



VIETNAM MICROFINANCE  
WORKING GROUP



## FINANCIAL INCLUSION NOTE #2



Viet Nam Microfinance Working Group's Financial Inclusion Notes Series shines a spotlight on developments, partnerships, pilot projects and innovations in Viet Nam that aim to increase Financial Inclusion.



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## WHAT IS FINANCIAL INCLUSION?

**Financial inclusion** means that all individuals and businesses have access to useful and affordable financial products and services (payments, savings, credit and insurance) that meet their needs, delivered in a responsible and sustainable way) (World Bank, 2018)

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**Microfinance** – the provision of financial services to the poor – is an important part of **Financial Inclusion** efforts, alongside new service providers who are entering the market: commercial banks, technology companies, telephone and communication companies that bring know-how and resources transforming the way these services are put together and delivered.



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## Opportunities for Financial Inclusion in Vietnam?

- **Max. 10m** poor people, mostly ethnic minorities/remote/rural pockets
- **125m** mobile phone subscribers
- **50m** use the internet and **46m (48% of population)** are social media users
- **41m** adults (**58%**) have payment accounts, **27%** of rural adults have bank account
- **76** commercial banks offer internet banking, **41** offer mobile banking
- **40** banks partner with Fintech to offer e-wallets; **20** have **9.6m** accounts
- **11** Consumer Finance Companies: **7-10m** customers
- **1,280** licensed banking institutions and **27** Non-bank Financial Institution (end 2016):
- **6** state/commercial/joint stock banks
- **1** policy bank and **1177** People's Credit Funds
- **4** Microfinance licensed institutions + **150** Microfinance projects/Microfinance organizations – approx. **840,000** clients



*This leads to an emerging need for VMFWG to position as an Association that **represents, promotes and supports the development of inclusive and “smart” microfinance** in a rapidly changing market environment in Viet Nam. We wish to add value to all of our members through tailored services and products that meet the needs for:*





## DIGITAL TRANSFORMATION PROGRAM

*Leveraging Technology for Meaningful Financial Inclusion in Vietnam*

- ✓ The program will focus intensively on **digital transformation of financial services** in Bangladesh and Vietnam.
- ✓ It aims at extending foundational support through **digital and physical distribution rails, partnerships with service providers, and sustainable and scalable business models.**
- ✓ The **36-month program** will focus on working with implementation partners in both markets for **better design and delivery of products and services** as per the needs of low and middle-income (LMI) clients.



### Outreach

400,000 underserved LMI clients across both market



### Objectives

- Provide focussed technical support to FSPs and fintechs
- Forge partnerships between fintechs and FSPs
- Create better designed products and services



### Opportunities

- Lack of readily available banking infrastructure
- Significant proportion of unserved rural population
- Limited last mile physical and digital access
- Limited customer awareness about digital products
- Digital payment ecosystems are under-developed



### Challenges

- Complex user interfaces of smartphone
- FSPs lack the capacity & resources for technology adoption
- The potential of digitising merchant payments is unrealized
- Ineffective credit risk-assessment; lack of customized products
- Traditional savings mechanisms are convenient for last-mile customer



### Partnership

Financial Service Providers and  
Fintechs



To find out more about **MicroSave's Digital Transformation Program** and to explore partnership opportunities, please visit: [www.microsave.net](http://www.microsave.net)  
or contact: [manoj@microsave.net](mailto:manoj@microsave.net)

