

Banking Industry Pioneering Viet Nam's Digital Transformation

In the context of an increasingly integrated global financial system, digital transformation plays a significant role in making banking services more accessible, affordable and inclusive, which in turn contributes to sustaining Viet Nam's socioeconomic growth. Commissioned by the German Federal Ministry for Economic Cooperation and Development, GIZ cooperated with the State Bank of Viet Nam (SBV) to develop a strategic plan for digital transformation in the banking sector. This cooperation resulted in SBV Governor's Decision 810/QĐ-NHNN, approving the plan for digital transformation of banking sector by 2025 with orientation towards 2030. This plan was one of the first among industries to be approved in 2021.

APPROACH

A strategic plan for digital transformation serves as a regulatory framework for the development of digital bank models, enhancing customer experience, based on the application of new technologies. It will ultimately help achieve financial inclusion and sustainability of Viet Nam's banking sector. GIZ and SBV's cooperation in the development of this plan focused on:

- Engaging the Deutsche Bundesbank and SBV leaders in setting a strategic orientation to addressing challenges and seizing opportunities that digital transformation brings to the banking sector
- Analysing international experiences in digital transformation in banking industry, and adopting the practices best suited to Viet Nam's context
- Building capacities of SBV officials in formulating and enforcing policies, by bringing in expertise from European Central Bank
- Providing GIZ technical advice on the strategic plan outline and drafting

RESULTS

Since the plan for digital transformation (Decision 810) was promulgated, the banking sector has seen these changes:

- ❖ By the end of 2022, the number of adults with bank accounts increased by 11% compared to the end of 2020, bringing the total number of adults with bank accounts to nearly 75% across Viet Nam.
- ❖ By June 2022, about 5.5 million bank accounts have been opened remotely since the paperless customer identification process was approved. This brought significant benefits during the Covid-19 pandemic, making banking services accessible to all.
- ❖ Leading banks became proactive in digital transformation, resulting in 90% of customer transactions being made via digital platforms, far exceeding the target of 70% by 2025 as set in Decision 810.



The promulgation of Decision 810 marks a very important milestone, demonstrating the proactiveness and creativity of the banking sector. It contributes to building a sustainable banking industry in the digital era, which will continue its pioneering role in implementing the National Digital Transformation Programme and developing Viet Nam's digital economy.

Ms. Nguyen Thi Hong – SBV Governor



A customer using Livebank – 24/7 automatic banking service (Source: TPBank's website)