making positive contributions to sustainable development.

b) Specific goals

- Gradually increase the independence, initiative and accountability of the State Bank for the objectives of monetary policy management and inflation control at a level consistent with socio-economic development orientations in each period. , support macroeconomic stability, promote the goal of sustainable economic growth.

Gradually reduce the ratio of foreign currency credit/total credit, striving for the ratio of foreign currency deposits/total means of payment to be below 7.5% by 2020 and 5% by 2030; proceed to stop lending foreign currency so that by 2030 at the latest, basically overcome the dollarization in the economy.

- Strengthening the institutional capacity, effectiveness and efficiency of banking inspection and supervision of the State Bank; expanding the scope of inspection and supervision to financial groups in the form of parent - child companies, in which the parent company is a credit institution; By the end of 2025, banking inspection and supervision will largely comply with Basel's principles of effective banking supervision.

- Promote the development of non-cash payments, optimize ATM and POS networks. By the end of 2020, the proportion of cash on total means of payment will be less than 10%; By the end of 2025, the proportion of cash in total means of payment will be less than 8%.

- Increasing the number of businesses and people accessing financial and banking services provided by credit institutions. Focus on developing appropriate types of services to serve the population groups that have not or have little access to traditional banking services in rural, remote areas, and areas with difficult socio-economic conditions. towel.

- Develop a system of credit institutions suitable to socio-economic conditions and the current situation of the system in each period:

Period 2018 - 2020:

+ Continue to restructure the system of credit institutions with a focus on fundamentally and thoroughly dealing with bad debts and weak credit institutions by appropriate forms according to the market mechanism on the principle of caution. important, ensuring the interests of depositors and maintaining the stability and safety of the system; reduce the number of weak credit institutions in order to have a suitable and healthy number of credit institutions;

+ Continue to make the financial situation healthy, improve the governance capacity of credit institutions in accordance with the law and in accordance with international practices; step by step handle and eliminate cross-investment, cross-ownership and manipulative and dominant ownership in relevant credit institutions; accelerate the divestment of capital outside the industry of commercial banks.

+ Striving to the end of 2020:

Basic commercial banks have their own capital according to Basel II standards, of which at least 12 - 15 commercial banks have successfully applied Basel II standard method or more; have at least 1 to 2 commercial banks in the top 100 largest banks (in terms of total assets) in Asia;

Increase the proportion of income from non-credit service activities in the total income of commercial banks to about 12 - 13%; complete the listing of shares of joint-stock commercial banks on the Vietnamese stock market; raise the legal capital level for people's credit funds;

Bring the ratio of bad debts on the balance sheet of credit institutions, bad debts sold to VAMC and debts that have implemented debt classification measures to less than 3% (excluding weak commercial banks that have been approved by the Government). approval of the treatment plan).

Period 2021 - 2025:

+ Further improve competitiveness, increase transparency and comply with international standards and good practices in governance and operations of credit institutions;

+ Striving to the end of 2025:

There are at least 2-3 commercial banks in the top 100 largest banks (in terms of total assets) in Asia and 3-5 banks with shares listed on foreign stock markets;

All commercial banks apply Basel II according to the standard method, piloting the application of Basel II according to the advanced method at the State-owned commercial banks holding dominant shares and joint-stock commercial banks with good governance quality has completed the application of Basel II according to the standard method;

Increase the proportion of income from non-credit services in the total income of commercial banks to about 16 - 17%;

Bad debt of the whole system of credit institutions is less than 3%.

- Increasing the efficiency of credit capital allocation to serve the requirements of socio-economic development; promote the development of "green credit", "green bank" to contribute to the transformation of the

economy towards green growth, low carbon emissions, adaptation to climate change; increase the proportion of bank credit capital invested in renewable energy, clean energy, low-carbon production and consumption industries. Integrate contents on sustainable development, climate change and green growth in credit loan programs and projects.

- Gradually raise Vietnam's position in international forums and organizations on monetary and banking, serving the development of the banking industry, in line with the requirements of international integration.

II. MAIN TASKS AND SOLUTIONS

1. Completing the legal framework on currency and banking on the basis of fully complying with the laws of the market economy, in line with international practices and meeting integration requirements

- Review and finalize the Law on the State Bank of Vietnam and related regulations on the tasks and powers of the State Bank, ensuring that the State Bank both strengthens its independence and proactiveness in administrative management. monetary policy, while ensuring its role as a government agency; consolidate and improve the banking sector's capacity, ensuring that after 2020 the banking market will basically operate on market principles;

- Review and assess the impact and effectiveness, thereby amending, supplementing and promulgating regulations related to monetary stability in the direction of: ensuring the implementation of monetary policy in accordance with the objective of controlling inflation. , effective coordination between monetary policy and fiscal policy and other policies. Adjust interest rates in line with macroeconomic, inflation and money market developments. Managing exchange rates flexibly, in line with market movements, macroeconomic, monetary balances and monetary policy objectives;

- Building a system of standard indicators to assess the stability and safety of the money market;

- Summarizing and evaluating the implementation of the 2005 Ordinance on Foreign Exchange and the Ordinance amending the Ordinance on Foreign Exchange 2013; on that basis, continue to perfect the legal framework on foreign exchange management for capital transactions, current transactions and other economic relations related to foreign exchange;

- Completing the legal framework defining the State Bank's responsibilities in inspecting and supervising financial groups in the form of parent-subsidiary companies, in which the parent company is a credit institution; to act as a focal point and coordinate with relevant agencies to advise the Government on building a legal framework for financial groups;

- Identify the central role of the State Bank in promoting financial stability; Legalize the financial stability function of the State Bank, and step by step perfect the legal framework for macro-prudential supervision of the financial system;

- Study the model of consolidated supervision of the financial system in line with international practices and Vietnam's practice, and report to the Prime Minister;

- Review, supplement and complete regulations on ensuring the safety of banking operations, licensing, inspection, supervision and post-inspection and supervision handling in accordance with international practices and regulations. practical facts of Vietnam; strengthen accountability, increase publicity and transparency in the administration and operation of credit institutions, in line with the requirements of the restructuring of credit institutions in each period;

- Issue a roadmap to guide and implement Basel II; formulating criteria, classification and ranking of credit institutions, clearly identifying healthy credit institutions, weak credit institutions, and credit institutions of systematic importance; and review and perfect the appropriate management and supervision mechanism for each type;

- Develop a mechanism to support designated credit institutions to receive and manage weak credit institutions and credit institutions participating in restructuring; building a risk early warning system, a mechanism for dealing with systemic crises and handling high-risk credit institutions, ensuring the right of the State Bank to intervene to protect the safety of the system. and safe deposit of people; amending and supplementing regulations on strengthening the handling of cross-ownership, preventing the abuse of governance, management and major shareholder rights to manipulate the operations of credit institutions; perfecting the legal framework on merger, consolidation and bankruptcy of credit institutions;

- Research, amend and complete regulations on foreign investors buying shares of Vietnamese credit institutions in the direction of increasing the foreign ownership ratio for each type of organization. credit in accordance with signed international commitments in order to increase the mobilization of foreign investors' resources in terms of capital, technology and governance; at the same time encourage foreign investors to participate in handling weak credit institutions;

- Amending and supplementing a number of articles of the Law on prevention and combat of money laundering;

- Researching, developing and promulgating the Law on payment systems, in order to strengthen the management and supervision of the payment system in the economy to ensure safety, in line with the reality of Vietnam based on standards and practices. internationalization and enhance the State Bank's role in state management in payment;

- Perfecting institutions and policies, creating favorable conditions for credit institutions to provide a full and diversified range of financial products and services, especially non-credit banking products and services. modern

services based on the application of digital technology, meeting the increasing needs of the economy;

- Review, amend, supplement and issue new legal documents on electronic money.

2. Strengthening the institutional capacity, enhancing the position, autonomy and accountability of the State Bank

a) Restructure the State Bank's organization towards leanness, high specialization, effectiveness and efficiency in management and administration:

- Continue to review, rearrange, consolidate and reorganize the Departments and Departments under the Head Office of the State Bank to focus on management and administration according to operational blocks, ensuring smooth and effective requirements. fruit; step by step in line with international practices and standards;

- To step by step rationally and effectively organize the cash supply; counting, classifying, preserving and transporting cash in the banking industry and developing a network of treasury service providers in the direction of approval for credit institutions or enterprises operating in the field of cash supply. provide this service; improve the responsibility of credit institutions in cash management and vault safety;

- Continue to strengthen the role of the National Credit Information Center (CIC), improve the quality of personal and business information, and support credit institutions to access adequate information to provide services. effective, safe; strictly implement the approved scheme on development of the National Credit Information Center to 2015, with orientation to 2020; increase investment, upgrade information infrastructure so that CIC becomes a reliable credit information channel, serving the policy making of the State Bank and supporting credit institutions to prevent and limit risk reduction;

- In the 2018-2020 period, the State Bank shall assume the prime responsibility for, and coordinate with concerned ministries, branches and localities in, reviewing and evaluating the operational efficiency of the State Bank system's branches in provinces and cities; in the period of 2021 - 2025, continue to be streamlined, effective and efficient, in line with the requirements of administrative reform and financial service provision; after 2025, forming a regional State Bank.

b) Strengthening the role of the State Bank in monetary and financial stability, increasing autonomy and accountability. Continue to improve the management capacity of the State Bank in accordance with international standards and practices.

c) Develop and promulgate a mechanism to clearly define the functions, tasks and powers of the State Bank as the state management agency in the banking sector and the role of the representative of the equity owner. water at credit institutions, and state-owned enterprises in which the State Bank acts as the representative of the owner; strengthen the management and supervision of the state capital portion in credit institutions and state-owned enterprises in which the State Bank acts as the owner's representative; consolidating and perfecting the mechanism of state capital representatives in state-owned commercial banks holding controlling shares and having state capital, enhancing the responsibility and efficiency of the representative's operations, maintaining, ensuring the mechanism of information exchange, reporting and authorization in accordance with the provisions of law and the operation situation of the credit institution.

d) Creating a breakthrough in administrative procedure reform; in which focus on enhancing the application of information technology, modernizing public administrative services to save time and costs in carrying out administrative procedures for organizations and individuals.

3. Renovating monetary policy framework, foreign exchange and gold management

a) The monetary policy framework aims at controlling inflation, stabilizing the value of money, contributing to maintaining macroeconomic stability, creating conditions to improve the efficiency of deposits and allocate capital in the economy, promote sustainable economic growth; increasing the independence of the State Bank in conducting monetary policy.

Operating monetary policy gradually changed from operating according to the volume of money to mainly operating according to price; using indirect tools, gradually removing administrative measures on interest rates when conditions permit; continue to operate open market operations in the direction of being the main tool to regulate the available capital of credit institutions, in order to achieve monetary policy objectives in each period.

b) Renovate the foreign exchange management framework towards:

- Continuing to implement the managed floating exchange rate regime, operating the exchange rate with a greater degree of flexibility, keeping abreast of the developments of the domestic and international financial markets, and at the same time ensuring compliance with the current balances. macroeconomic, monetary and monetary policy objectives in each period. Continue to take measures to increase the soundness and efficiency in the operation of the foreign currency market, increase the use of derivatives to hedge exchange rate risks;

- Renovate the management of the State's foreign exchange reserves in accordance with international practices and the size of foreign exchange reserves in each period, ensuring the harmony of safety, liquidity and profitability objectives. Strengthening analysis and forecasting to develop structure, standards and limits for investment in the State's foreign exchange reserves suitable to the international and domestic contexts in each period; establish an independent unit under the State Bank to manage investment in foreign exchange reserves when foreign exchange reserves reach a certain size;

- Coordinate synchronously with monetary policy solutions to stabilize the foreign exchange market, striving to gradually increase the size of the State's foreign exchange reserves in line with actual conditions;

- Implement synchronously measures towards basically eliminating dollarization of the economy by 2030; limit lending in foreign currency, gradually shift the relationship of capital mobilization and foreign currency lending between credit institutions and customers to foreign currency trading relationship to ensure foreign currency liquidity and increase foreign exchange reserves; implementing the Project on liberalizing capital transactions in line with Vietnam's roadmap for the implementation of international commitments approved under the Prime Minister's Decision No. 1590/QĐ-TTg dated August 11, 2016 government.

c) Renovate the framework of gold market management in order to realize the goal of sustainable development of the gold market, limit the yellowing situation, support the management of monetary policy and stabilize the macro-economy.

d) Innovating and improving the quality and efficiency of monetary statistics, predictive analysis, strengthening the application of information technology, perfecting the software program for statistical reporting, analysis and digital processing. Statistical data, ensuring timely and accurate statistical data and products, analysis and forecasts, in line with international practices, effectively serving the direction and administration; improve the mechanism for collecting and sharing information within the banking sector, as well as with agencies outside the industry, ensuring policy coordination between the State Bank and the Ministry of Finance and the Ministry of Planning and Investment. , Ministry of Industry and Trade in order to create synchronization and consistency between monetary policy, fiscal policy and other macro policies in the process of macroeconomic management of the Government.

dd) Develop a stable and transparent money market in line with the orientation and roadmap for restructuring the financial market, ensuring a suitable and harmonious market structure with the capital market and the insurance market. .

- Transparency and increase the quality of information disclosed in the money market to improve the confidence of investors and depositors; building an information system to manage interbank money market operations to support the State Bank's operations and the needs of credit institutions;

- Improve the quality of financial statements and annual reports of credit institutions, in which information is complete and accurate, including non-financial information such as ownership structure, operations executive management.

4. Development, management and supervision of important payment systems in the economy

a) Restructure the inter-bank electronic payment system towards centralization and modernity, acting as the national backbone payment system, performing the role of the payment center of the State Bank, serving the service for the high value payment system, interbank multi-currency payment... and connect with other payment systems in the economy.

b) Building and developing an automatic electronic clearing system for retail payment transactions and card transactions to provide electronic switching and clearing services through payment means, other payment services, and other electronic clearing services. Payment services and different payment channels, batch and real-time payments, operating 24/7, serving many different audiences.

c) Completing the internal payment systems of banks to ensure smooth connection and automation when connecting to the Automated Electronic Clearing System for retail payment transactions and the Payment System. Interbank electronic payment of the State Bank of Vietnam to serve the payment needs of many subjects such as credit institutions, businesses, individuals, Government agencies.

d) Improve the supervision function of the State Bank of important payment systems in the economy, in accordance with the supervision standards according to the principles set forth by the Bank for International Settlements (BIS) and the International Organization for International Settlements. International Securities Commissions (IOSCO) develop and ensure national payment systems operate safely, efficiently and smoothly; effectively supervise cross-border payment activities, international payments; supervise the supply of new payment facilities and services; research and develop a strategy for the development of payment and settlement systems by 2025, with a vision to 2030.

dd) Formulate and promulgate the development strategy of Vietnam National Payment Joint Stock Company to 2025, with orientation to 2030.

5. Strengthening the effectiveness and efficiency of the banking inspection and supervision system, in line with international practices and standards

a) Completing the organizational model of the banking inspection and supervision agency in line with the roadmap for reforming the organizational model and operating mechanism of the State Bank:

- To perfect and renovate the organizational model of banking inspection and supervision in the direction of: Ensuring the uniform direction of inspection and supervision activities of the banking inspection and supervision agency to the inspection units. supervise banks locally, avoid overlapping or omission of duties; building a mechanism for decentralization, decentralization, clear and transparent division of responsibilities, coordination mechanism, information sharing, reporting process, internal direction and management of inspection and supervision agencies. banks as well as between the banking inspection and supervision agency and units of the State Bank; to form a unit under the banking inspection and supervision agency responsible for managing, inspecting and supervising the

operation of credit institutions of systematic importance and a specialized unit to advise the Governor of the Bank. the State Bank in the state management of the operation of the system of cooperative credit institutions;

- Strengthening cooperation and information sharing between banking inspection and supervision agencies and law enforcement agencies and functional agencies in inspection and supervision of the financial system to ensure the safety of the financial system. ensure safety and stability of the financial system.

b) Renovating inspection and supervision methods:

- Continue to innovate inspection work in the direction of: Fast and strong shift from compliance inspection to risk-based inspection, closely linked with risk-based supervision, step by step uniform application in the field of inspection. the whole system of credit institutions, foreign bank branches; strengthen the comprehensive inspection of legal entities of credit institutions;

- Continue to innovate supervision in the direction of: Improving the effectiveness of micro-safety supervision and macro-safety supervision on the basis of deploying new risk monitoring tools and methods associated with to step up the application of information technology; improve the State Bank's early warning capacity for potential systemic risks and prevent the risk of violations of banking laws by credit institutions and foreign bank branches; closely coordinate supervision with inspection, licensing and promulgation of regimes and policies.

c) Increase investment in technology to support banking inspection and supervision.

d) Develop a mechanism to control cadres at the same time with an appropriate mechanism to protect cadres, limit legal risks for officials and civil servants engaged in inspection and supervision work in the banking industry.

dd) Strengthening the quality of inspection and supervision of financial groups in the form of parent-subsidiary companies, in which the parent company is a credit institution; control the connection between credit institutions and financial institutions within the scope of inspection and supervision of the State Bank.

6. Developing modern banking products and services, creating a basis for improving access to banking services

a) Diversify banking service supply channels:

- Reasonable expansion of the traditional channel network in combination with promoting the development of modern banking transaction channels (E-banking, mobile banking, internet banking...) through the application of technical advances;

- Continue to develop and streamline the nationwide ATM and POS network to ensure efficiency and better meet the needs of the market; encourage banks and other organizations to invest in and expand ATM networks to rural areas where it is difficult to access the bank's transaction points; research and apply a number of ATM machines with modern features; develop and implement a plan to develop bank card payment via card-accepting devices in the period of 2018 - 2020;

- Encourage cooperation in a healthy competitive relationship between banks and financial technology organizations (Fintech), non-banking organizations, microfinance institutions, people's credit fund system to develop agent network for banks at low cost; create an appropriate legal environment for the development of safe and effective financial technology organizations; promulgating standards for connection between credit institutions with each other and between credit institutions and financial technology institutions;

- Having a policy to expand cash access points and new, modern, convenient, affordable, easy-to-use payment methods suitable for a wide range of people, especially citizens. in rural, remote, and economically disadvantaged areas on the basis of using the existing network of credit institutions, postal networks and networks of payment intermediary service providers. , some other institutions are not banks.

b) Improve the quality and diversify banking products and services:

- Improve the quality of products and services in the direction of improving service attitudes, innovating processes and procedures, and increasing the application of information technology, saving time and costs, and better meeting the needs of customers. customers on the basis of compliance with legal regulations, contributing to promoting production and business development.

- Focus on developing banking products and services based on modern information technology, capable of meeting the needs of those who have not been or are not served by the bank; develop microfinance products that are flexible, have a simple and easy-to-understand structure, suitable to the needs of the majority of people, especially people in rural, remote and controlled areas. difficult socio-economic conditions; develop products and services for trade credit, credit for enterprises participating in the value chain;

- Developing many value-added services on the banking service supply channel from bank cards; develop a domestic chip card standard and implement a plan to convert from magnetic cards to chip cards in Vietnam with an appropriate roadmap to ensure security and safety in card payments, and facilitate connection with other systems. other payments;

- Continue to invest in infrastructure, strongly develop electronic payment methods such as online banking, Internet payment, mobile phone, contactless payment and accept contactless payment, mobile contactless payment, payment via QR Code, Tokenization,...; applying new and advanced security measures and security standards in line with the world's payment trends, ensuring fast payment, security, safety, convenience and reasonable cost.

c) Develop e-payments for e-commerce in the direction of perfection, strengthening the connection between the e-payment infrastructure of the banking system and the payment infrastructure of the units to better meet the requirements of the banking system. demand for electronic payment in e-commerce, at retail points and pay bills for goods and services online.

d) Formulate and implement the National Strategy on Financial Inclusion.

dd) Implement green banking activities through increasing awareness and responsibility towards the environment and society of the banking industry in business; strengthen the capacity of credit institutions to develop products that mobilize and lend credit to renewable energy, clean energy, low-carbon production and consumption industries to contribute to environmental protection, improve the efficiency of the use of resources and energy.

7. Develop a system of credit institutions capable of competing in the domestic market, gradually improving international competitiveness

a) For commercial banks, non-banking credit institutions (financial companies, consumer finance companies and financial leasing companies):

Period 2018 - 2020:

- Strengthening and improving financial capacity: Increasing capital and improving the quality of own capital of commercial banks and non-banking credit institutions, ensuring that the charter capital is not lower than the capital level. regulations and fully meet the minimum capital adequacy ratio as prescribed by law and international standards; actively and proactively implement synchronously and drastically solutions to control credit quality, reduce bad debts, and improve asset quality;

- To strongly transform the business model of commercial banks in the direction from "credit monoculture" to a model of diversifying non-credit banking products and services; nâng of high specialization, professionalism in providing products and services of electronic banking; increase exports of financial services; continue to review and consolidate key business activities; divestment of investment capital outside the industry, in the non-financial sector, with many risks; give priority to granting credit to important and key sectors and fields of the economy, contributing to promoting economic restructuring;

- Improve governance, administration and transparency in credit institutions' operations: Improve and apply a risk management system in line with Basel Committee principles and standards and roadmap applying Basel II in Vietnam; complete and apply regulations on banking governance in line with international practices; develop a team of banking executives and managers with high professional qualifications, a sense of law compliance, ethics and a good sense of professional responsibility; diversify shareholder structure; require credit institutions to publicly, transparently and accurately disclose information on business strategy, ownership, financial situation, management structure, risk management and corporate governance in accordance with regulations. of the law and in accordance with international practices;

- Modernize information technology systems and internal payment systems of commercial banks; upgrade the core banking system in accordance with the size and complexity of operations and the management and administration requirements of the credit institution; increasing the application of information technology in operating and managing, analyzing and preventing risks; at the same time invest and have appropriate solutions to ensure information technology security;

- State-owned commercial banks play the role of the main force in terms of scale, market share, and market regulation ability; taking the lead in applying modern banking technology, advanced management capacity, proactive international integration; actively participate in restructuring weak credit institutions under the direction of the State Bank.

For State-owned commercial banks (excluding Bank for Agriculture and Rural Development of Vietnam): Increase charter capital to ensure capital adequacy ratio in accordance with Basel II standards, ensuring the dominant role of the State in State-owned commercial banks, in which the State holds at least 65% of the total voting shares; select strategic shareholders who are reputable in the market, have financial capacity and management experience; prepare preconditions, proceed to list shares on foreign stock markets.

For the Vietnam Bank for Agriculture and Rural Development: To play a leading role in the field of agricultural and rural credit; restructured according to the model of a multi-purpose commercial bank; implement equitization at an appropriate time and ensure that the State holds at least 65% of charter capital;

- Continue to consolidate, reorganize and restructure joint-stock commercial banks and non-banking credit institutions to strengthen and improve financial capacity in terms of scale, quality and efficiency. ensure system safety; conducting business according to the market mechanism, publicity and transparency, fully meeting the standards of governance and safety of banking operations in accordance with the law and approaching international practices;

- To encourage and create conditions for healthy credit institutions or potential foreign investors to participate in the restructuring of joint-stock commercial banks and weak non-banking credit institutions; promoting the merger and acquisition on a voluntary basis of credit institutions to form large-scale institutions with better governance;

- Continue to create conditions for foreign credit institutions to do business and compete equally with Vietnamese credit institutions; encourage foreign credit institutions to participate in supporting and dealing with difficulties and weaknesses of domestic credit institutions; encourage foreign credit institutions to take the lead in developing and applying modern technologies, bringing new products and services to the Vietnamese market;

assisting domestic credit institutions in accessing new processes, products and technologies to meet the increasingly diverse needs of customers' products and services.

Period 2021 - 2025:

- Comply with international standards and practices in the management and operation of credit institutions at a higher level; continue to improve and implement sound internal policies and procedures; review, evaluate, supplement and modify advanced management and administration methods based on international standards and practices and in accordance with the provisions of Vietnamese law; summarize the implementation of Basel II according to the standard method; applying Basel II by advanced method to the system of commercial banks according to the roadmap issued by the State Bank;

- Continue to modernize the technology system, increase the application of information technology in operating and managing, analyzing and preventing risks; continue to invest and have appropriate solutions to ensure information technology security;

- Continue to apply measures to diversify the shareholder structure, creating conditions for the formation of large, important banks in the system and in the region;

- Credit institutions actively develop/adjust business strategies to suit the new period; in which a clear service development strategy is planned, focusing on developing modern service delivery channels, applying digital technology; diversify banking products and services, strongly develop non-credit service channels to increase the proportion of income from non-credit service activities and commit to actively and effectively participate in financial implementation overview;

- State-owned commercial banks continue to play the role of the main force in terms of scale, market share, and ability to regulate the market; taking the lead in implementing and applying Basel II according to advanced methods and international integration; ensure the State ownership rate at 51%; listing shares on foreign stock markets (especially for Bank for Agriculture and Rural Development of Vietnam, listing its shares on the domestic stock market);

- Joint stock commercial banks ensure the conditions of capital, database and human resources to fully apply Basel II according to the standard method; select a joint stock commercial bank that has completed the application of Basel II according to the standard method and has good governance quality to pilot Basel II according to the advanced method; encourage joint-stock commercial banks eligible to list on foreign stock markets;

- Developing various types of non-banking credit institutions in line with international practices and Vietnam's practice;

- Foreign credit institutions continue to pioneer in the development of banking services, creating a competitive environment, contributing to promoting the development of domestic credit institutions.

b) For the type of credit institutions being cooperatives and microfinance institutions:

- For the type of credit institution being a cooperative:

+ Period 2018 - 2020:

For the Cooperative Bank: Enhance the role and responsibilities of the Cooperative Bank in regulating capital, inspecting and monitoring the use of loan capital and the borrower's ability to repay loans; guiding and training in banking and information technology, supporting banking activities for member people's credit funds; participate in handling of member people's credit funds facing difficulties or showing signs of unsafety in their operations;

For people's credit funds: Continue to comprehensively reorganize and strengthen the finance, administration and operation of the existing people's credit funds in parallel with the steady expansion of new people's credit funds in Vietnam. countryside; The main scope of activities of people's credit funds is to mobilize capital and lend to members in the locality, especially in rural areas, in order to mobilize local resources to contribute to the development of the local economy. methods, hunger eradication, poverty alleviation and usury reduction; to ensure that the people's credit fund operates on the principle of voluntariness, self-reliance and self-responsibility for the results of its operations and mainly aims at mutual assistance among its members; people's credit funds must operate and comply with the provisions of the Law on Credit Institutions and the Law on Cooperatives; formulating and implementing a project on consolidating and developing the people's credit fund system to 2020 and orientation to 2030 in order to ensure people's credit funds operate safely, effectively and sustainably; gradually bring the system of cooperative credit institutions to become one of the foundations in monetary, credit and banking activities in the agricultural and rural areas.

For the People's Credit Fund Association: Consolidate and consolidate the organization and operation of the People's Credit Fund Association to meet the requirements of performing the function of the focal point linking the people's credit fund system, representing general interests and development orientation for people's credit funds; at the same time, coordinate with the Cooperative Bank in implementing training for people's credit funds and establishing an independent audit organization for people's credit funds in accordance with law.

+ Period 2021 - 2025:

For the Cooperative Bank: Complete the construction of the Cooperative Bank into the Bank of all people's credit funds with the main objective of linking and ensuring the safety of the system through supporting finance and supervise the operation of people's credit funds; principal activities are capital regulation, implementation of banking

activities and management and operation of the Fund to ensure system safety for members being people's credit funds; research and build an independent credit appraisal center to assist in improving the credit quality of member people's credit funds.

For people's credit funds: Continue to apply solutions to ensure people's credit funds operate in accordance with the principles, purposes and principles of the type of cooperative credit institution, in which improving mutuality and linkage among members; focusing on the goal of supporting the development of production, business and services, and improving the lives of members, serving the local community; continue to perfect the structure and administration apparatus, invest in facilities, perfect the information technology system, diversify and modernize products and services in line with international practices. and the specificity of the type of credit institution being a cooperative to better serve its members, to study and establish links between professional people's credit funds and between professional people's credit funds. with other people's credit funds, between professional people's credit funds and the Cooperative Bank.

For the People's Credit Fund Association: To perfect the organization and operation model of the People's Credit Fund Association to coordinate with the Cooperative Bank to perform well the function of the focal point of the organizational system. credits being cooperatives for members' people's credit funds; contribute to support and ensure the stable operation of the people's credit fund system, safe and sustainable development.

- For microfinance institutions:

+ Period 2018 - 2020: Building and developing a safe and strong microfinance system in line with market orientation; ensuring access to quality financial services for micro enterprises, poor households and low-income people; enhance economic development opportunities for people; implement the Party and State's policy on ensuring social security and sustainable poverty reduction; synchronously implementing the Project "Building and developing the microfinance system in Vietnam until the end of 2020" approved by the Prime Minister in Decision No. 2195/QD-TTg dated December 6, 2011; create favorable conditions for the establishment and operation of microfinance institutions and microfinance programs and projects, and at the same time have a management and supervision mechanism suitable to the characteristics of financial activities. micro key; develop specific policies to facilitate the linkage between the activities of various types of credit institutions with the activities of microfinance institutions.

+ Period 2021 - 2025: Continue to have mechanisms to encourage and support the development of microfinance institutions, increase the number of microfinance institutions to increase accessibility to customer services and support support the implementation of the National Strategy for Financial Inclusion.

8. Completing the model of other financial institutions operating in the banking sector

a) For the Bank for Social Policies:

- Concentrating on unifying policy credit function from commercial banks to Social Policy Bank; develop the Social Policy Bank into an organization capable of self-reliance and stable long-term development, while maintaining its role as a public financial institution implementing the Government's social policies; focus on areas where market-based financial institutions cannot or only partially meet;

- Period 2018 - 2020: Organize the effective implementation of objectives, tasks and solutions to implement the Development Strategy of the Bank for Social Policies for the period 2011 - 2020 approved by the Prime Minister in Decision No. No. 852/QD-TTg dated July 10, 2012;

- On the basis of summarizing and evaluating the results of implementation of the Development Strategy of the Bank for Social Policies in the period of 2011 - 2020, research and develop a development strategy for the period of 2021 - 2030 and submit it to the Prime Minister for approval. .

b) For VAMC:

Developing VAMC to really become a center in bad debt settlement activities associated with restructuring the system of credit institutions, promoting the development of the debt trading market, ensuring safe and sustainable development credit institutions, having sufficient capacity and resources to perform the functions and tasks of buying, selling and handling bad debts, valuing and auctioning assets.

c) For Vietnam Deposit Insurance:

- Developing Vietnam Deposit Insurance in the model of a one-member limited liability company with 100% charter capital held by the State, with the State Bank of Vietnam as the owner's representative agency; fulfill the objective of protecting the legitimate rights and interests of depositors, contributing to maintaining the stability of the system of credit institutions, ensuring the safe and healthy development of banking activities;

- Strengthen financial capacity, improve operational capacity, improve organizational model, improve staff qualifications, apply modern technology to perform well the tasks of supervision, inspection and participation in audits. special control, early detection and warning of potential risks to deposit insurance participating organizations; participate in effective restructuring of weak credit institutions; calculate and collect deposit insurance premiums, manage investment capital, propagate deposit insurance policies, and pay insurance premiums in accordance with international practices and Vietnamese laws;

- Formulate and implement the Development Strategy of Deposit Insurance to 2025 with orientation to 2030.

9. Focus on development, application of science and technology and human resource development of the banking industry

a) Approaching the application of science and technology, deeply aware of the impact of the fourth industrial revolution in the innovation orientation of the banking industry:

- Continue to promote innovation and application of modern technologies by strengthening the integration of information technology in the management and administration processes of both the State Bank and the system of credit institutions;

- Strengthening measures to ensure safety for the system of credit institutions, in which, continuing to promote the construction of a data backup center (Disaster Recovery); strengthen measures to ensure security and safety for the interbank electronic payment system; strengthen regulations and measures to ensure security, safety and confidentiality in the field of card payment, ATM, POS and payment methods using high technology; prudently monitor cash flows arising in cross-border payments and international payments;

- Continue to improve the legal framework for the development of new technology services, new payment means and the operation of new service providers, to meet management requirements in the context of the industrial revolution. forth; develop a clear mechanism and legal framework to allow the establishment of centralized clearinghouses for payment transactions on the principle of competition, creating a basis for the development of payment on a broad scale and improving the quality of payment transactions. amount of payment services;

- Implement the strategy for developing information technology system and safety and network security of the banking system by 2025, with orientation to 2030.

b) Paying attention to the development of science and technology:

- Increased autonomy for science and technology organizations, research and training institutions in the industry;

- Increasing investment in science and technology in the banking industry; attach importance to the quality of scientific research and management, strengthen applied scientific research;

- Encourage initiative and improvement; expand cooperation activities, establish funding funds of credit institutions for scientific research activities of the industry. Linking scientific research activities with practice, providing scientific grounds for the formulation of strategies, planning, operational plans, and banking business.

c) Focus on developing human resources in the banking sector:

- Develop professional standards, apply practice certificates to a number of core positions in the banking industry; drastically renovate staff work;

- Strengthening cooperation between training units and employers in the banking industry;

- Focus on training high-quality human resources to meet the development requirements of the banking industry and international economic integration, especially the leading team of leaders and experts to reach the regional level. and international. Fostering and training a team of experts, specialized in areas of the banking industry such as monetary policy, foreign exchange reserve management, payment, inspection, banking supervision, analysis, forecasting , risk management...;

- Train staff to grasp scientific and technological advances and apply them to industry practice, and at the same time equip and train new skills for existing staff, ensuring professional staff of the State Bank are capable of applying information technology, advanced working methods, capable of proposing and advising on policy formulation, performing the state management of monetary and credit activities, banking, in line with the requirements of the economy in the context of extensive international economic integration and the strong development of science and technology; enhance personal autonomy and responsibility; building a contingent of information technology staff at credit institutions with good professional qualifications and high professionalism, meeting the needs of operation management and mastery of modern technology systems;

- Strengthen cooperation, take advantage of support, technology transfer, and professional training from international organizations such as World Bank, International Monetary Fund, Japan International Cooperation Agency, Bank Asian Development Bank, central banks of developed countries, etc. to improve qualifications, experience, professional skills and expertise for staff, civil servants, public employees, management team and industry employees;

- Researching and implementing the development of the human resource development strategy of the industry to 2025, with orientation to 2030.

10. Strengthening international cooperation and accelerating the process of international integration in the banking sector ngân

a) Continue to implement the action plan of the Government and the State Bank to implement the Resolution of the Party and State on international economic integration. Coordinating with relevant ministries and agencies in effectively implementing Resolution No. 06-NQ/TW on effectively implementing the international economic integration process, maintaining socio-political stability in the context of Vietnam joins new generation free trade agreements.

b) Continue to implement commitments in the field of finance and banking under the framework of signed free trade agreements.

c) Enhancing the expansion of multilateral international cooperation, promoting the scale and depth of activities within the framework of ASEAN, ASEAN+3, SEACEN, ASEM, APEC, and forums on banking and finance and comprehensive financial...; maintain, develop and strengthen bilateral cooperation with central banks, monetary

authorities/banks of countries in the region and the world; actively participate in the Government's bilateral cooperation forums (Joint Committee/Intergovernmental Committee) to promote cooperation in the banking sector, thereby creating favorable conditions for trade and investment. investment between Vietnam and its partners; improve efficiency and deepen relationships with traditional partners and expand relationships with new partners in order to enhance the effectiveness of external relations in the banking sector.

d) Strengthening relations, raising the position and voice of Vietnam and the State Bank at international financial institutions, monetary and banking, regional/world forums and international partners other through performing well the role of representing the State and Government of Vietnam and elevating Vietnam's relationship with international monetary organizations and banks; actively participate in activities, formulating policies, initiatives and programs to increase capital, restructuring and reforming international monetary organizations and banks in order to enhance Vietnam's position.

dd) Maximize mobilization and effective use of financial and technical resources from international partners for socio-economic development of Vietnam in general and of the bank in particular; actively seek new partners, participate in regional and international financial and monetary institutions and forums to strengthen financial and technical resources for national development goals.

e) Actively capture and share information with international financial and monetary institutions and central banks of other countries to take timely measures to respond to global financial difficulties and risks.

g) Developing capacity for international integration, preparing human, technical and managerial resources to meet international standards in order to well prepare personnel for nomination, recommendation and introduction to work in organizations. international organization.

11. Strengthening and improving the effectiveness of the State Bank's communication work

Develop a communication plan of the State Bank in each period, contributing to transparency in the policy administration process, raising awareness and increasing public confidence in the banking system.

III. SOME PROJECTS, SECTOR STRATEGIES, PROJECTS AND IMPLEMENTATION ROAD

Along with the issued Divisional Strategies and Schemes, the State Bank should focus on developing and implementing the following Law projects, Divisional Strategy and Schemes:

1. Formulate and submit to competent authorities Law projects, Divisional strategies, and Schemes (details are in the Appendix issued with this Decision)

a) Period 2018 - 2020:

- The draft Law amending and supplementing the Law on Credit Institutions (the financial group component).

- Group of Divisional Strategies:

(1) Development Strategy of Deposit Insurance to 2025, orientation to 2030;

(2) National Strategy for Financial Inclusion.

- Group of projects:

(1) The scheme of solutions to limit the giltization in the economy in order to convert gold resources into money for socio-economic development in the period of 2018 - 2020;

(2) The scheme to limit dollarization in the economy to 2020 and orientation to 2030;

(3) Framework scheme on preparing resources, sending and nominating representatives to participate in study, work, research, secondment and staff exchange at international banking and financial institutions, diverging 2018 - 2020 and 2020 - 2030;

b) Period 2021 - 2025: Develop and implement 03 Law projects, specifically:

(1) Bill on Payment Systems;

(2) The draft Law amending and supplementing a number of articles of the Law on Deposit Insurance;

(3) The draft Law amending and supplementing a number of articles of the Law on the State Bank of Vietnam.

2. Projects under the approval authority of the Governor of the State Bank

Based on the tasks and solutions set out in this Strategy, the State Bank actively concretizes other related projects under the approval authority of the Governor of the State Bank in the Action Program of the Banking sector. customers and organize implementation to achieve the set goals.

Article 2. Implementation organization

1. The State Bank shall assume the prime responsibility for, and coordinate with relevant ministries, branches and agencies in:

a) Develop an action plan to implement the contents of the Strategy in each phase.

b) Guide, inspect, supervise and evaluate the implementation of the Strategy, and annually report to the Prime Minister; organize a preliminary review (by 2020, 2025) and a review (by 2030) to draw lessons from the

implementation of the tasks, solutions and objectives of the Strategy in each period.

c) Coordinate with the Ministry of Finance and the Ministry of Planning and Investment in formulating and submitting to the Prime Minister a plan to increase the charter capital of commercial banks where the State holds more than 50% of charter capital by 2020 to enough capital in accordance with capital standards of Basel II.

d) Cooperate with the Ministry of Justice and relevant ministries and branches in formulating and promulgating the Law amending and supplementing the Law on State Bank and the Law on Financial Groups; Law on Payment Systems.

dd) Cooperate with the Ministry of Finance and relevant ministries and branches in developing a mechanism for coordination and sharing of information in supervising the operation of credit institutions and the financial system.

e) To advise and propose to the Prime Minister for decision to adjust the objectives and contents of the Strategy in case of necessity.

2. The Ministry of Planning and Investment shall assume the prime responsibility for, and coordinate with the Ministry of Finance in, allocating resources to implement the Strategy in accordance with the Law on State Budget.

3. The Ministry of Finance shall assume the prime responsibility for, and coordinate with relevant ministries, branches and governing bodies of state enterprises and credit institutions in:

a) Coordinate with the State Bank and the Ministry of Planning and Investment in balancing and allocating sources to increase charter capital for state-owned commercial banks according to the plan to increase charter capital of state-owned commercial banks. By 2020, approved by the Prime Minister.

b) Research and complete the legal framework on debt purchase and sale activities of enterprises; the legal framework for the formation, development and management of the debt purchase and sale market.

c) Cooperate with ministries, branches and localities in studying, developing a roadmap and allocating sources for handling bad debts related to outstanding debts for capital construction originating from the central and local state budgets. bad debts from lending activities according to programs and projects, designated by the Government or the Prime Minister, debts guaranteed by the Government.

d) Cooperate with ministries, branches, the State Bank, governing bodies of state enterprises and relevant agencies and credit institutions in formulating a plan to completely deal with bad debts. of state-owned enterprises.

dd) Research and develop a legal framework for the securitization of debts, contributing to creating a legal basis for conducting transactions on the stock market and converting bad debts into securities. to trade openly and transparently at the right time.

e) Formulate legal documents on the authority and responsibility of relevant units in formulating fiscal policies, public debt management and other macro policies.

g) Cooperate with the State Bank in connecting the securities payment system with the interbank electronic payment system and finalizing interbank securities transactions at the State Bank.

4. The Ministry of Natural Resources and Environment shall assume the prime responsibility for, study and amend the provisions of the Land Law to remove difficulties and obstacles in receiving mortgages as land use rights of organizations other than credit institutions. .

5. The Ministry of Information and Communications shall assume the prime responsibility for, and coordinate with the State Bank, the People's Committees of provinces and centrally run cities, relevant ministries, agencies and organizations in formulating and implementing the plan. information and propaganda on the Strategy for the development of the banking sector to 2025, orientation to 2030; propagandize on monetary guidelines and policies and banking activities.

6. The People's Committees of the provinces and centrally-run cities shall, according to their functions, tasks and powers, coordinate with the State Bank in the implementation of this Strategy; ensure the consistency and synchronism in service of the implementation of socio-economic development plans of the sector and the locality.

Article 3. This Decision takes effect from the date of signing.

Article 4. Governor of the State Bank of Vietnam, ministers, heads of ministerial-level agencies, heads of government-attached agencies, chairpersons of People's Committees of provinces and centrally run cities, and Presidents of Councils Management, General Directors of credit institutions are responsible for the implementation of this Decision.

Place of receipt:

- Secretariat of the Party Central Committee;
- Prime Minister and Deputy Prime Ministers;
- Ministries, ministerial-level agencies, agencies attached to the Government;
- People's Councils and People's Committees of provinces and centrally run cities;
- Central Office and Party Committees;
- Office of the General Secretary;
- Office of the President;

Prime Minister

Nguyen Xuan Phuc

- Ethnic Council and Committees of the National Assembly;
- Congress office;
- Supreme People's Court;
- People's Procuratorate of the Supreme;
- State audit;
- National Financial Supervisory Commission;
- Bank for Social Policies;
- Vietnam Development Bank;
- Central Committee of the Vietnam Fatherland Front;
- Central body of unions;
- Government Office: BTCN, PCNs, Assistant TTg, General Director of E-Portal, Departments, Departments, affiliated units, Official Gazette;
- Save: VT, KTTH (2). XH

APPENDIX

LIST OF PROGRAMS, PROGRAMS, PROJECTS, STRATEGIES OF SECTIONS NOT UNDER THE Government's Approval (Attached to Decision No. 986/QĐ-TTg dated August 8, 2018 of the Prime Minister)

STT	Name of Program/Scheme/Project/Department Strategy	The host institution	Coordination Unit	Output result	Deadline
first	Law amending and supplementing a number of articles of the Law on Deposit Insurance	State bank	Ministry of Justice, Ministry of Finance and related units	Deposit Insurance Law Project	2021 - 2025
2	Law on Payment Systems	State bank	Ministry of Justice, Ministry of Finance and related units	Bill of Payment Systems Project	2021 - 2025
3	Law amending and supplementing the Law on Credit Institutions (component on financial groups)	State bank	National Financial Supervisory Commission and related agencies	Project on amending and supplementing the Law on Credit Institutions (the financial group component)	2018 - 2020
4	Law amending and supplementing the Law on State Bank of Vietnam	State bank	Ministry of Justice, Ministry of Finance, National Financial Supervisory Commission and related units	The Law on Amending and Supplementing the Law on the State Bank of Vietnam	2021 - 2025
5	The project of solutions to limit the giltization in the economy in order to convert gold resources into money for socio-economic development in the period 2017 - 2020	State bank	Ministry of Finance, Ministry of Industry and Trade, General Statistics Office, Ministry of Science and Technology and related units	Decision of the Prime Minister approving the Project	2018
6	Project to limit dollarization in the economy by 2020 and orientation to 2030	State bank	Ministry of Finance, Ministry of Trade, Ministry of Planning and Investment, Ministry of Public Security, Ministry of Culture, Sports and Tourism and related units	Decision of the Prime Minister approving the Project	2018
7	Framework scheme on preparing resources, sending and nominating representatives to participate in study, work, research,	State bank	Ministry of Foreign Affairs, Ministry of	Decision of the Prime Minister approving the Project	2018

	secondment and exchange of officials at international banking and financial institutions, period 2018 - 2020 and 2020 - 2030		Interior and related units		
8	National strategy for financial inclusion	State bank	Ministry of Education and Training, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Information and Communications and related units	Decision of the Prime Minister promulgating the National Strategy on Financial Inclusion	2020
9	Development strategy of deposit insurance to 2025, orientation to 2030	State bank	Ministry of Finance and related units	Decision of the Prime Minister promulgating the Development Strategy of Deposit Insurance to 2025, with orientation to 2030	2018 - 2020
ten	Development strategy of the Bank for Social Policies in the period of 2021 - 2030	Bank for Social Policy	State Bank, Ministry of Finance and related units	Decision of the Prime Minister promulgating the Development Strategy of the Social Policy Bank for the period of 2021 - 2030	2021

