

NATIONAL STRATEGY ON FINANCIAL INCLUSION ASIA AND IMPLICATIONS FOR VIETNAM

Pham Thi Anh Phuong *

Abstract: *In recent years, countries around the world have paid attention to financial inclusion to develop a financial system serving all members of the society, supplying convenient and suitable services at reasonable charges to all individuals and businesses, contributing to national sustainable development. Financial inclusion has received due attention of many countries, including Vietnam. The Vietnamese Government has paid special attention to this issue and tasked relevant ministries and sectors to build a national financial inclusion strategy. The experience of Asian countries will help Vietnam build and implement the strategy in the coming years.*

Keywords: *financial inclusion; financial services, investment capital, insurance.*

1. National financial, inclusion strategies: view from Asia

Financial inclusion is regarded as one of essential factors in sustainable development. For many decades, it has been the common vision of the whole world in the mission of hunger eradication, poverty reduction, approaching a stable, justified and prosperous society where all people can enjoy achievements brought by economic developments. Financial inclusion is the supply of financial services convenient and appropriate for individuals and organizations, especially with the low-income and the vulnerable to increase opportunities of financial access, helping to create livelihood opportunities, accelerate investment flows and savings in the society, leading to higher economic growth. Access to financial services such as savings, credit, insurance and money transfer allows

households to grasp economic chances and handle changes. Once the finance is assured, low-income earners are able to invest in income-generating activities, save and manage finance better and to be more safely accessible to financial transfer from their relatives. This enables them to accumulate their assets safely, escape from hunger and poverty trap, and improve their life and welfare. Financial inclusion allows households to improve their economic achievements and build up human resources by investing in healthcare and education, ultimately assisting fair, sustainable growth and social and income injustice reduction.

According to the World Bank (WB)'s research, countries with national strategies on financial inclusion have a higher level of financial inclusion than those applying financial inclusion without strategies. WB and Alliance of Financial Inclusion

* State Bank of Vietnam

(AFI) confirm that national strategies on financial inclusion will establish a system of component strategies, action plans united in social hierarchy, from the central to the local, creating close cooperation among participants. At the same time, it will make use of available resources systematically, reduce costs and converge resources in the process of implementing financial inclusion among related parties.

According to statistics, by early 2016, 58 of 95 state members of AFI had committed to the Maya Declaration. This figure accounted for 61% of members of AFI and 54% of people without a bank account in the world. Of the 58 countries, 31 have applied financial inclusion and 27 are preparing for it. Over the past five years, the number of countries following this policy has surged six times.

Since 2010 when financial inclusion become one of financial cooperation pillars in APEC, it has received increasingly bigger attention and been tapped in many aspects by APEC economies to maximize cooperative mechanisms, and draw practical lessons. The ultimate goal is to build and effectively implement a national strategy on financial inclusion appropriate to each country, contributing to hunger eradication and poverty reduction, and improvement of people's quality of life.

ASEAN considers financial inclusion as one of the three main pillars of ASEAN Vision 2025 in terms of financial integration. This organization set up the ASEAN Working Committee on Financial Inclusion (WC-FINC) in order to stimulate regional initiatives to improve the level of financial inclusion in ASEAN. In the past, ASEAN countries discussed and drew experience lessons from other countries on specific challenges and solutions to financial inclusion improvement

At present, member countries have much experience in building national strategies on financial inclusion. For instance, in terms of disseminating knowledge about finance, one of important factors to form financial inclusion, Malaysia regularly opens training courses on benefits shared by related parties. Malaysia identifies 6 necessary steps to build strong strategies, including: (i) identifying institutional vision and expecting results of the national strategy on financial inclusion; (ii) building

infrastructure and strong systems to gather data for the national strategy on financial inclusion; (iii) disseminating knowledge about finance and securities and analyzing gaps to identify areas for interference; (iv) building draft strategies and establishing strategic partnership relationship with related parties to assess feedbacks; (v) implementing strategies and transmitting expectations to related parties; (vi) supervising and evaluating impacts on measurable objectives.

In its national strategy on financial inclusion, the Philippines focuses on 6 letters, including:

- C (Consultation): Consultation and coordination are important for related parties' participation, for ownership and assistance;

- L (Leadership): Leadership assistance and secretarial work are necessary to ensure the interaction and sustainability;

- I (Implementation): Implementation of the national strategy on financial inclusion needs participation,

commitment and resources of the main related parties;

- M (Measurement): Measurement and supervision are in need to guarantee accountability, as well as to monitor schedule and identify achieved objectives promptly;

- B (Building): Building the national strategy on financial inclusion seems to be easy, but maintaining its implementation turns out more difficult.

In Indonesia, the national strategy on financial inclusion concentrates on 5 pillars, including:

- Financial education: this pillar aims to: (i) improve public knowledge and awareness of official financial institutions, financial products and services, including features, benefits and risks, cost, rights and duties; (ii) improve the community skills in financial plans and management.

- Public ownership: this pillar aims to expand credit guarantee for better access to official credits.

- Financial mediation and distribution channel: this pillar aims to expand the range of financial services to meet the needs of different social segments: products, services and creative distribution channels (i.e. digital financial services, agent banks, mobile banks, car banks, mobile ATMs, and infrastructure assistance). Financial products meet the needs easily and safely.

- Financial services in public sector: this pillar aims to improve the administration and clearance in distributing the state budget, as well as grant distribution in cash.

- Protection for consumers: this pillar aims to provide a safe feeling to community in the interaction with financial inclusion and use of financial products, services and payment systems.

Especially, for the Asia-Pacific Economic Cooperation (APEC), since 2011 the forum on financial inclusion of APEC has been held annually to share management experience and best initiatives, solutions, and policies, stimulating financial inclusion of member economies. The forum has appealed to the interest of important organizations such as the International Monetary Fund (IMF), the Organization of Economic and Cooperative Development (OECD), Asian Development Bank (ADB), GE, IFC, CGAP, JICA, PERC, BWTP, ADFIAP, APPC, CAM,...

For financial inclusion, APEC continues researching a range of financial strategies applicable for APEC's members or used as an international practice so that each member is able to use and establish their own strategy. In the APEC Year 2017 in Vietnam, one of the major themes discussed was financial inclusion and its role for the rural agricultural development.

2. Implications for Vietnam

For many years, the Vietnamese government has regularly paid attention to developing financial inclusion via issuing such fundamental regulations and policies as the scheme on developing cashless payment applied since 2016 and now in stage 3 (2016-2020) through the Decision No. 2545 dated 30/12/2016 by the Prime Minister; the project on building and developing the micro-finance system in Vietnam to 2020; the project on improving the ability to access banking services of the economy to 2020; improving the ability to high-quality fundamental banking services at reasonable expense meeting demands of the majority of adults and businesses,

especially demands of residents in rural and remote areas.

The Vietnamese government has realized the necessity of setting up a national strategy on full finance as basis to stimulate the financial inclusion effectively and systematically in the coming years. The State Bank of Vietnam has been assigned by the Prime Minister to play a decisive and coordinative role in financial inclusion in Vietnam to push this area up in the coming time. In the past, the State Bank had many activities, especially mobilizing external resources through conferences and conventions to exchange experience with other countries and organizations for this process. At present, the State Bank is building a draft frame of the national strategy on financial inclusion and will submit it for the Prime Minister's approval in 2020. Besides, a lot of experience from the APEC finance ministers' meetings has been examined to put into the national strategy.

The objectives of the national strategy on financial inclusion in Vietnam are expected to "guarantee that all Vietnamese adults and businesses can access and use fundamental financial products and services convenient and suitable with their demands at reasonable expense, supplied by safe, effective, and responsible financial service providers." The strategy's content is based on 3 pillars, including: (i) a sustainable financial infrastructure which facilitates a wide variety of products, services, modern channels; (ii) a system of safe, effective, and responsible financial

service providers; (iii) consumers are finance-conscious and fully protected by law systems. The pillars will cover many particular solutions to the objectives. The assessment on the strategy receives attention to assure its success.

Accordingly, the prioritized contents involve building, completing legal framework, development of financial infrastructure, technology for product diversity, financial services and building a scheme to protect consumers and financial education. Among them, a special attention is paid to vulnerable stakeholders, such as micro, small- and medium-sized enterprises, the rural poor and women to help them to have a better and more effective access to finance and banking services. At the same time, coordination mechanisms have been built up to mobilize all resources to effectively implement financial inclusion (management bodies, credit organizations, socio-political institutions, private sector...).

According to Lê Phương Lan, and Nguyễn Thị Hương Thanh, MA. (2017), financial inclusion has been included in many big decisions and policies of Vietnam and building the national financial inclusion strategy is a systematic summary of what the government has done, and will supplement what has not been reached with detailed criteria and consistent objectives to be gained. Once issued, the national strategy will become a strong commitment of the Vietnamese government to pursuing long term goals to push up sustainable development./.

References:

1. Lê Phương Lan, MA., Nguyễn Thị Hương Thanh, MA. 'National Strategy on Financial inclusion in Vietnam – Meanings and Necessities. Website on information about Banking Science and Technology
2. The State Bank of Vietnam. (2017). *Financial inclusion in Vietnam – Opportunities and Challenges*
3. Website of Forum of APEC on Financial inclusion in Vietnam:
<https://www.apec2017.vn/ap17-c/gallery/asia-pacific-forum-financial-inclusion>
1. Website of The World Bank:
<http://www.worldbank.org/en/topic/financialinclusion/overview>;
5. Website: datatopics.worldbank.org, afi-global.org, sbv.gov.vn

CHIẾN LƯỢC TOÀN DIỆN TÀI CHÍNH QUỐC GIA TẠI CHÂU Á VÀ HÀM Ý CHO VIỆT NAM

*Phạm Thị Ánh Phương **

Tóm tắt: Những năm gần đây, tài chính toàn diện đã được quan tâm trên phạm vi toàn cầu với mục tiêu phát triển hệ thống tài chính phục vụ cho tất cả các thành viên trong xã hội, cung cấp các dịch vụ phù hợp và thuận tiện với chi phí hợp lý cho mọi cá nhân và doanh nghiệp, qua đó góp phần vào sự phát triển bền vững của quốc gia. Tài chính toàn diện được rất nhiều quốc gia chú trọng, trong đó có Chính phủ Việt Nam. Chính phủ đặc biệt quan tâm và đã giao các bộ, ngành xây dựng Chiến lược Quốc gia về Tài chính toàn diện. Những kinh nghiệm của các quốc gia châu Á sẽ góp phần hỗ trợ cho Việt Nam trong việc xây dựng và triển khai chiến lược quốc gia về tài chính toàn diện trong thời gian tới.

Từ khóa: Tài chính toàn diện, dịch vụ tài chính, vốn đầu tư, bảo hiểm.

Ngày nhận bài: 01/01/2019

* Ngân hàng Nhà nước Việt Nam