## MAPPING OF SUPPORT FOR FINANCIAL SECTOR REFORMS

2013 2014 2015 Action Restructuring of credit Support provision of liquidity to ensure Ensure financial soundness of financial institutions through NPL disposals institutions and NPL solvency of banking sector; and recapitalization; Establish VAMC and acquire bad debt from VAMC continue to acquire, restructure, manage, and sell bad debt; resolution (EMCC) Promote restructuring of financial institutions; commercial banks. Allow and attract increased foreign ownership in domestic banks. Implement new regulations concerning safety of bank operations: Strengthen financial Revise and add regulations concerning safety Set standards for net capital requirements and required activities for supervision regulatory of bank operations e.g. Circular 02; Institutionalize macroprudential policy framework (EMCC prudential management. supported by ADB TA) functions. Develop a well-SBV discloses the direction of monetary policy Ministry of Finance and SBV to Global Master Repurchase functioning money and banking operations: further develop the Agreement adopted and launched market (FSDP) SBV proposes increased sanctions for nonprimary/secondary markets; SBV initiates a review of the law compliance with its revised bank liquidity on negotiable instruments. standards: Develop a deeper and Launch trading of government bonds on HNX; Discontinue direct placement of government debt into contractual savings; more liquid capital market Support formation of government bond yield Improve link between cash management and government bond issuance; (FSDP) Legal framework for deposit insurance system to purchase government curve. bonds. Capacity build public and SBV completes skills gap assessment in key Capacity development under medium-term training plan private institutions in the operational areas non-bank sector (FSDP) Milestone 10 banks with 20% foreign NPL less than 5% based on new Circular 02 accounting standards strategic ownership Volume of government bonds held Global Master Repurchase Agreement launched by contractual savings up to 16%

ADB = Asian Development Bank, EMCC = Economic Management and Competitiveness Credit, FSDP = Financial Sector Deepening Program, HNX = Hanoi

Stock Exchange, NPL = nonperforming loans, TA = technical assistance, VAMC = Viet Nam Asset Management Company

Source: Asian Development Bank