

OPERATING MOBILE MONEY IN VIET NAM

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Abstract: *Mobile money has been implemented in 92 countries in the world. In Vietnam, Mobile money is a new term and there has been no definition, law or regulation related. The change for Mobile money is promising but the implementation this service is facing some challenges. In order to implement this service successfully, the framework as well as regulation need to be done altogether with the mobile network operator.*

Keywords: *Cryptocurrencies, mobile money, electronic money, mobile phone.*

Mobile Money

According to the Global System for Mobile Communications (GSMA), mobile money (Mobile Money) is defined as a service in which mobile phones are used for customers to access financial services. Mobile Money is an innovative and effective financial service. Users can access via mobile phone to pay (Godfried and Azerikatoa, 2017).

According to Wikipedia, Mobile Money is a payment service that is operated under financial regulations through mobile devices. Instead of paying by cash, checks or credit cards, consumers can use mobile phones to pay for a range of services and goods.

In short, Mobile Money can be understood as a type of payment service in which users can manage, store, transfer money and pay via mobile phones wherever there is a mobile phone signal.

Mobile Money is provided by companies that provide mobile services with pre-paid and postpaid customers available. Each Mobile Money user has a unique account number (usually the same as their phone number). The essence of Mobile Money service is to convert the form of cash into electronic money at a 1:1 ratio. Users deposit cash into their accounts and use the

money on their Mobile Money accounts to pay or transfer money to others.

Users use the special features of Mobile Money or applications on their phones, to transfer money to others or to receive money from others, to make online payments to sellers of goods or service providers; and to manage and to store money. Users can also withdraw cash from their Mobile Money accounts at the mobile agency in their countries.

Mobile Money is an option for both cash and non-cash payments. The payment is safe and easy, and also can be used anywhere mobile phone signals appeared (including smartphones and basic featured phones).

Mobile Money is a service for people who do not have a bank account to help them access basic financial services.

According to Jenkins (2008), there are three forms of Mobile Money payment: mobile payment, mobile transfer and mobile financial services.

Mobile transfer is a personal money transfer via mobile phone.

Mobile payment is the transfer of money between mobile phones to exchange goods and services.

Mobile financial services are activated when a Mobile Money account is linked

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to a bank account to provide customers with a range of transactions made at a bank branch.

Opportunities and challenges for Mobile Money service

The report of the Global System for Mobile Communications (GSMA) shows that there are 92 countries currently using Mobile Money service with nearly 844 million registered accounts, with the average transaction of 1.3 billion USD / day. Only in 2018, there were about 143 million registered accounts, the number of new accounts increased by 20%.

Kenya is a successful country in implementing Mobile Money service. In Kenya, there are currently 7 million Mobile Money users among 18.3 million mobile phone users, with interpersonal sales of up to \$ 100 million / month. People use this service to pay for school fees, pay for taxis, transfer money to relatives, buy and sell goods, etc. This is a faster, cheaper and safer way to transfer money than transfer via bank and post office. The World Bank calculates that in Kenya, domestic money transfer cost has reduced by 2-5%, the amount of transacted money has increased by 50-70% and economic growth has been stimulated. Reducing the money transfer fee of each individual will increase the amount of small money transfer. Mobile Money will help increase the amount of small domestic money transactions and help stimulate economic activities in Kenya.

Mobile Money service has grown fast in the world. However, in Vietnam, this is a relatively new payment service for both the State Bank, commercial banks as well as solution providers. The Mobile Money service benefits banks, companies that provide financial solutions and citizens. By June 2019, in Vietnam there

were 83,899 million individual payment accounts (according to SBV statistics), about 70% of the population did not have the condition to access to banking services. According to the World Bank (July 2018 report), Vietnam is the country with the lowest amount of non-cash payment transactions in the region at only 4.9%, while Malaysia reached 89%, ... In Vietnam, with the population of about 98 million people, by June 2019, there were 134.5 million mobile subscribers (according to statistics of the Ministry of Information and Communications). Mobile Money service is a simple, effective and safe way for people who do not have a bank account, who live in rural and mountainous areas to have access to payment services. Therefore, the development of Mobile Money service is necessary and suitable in Vietnam, as it meets the payment requirements of people without bank accounts and contributes significantly to the socio-economic development of the country.

Thus, in Vietnam, the opportunity of Mobile Money service is quite promising, but the implementation of Mobile Money service is facing some challenges.

First, there is no legal framework for Mobile Money service and there are no laws or regulations that define or define Mobile Money.

Second, Mobile Money implementation must ensure transaction safety and information security. Therefore, the network operator must ensure that the Mobile Money service account and the phone SIM were identified, and have clear regulations on how to encrypt, how much amount of money required password, etc. On the other hand, in order to pay, phone users have to top up from the card sales agents so how much to refill, how to manage the agent,

how to trace back the money sources, ... is Challenges for the carriers.

Solution for operating Mobile Money service

Mobile Money service is suitable to apply in Vietnam, because the number of people who do not have access to banking services is quite large (70% of the population). They are mostly old people, people in rural and mountainous areas, people with low incomes. However, the number of people who have and know how to use mobile phones is quite large. It is very convenient to develop this service.

In order to operate Mobile Money service, several solutions need to be implemented:

- For state management agencies, the State Bank must coordinate with the Ministry of Information and Communications in formulating specific legal regulations on Mobile Money. In order for the legal regulations to be consistent with the actual operation and ensure strict performance, the State Bank and the Ministry of Information and Communications must require carriers to submit reports and plans on the provision of Mobile Money services, showing the challenges, possible risks in the implementation process and solutions to solve this problem. On that basis, the

best network operator will be selected to be piloted and licensed. While waiting for the complete legal framework for this service, the selected network operator is subject to the strict supervision of the State Bank and the Ministry of Information and Communications. In order to ensure payment and avoid risks for users, the State Bank of Vietnam should stipulate that the network operator has a balance of Mobile Money corresponding to the amount deposited at a commercial bank guarantee account. In addition, to build the legal framework in accordance with the actual situation, the State Bank and Ministry of Information and Communications need to discuss with the network operators in the process of developing the legal framework.

- For network operators, they must coordinate with the State Bank to understand the characteristics, business operations and the legal basis of Mobile Money services. Based on that knowledge, it is necessary to develop a plan to implement a series of solutions, such as payment security, card agents, money management, fee collection, etc. and that will create success in providing Mobile Money services, contributing to the socio-economic development of Vietnam.

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TRIỂN KHAI DỊCH VỤ MOBILE MONEY TẠI VIỆT NAM

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Mobile Money là một dịch vụ tài chính sáng tạo và hiệu quả về chi phí, người sử dụng có thể truy cập thông qua điện thoại di động để thanh toán. Người dùng sử dụng các tính năng đặc biệt của Mobile Money hoặc ứng dụng trên điện thoại của họ, để chuyển tiền cho người khác hoặc nhận tiền từ người khác, thanh toán tiền từ xa cho người bán hàng hoá, người cung cấp dịch vụ và quản lý, lưu trữ tiền. Người dùng cũng có thể rút tiền mặt từ tài khoản Mobile Money của họ tại các địa điểm đại lý ở nước họ. Dịch vụ Mobile Money đã phát triển với tốc độ nhanh chóng trên thế giới. Tuy nhiên, với Việt Nam thì đây là một dịch vụ thanh toán tương đối mới với cả Ngân

hàng Nhà nước, các ngân hàng thương mại cũng như các công ty cung cấp giải pháp. Hiện nay chưa hình thành khuôn khổ pháp lý cho dịch vụ Mobile Money đồng thời triển khai Mobile Money phải đảm bảo an toàn giao dịch, bảo mật thông tin. Vậy giải pháp đề xuất để Việt Nam mở rộng dịch vụ này là : Ngân hàng Nhà nước phải phối hợp với Bộ Thông tin và truyền thông (TT&TT) để xây dựng các quy định pháp lý cụ thể về Mobile Money, Nhà mạng phải phối kết hợp với Ngân hàng Nhà nước để hiểu được về đặc tính, về hoạt động kinh doanh và hiểu về cơ sở pháp lý của sản phẩm dịch vụ này.

Từ khoá: Mobile Money, Tiền điện tử.

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