

State bank of viet nam

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**Country paper**  
presented on

**Concluding Workshop**

under

**RETA 5869: Strengthening and collection  
financial and monetary statistics**

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## 1/ Status of Monetary, Financial and Banking Statistics

### 1.1/ Dimensions, Source and coverage of Financial and Monetary Indicators and Statistics:

#### 1.1.1 Monetary Indicators:

Definition	Source
Money Base = Curr/Circulation + Bankers' Deposit SHEET	STATE BANK BALANCE
M1 = Currencies outside of the Banking System + Demand Deposit in Dong	Monetary Survey
M2 = M1 + quasi money (time/saving deposits + deposit substitutes + deposits in foreign Curr.	Monetary Survey
Central Bank Credit to the Banking system SHEET	STATE BANK BALANCE

The SBV shall refinance banks in the following forms:

- 1/ Relending against credit documents
- 2/ Discount and re-discount of trade bills and short - term papers
- 3/ Provision of secured loans against trade bills and other short- term papers

Domestic Credit = claims on the Government + claims on the economies	Monetary Survey
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Credit to Public sectors consist of claim on SOEs	quarterly report
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Credit to private sectors consist of claim on others than SOEs	quarterly report
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- Non Banking Financial Institutions consist of finance companies, leasing companies, People Credit Funds.

1.1.2 **Stock market** in Viet nam is too young , established in July, 2000.

1.1.3 **Bonds market** :

SBV acts as agent of State Treasury in issuing treasury bills and treasury bills sold at auction. Treasury bill biddings were conducted by the SBV regularly once a week. The maturity of the bills was 364 days (less than one year), and two years. Among the participants of the T-bill market, state-owned credit institutions were the most regular bidders who held the biggest successful bids. However, the amount of successful bids remained low due to mainly to the low cut-off yields.

#### 1.1.4 Other financial markets:

**Interbank market in domestic currency:** During initial period following the establishment (October 1993) transaction between market members was done through the market transaction center with the SBV acting as deal broker and guarantor. Branches of foreign banks participated in the market mainly as borrower of Vietnamese dong.

**Interbank foreign exchange market:** the Interbank foreign exchange market have a role of matching demand with supply of foreign exchange of credit institutions. In addition to spot transactions as the most common type of activities, in 1998 banks diversified their activities by adding forward transactions to market operations.

#### 1.2 Past and present problems concerning these statistics:

Due to changes in accounting systems, there was no sectorization of credits in Monetary survey since January, 1999.

The SBV requires Credit Institutions to submit report on credits by sectors ( SOEs, non-SOEs) on quarterly basis.

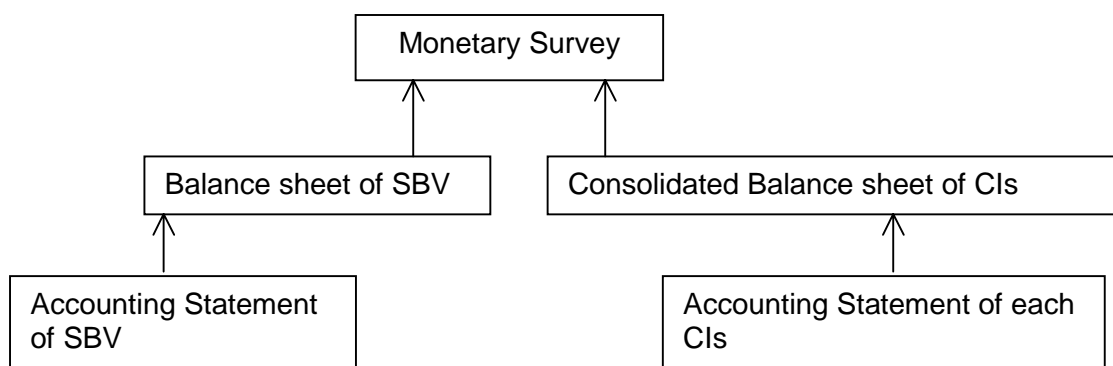
Timely issue: Late reporting by SBV and Credit Institutions' branches in remote provinces have delayed the consolidation of the SBV and Credit Institutions' accounting statement.

Because of technical problems, Credit Institutions sometimes have to submit "hand-made" reports to SBV

## 2. Data collection and compilation:

### 2.1 Framework and Methodology:

#### 2.1.1 Framework:



The monthly accounting statement of SBV is available about three weeks after the end of the month.

The Credit institutions are required to submit the accounting statement within 15 days after the end of the month, but normally the banks report with a delay of about 20-25 days after the end of the month.

The SBV (Statistics Division) is able to compile monetary data within one week after the accounting reported.

Beside the accounting statements, the Credit institutions have to submit flash reports (10-day reports), monthly reports and quarterly report to SBV.

#### 2.1.2 Method of compilation:

The monetary statistics are compiled by using data prepared and submitted to the SBV by the various Credit Institutions. After being sorted out and checked by SBV staff, they are then processed and summarized.

The classification is based on IMF 's methodology ( resident and non-resident)

All the data compilations have been processed by foxpro shofwere since 1991.

## 2.2 Nature of existing Database:

**Table 1: Vietnam :STATE BANK BALANCE SHEET**

NET FOREIGN ASSET
-Foreign assets
-Foreign liab
NET DOMESTIC ASSET
Net domestic credit
-Claims/Gov.net
-Claims on DMBs
Other items(net)
RESERVE MONEY
Curr/Circulation
Bankers Deposit
-Requir Res.
-Settlement Dep.

**Table 2: CONSOLIDATED BALANCE SHEET OF DEPOSIT MONEY BANKS**  
(including 6 SOCBs, 76 non-SOCBs, 6 FCs and People Credit Funds)

<b>Net Foreign assets</b>
Assets
Liabilities
<b>Net domestic assets</b>
Credit
Government(net)
Economy
Claims on NBFIs
Reserves
Other items(net)
<b>Liabilities</b>
Dong deposits
Demand deposits
Time deposit
Import/restricted depts
Foreign currency deposits
Credit from SBVN
Capital and reserves

**Table 3: Viet nam : MONETARY SURVEY**

<p><b>NET FOREIGN ASSETS</b>                  -Foreign assets                  -Foreign liab.</p> <p><b>NET DOMESTIC ASSETS</b>                  -Net Domestic Credit                  -Net claims/govt.                  -Claims to the economy                  -Other items(net)</p> <p><b>TOTAL LIQUIDITY</b>                  Dong liquidity                  -Curr.out/bks                  -Dem./dep. Dongs                  -Time/Sav. deposit                  -Deposit substitue                  Forgn. curr. dep.</p>
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**3. Nature of Data Analysis and Its use in Policy Formulation:**

SBV uses monetary statistics to analyse monetary movement, the impact of various factors on money supply, interest rates and exchange rates. Therefore, SBV forecasts and fomulates monetary policy for the comming period.

**4. Work plan and Time schedule for Compilation, Analysis and Interpretation of Commonly Agreed ADB Macroprudential Indicators(MPI) under RETA 5869.**

Basing on ADB's recommendation and agreed implementation engagement on the Inception Workshop in April, 2001, SBV has actively fulfilled necessary activities in combination with out-SBV Agencies concerned for compilation and analysis of Commonly Agreed ADB Macroprudential Indicator (MPIs) and Metadata as well.

Hereunder, the detailed time schedule and workplan for follow-up RETA

Time Frame	Activity
4-6 April, 2000	Attended the Inception Workshop

15-20 July, 2000	Reviewed and Evaluated the Inception Workshop results and made a report on these submitting to SBV higher-level authorities for consideration
20 August, 2000	Initiated the country's action plan on compilation and dissemination of MPIs upon SBV's acceptance of the report
25-29 Dec, 2000	ADB sent the RETA Review Mission(Mr. B.Bhattacharyay as leader) to work with SBV and other concerned agencies for country's action plan
15 January, 2001	Received funds as set in agreement with Review Mission for implementation
6 February, 2001	Forwarded the first draft of MPIs and metadata for ADB's consideration
12 March, 2001	The final MPIs with additional indicators sent to ADB
15 April, 2001	Made initial steps for country report to be presented on the concluding workshop
11 May, 2001	Finalize the country report and send it to ADB
16-18 May, 2001	Attend the concluding workshop
June, 2001 onwards	continue completing the SBV regulation on compilation and dissemination of monetary and banking indicators. It is expected to issue the signed and approved the regulation on third quarter of the year. It can be estimated that these agreed and accepted indicators be available on ADB Website by the end of this year

## 5. Problems and issues in compilation of ADB MPIs:

Most of the new indicators were however derived from existing indicators.

At present, the SBV did not compile some of the indicators required for the project and face some following problems:

There is no data on credit by sectors on monthly basic, at present CIs are required to submit statistic report only on quarterly basic.

There is no GDP Data on monthly and quarterly basic from GSO.

SBV is drafting regulation on dissemination and publishing informations on money, credit and other banking operations .

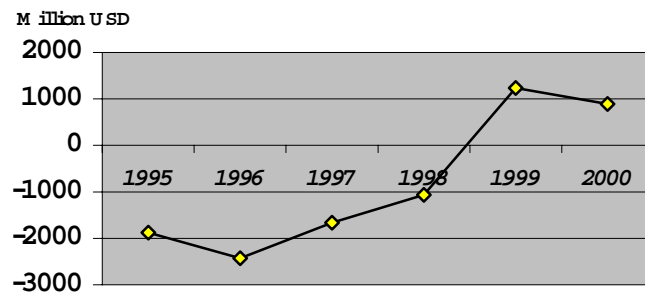
The coordination among various agencies is not closed so there are still exciting some administrative procedures bettween them in providing related infomations and data for the project.

## 6. Interpretation and analysis of MPIs :

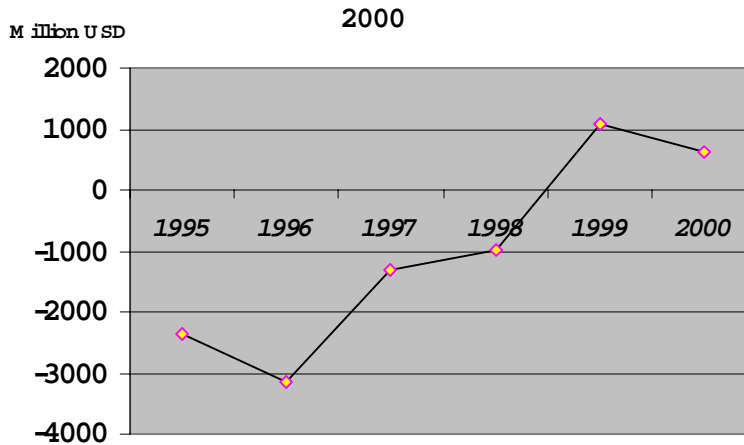
### 6.1 Total debt:

Throughout 1995 to 2000, external debt as a ratio to GDP average about 40 percent. Long term debt account for the largest portion of total debt.

Chart 1: Current Account Developments in  
1995-2000



**Chart 2: Trade Balance Developments in 1995-**



## 6.2 Foreign direct investment (FDI)

FDI as a ratio to GDP has been falling over the years. It is showing a downward trend. The downward trend reflects the effecting of Asia crisis to Vietnamese economy.

## 6.3 Current account and Trade Balance

Following the whole decade of deficit, the current account obtained a surplus for the first time in 1999.

The main factor contributing to this achievement was a high level of trade surplus of \$US 1,080 million.

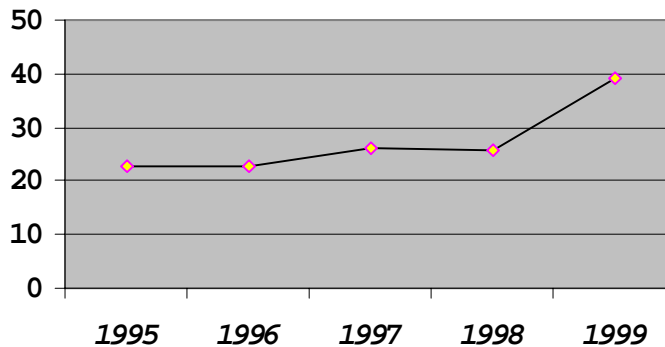
The increase in export revenue was broadly explained by an increase in the volume of most of exported goods and an increase in price of some exported items: The receipt of crude oil reached a new record of \$US 2 billion (the volume grew only by 23% but the value rose by 62%). Other items which had the exported turnover above \$US 1 billion were textile and garments, footwear and rice.

In addition to the trade balance surplus, the current transfer was maintained at the high level of \$US 1,081

With the surplus of the current account and the capital account, the overall balance of 1999 gained a surplus of \$US 1,600 million, hence contributing to an increase of the international reserves.

## 6.4 M2 growth :

Chart 3: M2 Growth Developments 1995-1999  
percent(%)



M2 growth reached the highest level in 1999: the SBV implemented an expansionary monetary policy to respond to the Government' policy of demand stimulus and improved monetay policy instruments to promote management effectiveness:

Reserve requirement: in 1999, SBV had changed the required reserves ratio of CIs twice from 7% to 5% of the total deposits with ,maturity of less than 12 months.

Refinancing instrument: in 1999, the SBV reduces refinancing interest rate 4 times from the level of 1.1% per month to the level of 0.5 % per month

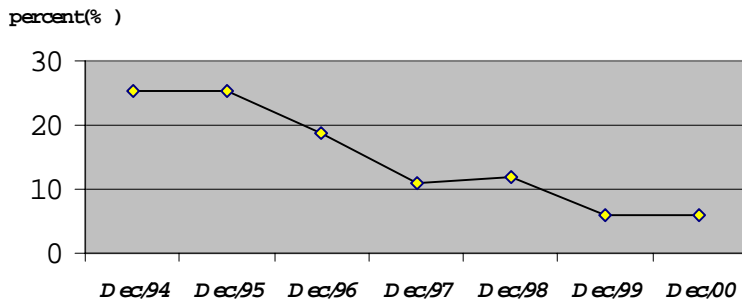
Interest rate instrument: in 1999, the SBV continued to manage the interest rate on the basic of the interest rate ceilings and reduced the VND maximum lending rate of CIs 5 times.

## 6.5 Credit:

Overall, money and credit data reflects the expansion monetary policy of SBV during 1999-2000 period.

Credit to the public sector has declined. Private sector accounts for over 50 percent of the total credit to the economy (excluding claim on the Government)

**Chart 4: Central Bank Lending Rate**  
**Developments 12/94-12/00**



## 7. Data Dissemination

There is only one official publication including some banking and monetary indicators and their developments disseminated annually to general public-the annual report of SBV. In other words, the public can access the banking and monetary indicators only through the SBV's annual report. For the unquoted indicators in the above-mentioned report, it can be reached by considerable acceptance of concerned authorities of SBV. Up till now, these indicators have been not available for website, diskettes, CD-ROMs, etc.

Under current situation, we are preparing in combination with other concerned departments to work out a proposal plan for dissemination of these indicators on ADB Website. This plan will be submitted to the Governor for approval before it enter into force. It can be noted that these indicators are scheduled be available on ADB Website at the end of this year .