



VIETNAM BANK FOR SOCIAL POLICIES

www.vbsp.org.vn; www.vbsp.vn



- * **Background** Vietnam Bank for Social Policies (VBSP), founded as the Bank for the Poor in 1996, is restructured and established under Decision No.131 date October 4th 2002 by the Prime Minister.
- * **VBSP's mission** is to provide financial products & services for the poor & other last-mile population for sustainable poverty alleviation, financial inclusion development and social security to accelerate socio-economic development.
- * **Network** To help the poor and other disadvantaged groups have access to financial products and services in a fast, inexpensive and convenient manner, VBSP has developed its nationwide network with 63 provincial branches, 631 district transaction offices, nearly 11,000 transaction points at communes/wards and nearly 200,000 savings & credit groups at village and hamlet.

Products & services. From only three credit schemes in 2003, VBSP is currently implementing over 20 credit schemes and some foreign funded projects. Following is some large-scale credit schemes:

- Loan for the poor, the near-poor & newly-poverty-escape households
- Loan for clean water & sanitation for rural households
- Loan for micro-entrepreneurs in disadvantaged areas
- Loan for disadvantaged students
- Loan for merchants and MSMEs for job creation
- Loan for social housing & housing for the poor
- Loan for overseas workers from disadvantaged families
- Loan for ethnic minority households for livelihood
- Loan for forestation & husbandry
- Loan for migrant workers for definite term
- Some other foreign-funded projects: SMEs loan by KFW, forest development by WB, loan for PWDs by Nippon etc.

Moreover, VBSP provides other financial services to respond to customers' demand, especially in remote and rural areas: Savings mobilization from the poor through SCGs; Savings deposits at commune/ward; payment, remittance, etc.

Targeted clientele. VBSP is serving around seven million household customers (~28 million population) who are almost all women coming from the poor, disadvantaged students, ethnic minority, persons with disabilities, business households, merchants in disadvantaged areas, micro-enterprises, SMEs, HIV carriers, rehabilitated drug addicts and reformed prostitutes etc.

Business Results. As of June 30th 2019, total assets of VBSP is more than VND 200,000 billion (~ USD 8.7 billion); total loan portfolio reaches over VND 198,000 billion (~USD 8.6 billion) with the overdue debt rate being 0.41% in total outstanding loans.

Socio-economic impact. Right in first six months in 2019, VBSP has:

- Provided microfinance service to over 1,158,000 the poor other last-mile population across the country.
- Created new jobs for 113,000 workers, out of which 3,000 overseas workers.
- Provided education loans for around 8,000 turns of disadvantaged students.
- Built 760,000 clean water supply and sanitation works in rural areas.
- Built 10,000 houses for the poor and other disadvantaged groups etc.
- VBSP has contributed to reducing the national poverty rate from 14.2% in 2011 to 5.23% in 2018.



Training & research. In the first six months, VBSP provided training for 30,024 local mass organization staff; 200,000 savings and credit group leaders; 200,000 village leaders; over 3 million clients in terms of financial banking products and services tailored by VBSP, group rules, lending/borrowing process and some knowledge on individual financial management. Also, VBSP provided training for around 1,300 VBSP staff and 1,579 credit staff and managers on new financial products and expertise skills.

Implementation approach. The key to VBSP's development is an effective model of commune transactions, establishment of savings and credit groups as well as close partnership with local mass organizations and local governments in the service delivery process. VBSP has collaborated with Women Union, Farmer Union, Veteran Union and Youth Union to establish nearly 200,000 savings and credit groups in hamlets and villages bringing together customers to help each other in business and production.

To date, VBSP becomes the biggest inclusive finance provider in Vietnam and one of the largest inclusive finance institutions in Asia region.

Some important events in the last six months.

- * Dissemination workshop on "Financial literacy for the poor and other disadvantaged groups via mobile phone application" with collaboration by VBSP and Oxfam in Vietnam.

- * Launch event "Mobile Banking - Financial Inclusion & economic empowerment for low-income population & women in Vietnam - Phase II" with partnership among VBSP, MasterCard, TAF & DFAT.

- * National conference on "Evaluation on VBSP's inclusive finance serving for ethnic minority in Vietnam" with collaboration by VBSP and Vietnam Ethnic Minority Committee.

- * On-line National Conference on "Role and effectiveness of VBSP's inclusive finance in conducting the goal of sustainable poverty reduction" with collaboration by VBSP and MOLISA

- * Workshop on "Role and effectiveness of VBSP's inclusive finance in conducting the goal of new rural development"

- * National Conference on "Review on the five-year implementation of Directive No.40-CT/TQ dated November 22, 2014 of the Central Party Committee Secretariat on strengthening the Party leadership on VBSP's inclusive finance".

