

# Vietnam's Initiatives Towards Increasing Financial Inclusion



Vietnam

## National Financial Inclusion Priorities

### Background

With aiming at developing a safe and sustainable microfinance system towards providing financial services for the poor, the low income people, MSME sectors to contribute to materialize the spirit of the Government on maintaining social security.

### Priorities

The national strategy has provided a roadmap for a market oriented sector reform, relying more on the self-sustaining players in providing market based financial services, while the government providing an enabling environment through regulations and supervision, capacity development, and financial infrastructure supportive to microfinance. The implementation of the Vietnam Microfinance Development Strategy, 2011-2020 is guided by a high level Microfinance Working Committee to provide policy advice and coordination to the national microfinance development work plan.



## The government social policy lending program through the Vietnam Bank for Social Policies (VBSP)

### Successes

Over the years, microfinance has been developed all over the country. Millions of the poor and low income households have received access to financial services, contributing and producing a positive influence to the process of poverty reduction and standard of living increase of Vietnamese. The implementation of Vietnam Microfinance Development Strategy has been creating a policy and regulatory environment conducive to an inclusive, sustainable, and market-oriented microfinance; strengthening the supervisory and regulatory capacities of microfinance sector regulators and strengthening credit institutions involved in microfinance to provide affordable and sustainable services to the poor.

### Lessons learned in implementation

VBSP is the most dominant player in microfinance, taking a share of 67% in the total number of microcredit clients, and a share of 65% in the total microcredit outstanding as of end-2013. The outreach of VBSP is very extensive, covering 99% of communes, serving 7.0 million households or 33% of all households in Viet Nam. It almost fully covers 3.8 million poor households due to the vigorous government targeting exercise over social policy lending to poor households. Among poverty reduction programs, the recent implemented social policy lending program in Vietnam Bank for Social Policies has provided positive indications. For example, this program helped to reduce Vietnam's general poverty rate to 7.8% in 2013 from 14.2% in 2010.



## Challenges and the Way Forward on Financial Inclusion

### Challenges Faced

The constraint in capital funding and capacity for the microfinance projects  
Fiscal burden due to the government support to social policy banks' operations

### Strategies and Goals for the Future

Continue to implement The Vietnam Microfinance Development Strategy, 2011-2020  
ADB support in Microfinance Development Programme  
World Bank Financial Inclusion Support Framework (FISF)



## ASEAN FINANCIAL INCLUSION CONFERENCE

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