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| **VIETNAM BANK**  **FOR SOCIAL POLICIES**    No: 4198/NHCS-TDNN | **SOCIALIST REPUBLIC OF VIETNAM**  **Independence-Freedom-Happiness**    *Hanoi, 16th December 2014* |

**GUIDANCE**

**Savings mobilization from members of Savings and Credit Groups**

Pursuant to the Regulation on organization and operation of Savings and Credit Groups (SCG) attached with Decision No.15/QD-HDQT dated 05 March 2013 by the Board of Directors of Vietnam Bank for Social Policies (VBSP);

Pursuant to Document No.1004/NHCS-TDNN dated 12 April 2013 by VBSP General Director on implementing Article 12 in Decision No.15/QD-HDQT dated 05 March 2013 by VBSP Board of Directors;

The General Director of Vietnam Bank for Social Policies hereafter stipulates the guidance on savings mobilization from SCG members as follows:

**1. Purpose of savings mobilization from SCG members**

To support the group members to become aware of savings practice and get familiar to banking services.

**2. The targeted clients and scope of application**

a) Scope of application

- Members of Savings and Credit Groups (SCG) established and run under the Regulation on organization and operation of SCG attached with Decision No.15/QD-HDQT dated 05 March 2013 by VBSP Board of Directors.

- The Management Board of SCG

- VBSP system.

b) The targeted clients: Members of SCG stated in Point a, Artical 2, who have demand to deposit in VBSP under the regulations of this Guidelines.

**3. The deposit account of SCG members**

a) Savings clients who are SCG members open and use demand deposit accounts to make following transactions:

- Deposit cash through the Management Board of SCG under the entrust agreement between VBSP and SCG Management Board or directly at VBSP mobile transaction point or VBSP branch managing their deposit account.

- Transfer money into the deposit account.

- Directly withdraw deposit at VBSP mobile transaction point or VBSP branch managing the deposit account.

- Require money transfer through SCG Management Board or directly transfer money at VBSP mobile transaction points or at VBSP branch managing the deposit account for principal and interest payment to VBSP.

b) Registration for opening the deposit account

- VBSP branch receiving savings stipulates guidelines to group leaders to support group members to open deposit account according to “The list of group members opening deposit account”-form No.01/TG (01 copy kept by VBSP and the other kept by the group leader). The signatures of group members in form 01/TG are required.

- If there are new members, it is required to prepare the additional form 01/TG.

- As the form 01/TG is required whenever the group members withdraw cash at VBSP mobile transaction point or VBSP branch, the original copy of form 01/TG is kept by the accounting unit at VBSP branch. The supervisor of VBSP mobile transaction team keeps one copy before a transaction session and give back to the account unit after the transaction session.

**4. Interest rate of savings**

a) Applying the interest rate for demand deposit at VBSP branch receiving savings.

b) The interest amount is calculated and paid on monthly base.

**5. Partial entrust SCG Management Board in savings mobilization**

a) Entrusted steps

- Receiving savings from group members.

- Receive requirement from group members to transfer money for principal and interest payment to VBSP under the guidelines in below-mentioned item 6.

b) Method of entrusting: VBSP signs the entrust agreement with the Management Board on entrusting SCG to receive interest, savings and implement some other steps in the lending process of VBSP (form No.11/TD attached).

c) Conditions of entrusting

Conditions for group Management Board being entrusted by VBSP in mobilizing savings as following:

- Established and run under the Regulations on organization and operation of SCG attached with Decision No.15/QD-HDQT dated 05 March 2013 by VBSP Board of Directors.

- Prescribe the regulation on savings practice of all group members.

- Have no history of embezzlement and fund appropriation (excepting for those embezzled and appropriated amount handed over from other groups under the group reorganization and strengthen process).

- Be trained on savings mobilization, management skills and recording skills and be entrusted by VBSP to collect the lending interest.

d) Commission payment to SCG Management Board

- Commission payment is calculated under the following formula:

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| **Commission = Monthly average savings balance x Commission rate**  *Of which:*   |  |  |  | | --- | --- | --- | | + Average savings balance | = | Savings balance at the beginning of month + Savings balance at the end of month | | 2 |  + The current commission rate: 0.1%/month (regulated by VBSP General Director periodically) |

- Periodical payment of commission: VBSP branch receiving savings pays commission to SCG Management Board on monthly base. The commission amount is transferred into the group leader’s deposit account.

**6. Process and procedure for SCG leader to receive savings and requirement from group members to transfer money for principal and interest payment to VBSP**

a) Savings and credit group

*Step1*. Before the transaction fixed date at commune, SCG leader receives savings from group members recorded in “The receipt of interest and savings” form 01/BL attached (hereinafter called as the Receipt). Based upon the received amount from member, group leader:

- Receive money and record the amount in row II “The amount of savings deposited” on the Receipt. In case the group member asks for savings transfer for interest payment, the group leader notes the required amount on column 8 on the Receipt; then signs and write full name on the Receipt. At the same time, the group leader records in “The list of receivable interest-collected, interest-savings-principal payment from savings” form 13/TD attached (hereinafter called as the List 13/TD): the collected amount recorded in column 13, the required amount for money transfer for interest payment recorded in column 10. In case the group member asks for savings transfer for principal payment, the group leader records the required amount in column 14. The group leader then requires him/her sign in column 15 to confirm the deposited amount and the required amount for savings transfer for interest and principal payment to VBSP.

- The group leader gives back the Receipt to the members.

*Step 2.* After receiving savings from all depositors, the leader calculates and record the total collected amount on the List 13/TD and check with the collected cash in hand for accuracy.

*Step 3.* When the leader deposits collected savings at VBSP, the List 13/TD is required.

b) The commune transaction point or VBSP branch receiving savings

- Process and procedure of transaction with the group leader depositing the collected savings from members and submitting requirements for savings transfers for debt payment regulated in Point a “Process and procedure of transaction with the SCG leader”, Article 3, Item II, Part II in Document No. 4030/NHCS-TDNN dated 10 December 2014 by VBSP General Director on “Guidelines for Commune Transaction”.

- Chief accountant or accountant at VBSP branch receiving savings: Update the principal payment on the Recording Book or the Credit Agreement or IOU; open the deposit account and collect savings from the group members who have not have a deposit account (in case they deposit savings at commune transaction point for closing Casa account).

**7. Process and procedure for group members to directly deposit, withdraw savings and transfer savings for debt payment.**

a) Procedure of depositing and withdrawing savings at commune transaction point: regulated in note 1 ”Cash transaction with the client”, Point b, Article 3, Item II, Part II in Document No. 4030/NHCS-TDNN dated 10 December 2014 by VBSP General Director on “Guidelines for Commune Transaction”. When the group member withdraws cash, the supervisor of mobile transaction team will collate his/her signature with the registered signature for accuracy under the regulations.

b) Procedure of depositing and withdrawing savings at VBSP branch receiving savings: regulated in Item III, part II ”Procedure of collecting and paying cash to the client” in Document No. 1454/HD-NHCS dated 20 May 2914 by VBSP General Director on ”Guidelines for receiving, paying, storing and transporting cash, foreign currency and valuable papers in VBSP system”. When the group member withdraws cash, the supervisor mobile transaction team will collate his/her signature with the registered signature for accuracy under the regulations.

c) In case the group member requires savings transfer for principal and interest payment to VBSP: regulated in note 2 ”Money transfer transaction with the client”, Point b, Article 3, Item II, Part II on Document No. 4030/NHCS-TDNN dated 10 December 2014 by VBSP General Director on “Guidelines for Commune Transaction”.

**8. Implementation**

a) Other requests relating to opening, closing deposit account of group members which are not mentioned in this document shall follow the regulations of VBSP General Director on opening the deposit account for group members.

b) VBSP’s branches in provinces and districts are assigned to promulgate, propaganda and disseminate the contents in this document to VBSP’s staffs, staffs of mass organization at all levels, staffs of SCGs, staffs of People’s Committee at communal level and members of SCGs for savings mobilization from members of SCGs; based upon various conditions in different areas, capacity of each group and its members, to suggest them the appropriate methods of savings practice and help them to become aware of the importance of savings practice.

c) The directors of branches at provincial and district level shall choose SCGs based on their capacity and conditions to sign the entrusted contract under the prevailing regulations. For entrusted groups, review and ensure their capacity to implement appropriately the entrusted steps in the agreement in compliance with regulations on this document).

d) VBSP’s branches at all levels shall report to representative unit of the Board of Directors of the same level to control and cooperate with mass organizations in monitoring, entrusting and managing savings mobilization of SCGs as regulated in this guidance.

đ) The mechanism of statistics report for savings mobilization from the group members shall perform practice as regulated by VBSP.

e) VBSP provincial/municipal branches give guidance to SCG leader to support group members to open the deposit account under above-mentioned from No.01/TG and collect all Savings Books under the name of group leader and store in order of group name, mass organization, commune. Classify all demand savings cards of SCG and staple in order of group name, mass organization, and commune. The deadline is 31 March 2015.

This document shall be effective since 01 January 2015, replacing Document No. 244/NHCS-KH dated 18 February 2009 on the Guidance in savings mobilization from the poor through SCG, Document No. 295/NHCS-TDNN dated 24 February 2010 on savings mobilization through SCG.

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|  | **ON BEHALF OF GENERAL DIRECTOR**  **DEPUTY GENERAL DIRECTOR** (Signed)Nguyễn Văn Lý |