Greener, Inclusive, Resilient Path to COVID-19 Recovery

August 29 - September 1, 2022 - Thailand

Co-opBank

Digital Transformation Trends Shaping the Vietnamese Financial Cooperatives

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Cooperative Bank of Vietnam

CONTENT

Co-opBank

The Cooperative Bank of Vietnam (Co-opBank) operates with the main objective of linking, supporting and enhancing the effectiveness of the People's Credit Funds (PCF) network; Act as the focal point and play the role of intermediating capital for the PCF network

- **In law: Co-opBank is the Bank of PCFs**

- Lending to PCF
- Receive deposit of PCF
- Provide payment services for PCF
- Develop modern banking services for PCF
- Provide Banking products for individuals & enterprise
- Operate in the money market

CO-OPBANK

PERFORMANCE RESULTS IN 2021

Co-opBank

1.997 billion USD ↑ 7,54%

Total Assets.

Including charter capital: 128.9 million USD

1.832 billion USD ↑ 14,35%

Total deposit

Including: Deposit of PCFs: 1.522 billion USD

Deposit of individuals & enterprises: 310 million USD

1.115 billion USD ↑ 15,94%

Total outstanding loan.

Loan balance of PCFs: 148 million USD

Loan balance of individuals & enterprises: 968 million USD

HEAD OFFICE

4th floor, N04 Hoang Dao Thuy
Trung Hoa ward
Cau Giay district, Hanoi

32 BRANCHES

66 TRANSACTION OFFICES

PEOPLE'S CREDIT FUND

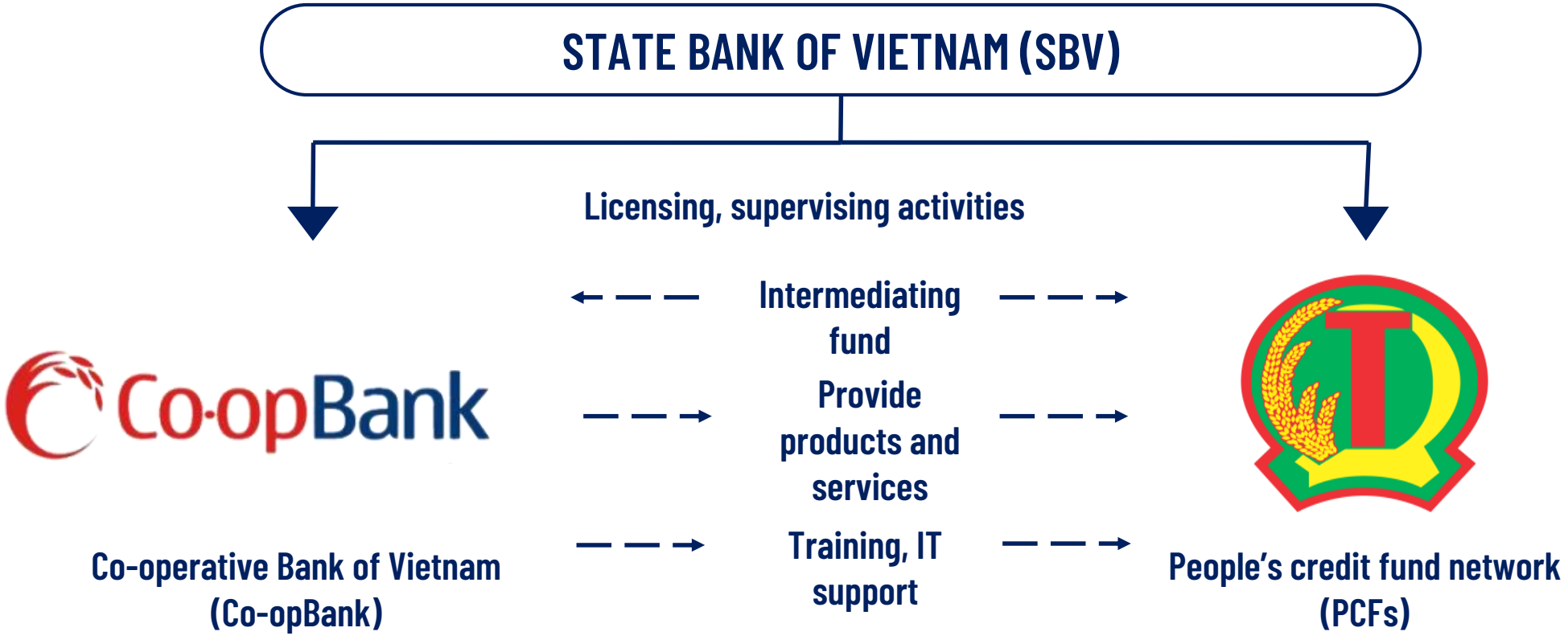
1. INTRODUCTION

PCF **(as of 31/12/2021)**

1.187	Total number of PCF operating in 58/63 provinces over the country
95%	Of PCF operating in rural area
1.65 mil	Total number of member
6.127 billion USD	Total Assets. Including borrow from Co-opBank of 148 million USD
4.520 billion USD	Loan balance of member

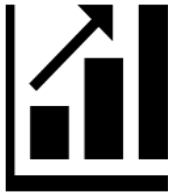
PEOPLE'S CREDIT FND

RELATIONSHIP BETWEEN CO-OPBANK, PCF NETWORK AND STATE BANK OF VIETNAM



The system of credit institutions is a COOPERATIVE: Mission to promote financial inclusion

About 2 million members, total capital is about 6.127 billion USD, of which loans are over 4.520 billion USD, mainly for agriculture and rural areas.



Agriculture and rural development; policy "three agricultural", promoting the process of economic restructuring, thereby actively contributing to poverty reduction and reduction of black credit in the agricultural and rural areas

Born for members, aiming to serve disadvantaged people who are difficult to access to financial and banking services, especially people in remote areas, provide products and services with the most reasonable and convenient costs.

DIGITAL TRANSFORMATION IN VIETNAM

The inevitable trend, the requirement of development

Promote economic growth

Changing methods, improving management capacity

DIGITAL TRANSFORMATION IN VIETNAM

The banking industry has a high level of readiness and is among the priority industries for transfer change number first

Resolution 52-NQ/TW
Some guidelines and policies to actively participate in the 4.0 technology revolution

Resolution 50/NQ-CP
Action plan of the Government to implement the Resolution 52-NQ/TW

Decision 749/QĐ-TTg
National Digital Transformation Program

Decision 1813/QĐ-TTg
Project to develop non-cash payment in Viet Nam

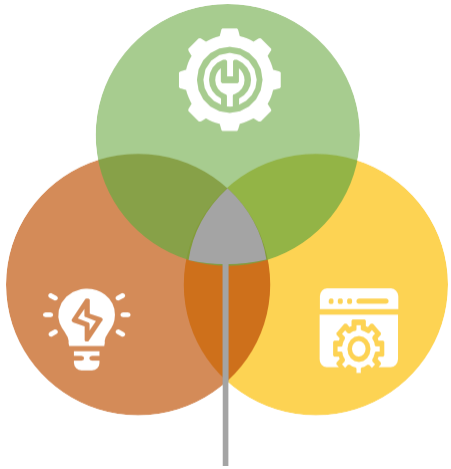
Decision 06/QĐ-TTg
The project of developing the application of data on population, identification and electronic authentication

DIGITAL TRANSFORMATION TREND IN VIETNAM'S BANKING SYSTEM

Closely follow the plan of digital transformation of the banking sector by State Bank of VietNam (Decision 810/QĐ-NHNN)

Ultimate goal

Process automation



Apply advanced technology

Develope digital banking models

Increase utility, customer experience

Intermediate goal

2025 — 2030

- 50% – 70%: Allow customers to perform entirely on digital channels
- 60% - 80%: Revenue from digital channels reaching over 30%
- 50% – 80%: Adult use digital payment service
- 50% - 70%: The decision to disburse loans of commercial banks, fintech companies for small loans and consumption loans is digitized.
- 70% – 80%: Number of transactions to be done through digital channels
- 70% – 90%: Work records are stored/processed in a digital environment

DIGITAL TRANSFORMATION TREND IN VIETNAM'S BANKING SYSTEM

PROMOTION AND DEVELOPMENT OF FINANCIAL INCLUSION

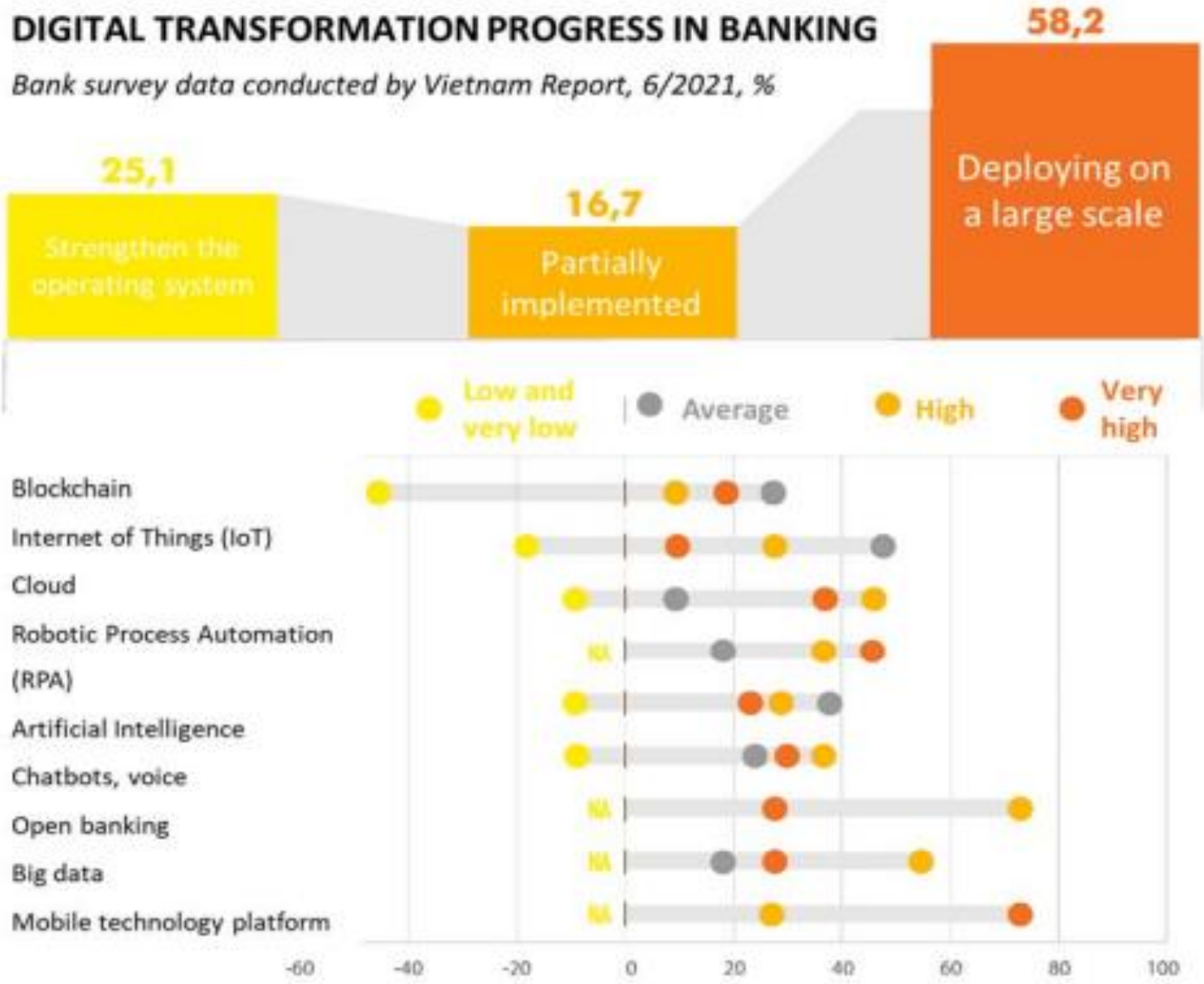
- **Open accounts remotely & develop modern digital banking**

- **Build an open financial ecosystem with customers as the center**

- **Support people and businesses to access capital conveniently**

DIGITAL TRANSFORMATION PROGRESS IN BANKING

Bank survey data conducted by Vietnam Report, 6/2021, %

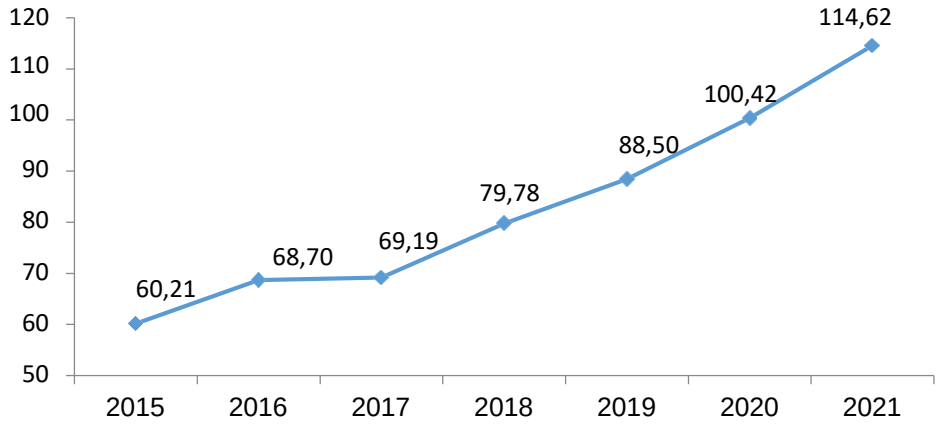


Source: Survey data of Vietnam Report

INDIVIDUAL ACCOUNTS

Unit: million

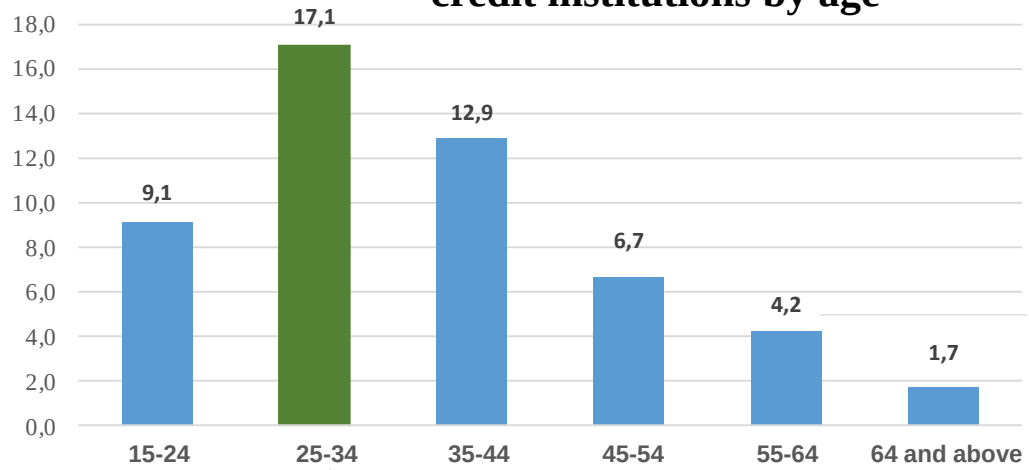
Total number of individual account



~ 68% of adults have at least one account

Unit: million

Vietnamese have accounts at credit institutions by age



Group of young customers

As of the end of June 2022

~ 5.5 million active eKYC accounts

~8.9 million eKYC tokens in circulation

~ 123 million payment accounts

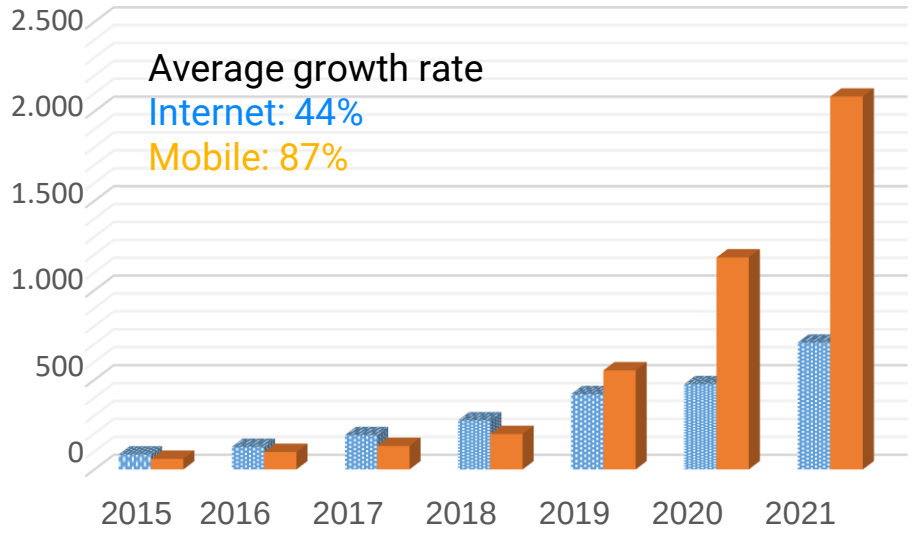
As of the end of June 2022:

***~ More than 1.77 million customers** using Mobile Money service (more than 67% are customers in rural, remote and island areas)*

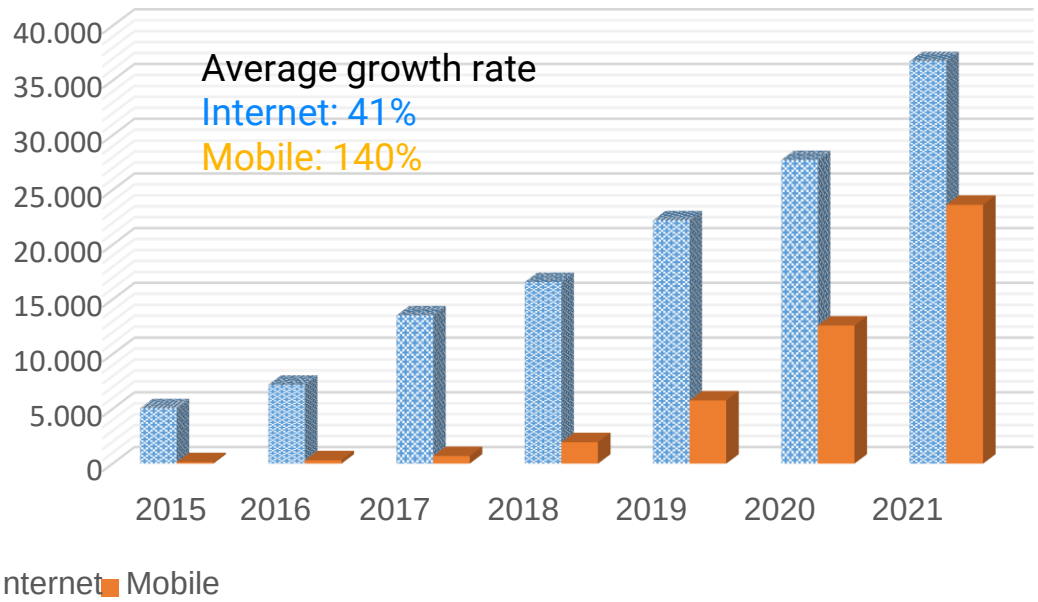
DEVELOPMENT OF DIGITAL BANKING SERVICES

Transactions via Internet and Mobile banking

Number of transactions



Amount of transactions



Average growth in transactions **via Mobile banking channel**

Customer transactions are done through the digital channel (at some leading commercial banks in digital transformation)

Payment services

Basically, it has been completely digitized

THE DIGITAL TRANSFORMATION TREND OF PEOPLES CREDIT FUNDS

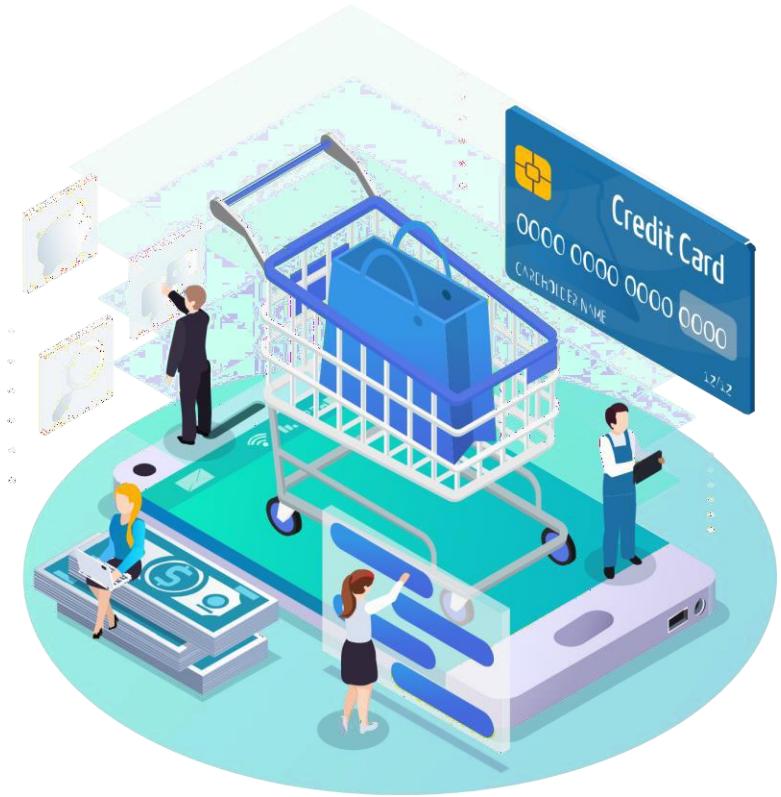
PCF are not able to do digital transformation by themself

- Lack of financial resources
- Total assets of most PCFs are small (below 8.5 million USD)
- IT systems have not been invested properly
- Lack of linkage between PCFs

Co-opBank must be the focal point and leader in digital transformation and support digital transformation for the **PCF network**

CO-OPBANK IDENTIFIED DIGITAL TRANSFORMATION AS ONE OF PILLARS OF THE DEVELOPMENT STRATEGY TO 2025 AND VISION 2030 IN WHICH PCF AND CUSTOMER AT THE CENTER

- OPERATION PROCESS
- HUMAN RESOURCES & DIGITAL CULTURE
- DIGITAL ECOSYSTEM



- CUSTOMER & PCF
- CHANNELS AND PRODUCTS
- INFORMATION TECHNOLOGY SYSTEM

SOME IMPORTANT KEYS THAT STRONGLY PROMOTE DIGITAL TRANSFORMATION AT CO-OPBANK

State Bank of VietNam has completed the legal framework for digital transformation

eKYC	**Issuing a Circular guiding the opening of a payment account, electronic card issuance (eKYC)**
Cashless	**Completing the Decree on non-cash payment**
Sandbox	**Completing the Decree on Controlled Trial Mechanism for Fintech Operations in the Banking Sector (Sandbox)**
Standard	**Promulgating and implementing common standards** (QR Code Standard, Chip Card Standard...)
Security	**Promulgating regulations on safety and confidentiality of information in banking activities**

SOME IMPORTANT KEYS THAT STRONGLY PROMOTE DIGITAL TRANSFORMATION AT CO-OPBANK

01

Establishment of the **"CoopBank's Digital Transformation Steering Committee“**

02

Cooperate with partners to complete **the digital and IT transformation strategy for the period of 2021-2025 with a vision to 2030**

03

Promulgating decisions and documents to promote the development of digital transformation in Co-opbank

CO-OPBANK HAS ALWAYS STRIVED TO PERFECT AND DEVELOP MAJOR DIGITAL CHANNEL WITH DIVERSIVE DIGITAL ECO-SYSTEM TO PROVIDE MULTI-CHANNEL SERVICES, MULTI-FUNCTIONAL SERVICES TO PCFS AND CUSTOMERS

Co-opBank

DIGITAL BANKING AT YOUR FINGERTIPS

Co-opBank Mobile Banking

Fast Fund Napas 247

Co-opBank Napas Chip Card

Gen Z Account Package

CF-Ebank The e-banking service

Virtual Account Management (VAM)

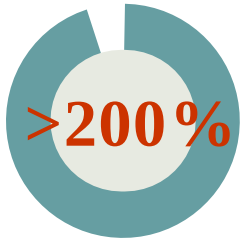
PLEASE SEE THE CLIP ON CO-OPBANK'S DIGITAL TRANSFORMATION JOURNEY

EFFORTS COOMBINED WITH THE CLOSE COOPERATION OF PCFS HELP CO-OPBANKS STRONGLY CHANGE IN DIGITAL TRANSFORMATION AND GET FIRST ACHIEVEMENTS

Growth in the number of customers opening new payment accounts and performing transactions compared to period before digital banking

Proportion of transactions on **digital banking channel**

CASA growth rate compared to period before digital banking service implementation



Growth in transaction amount on digital channels compared to period before the implementation of digital banking services.

Payment process at Co-opBank and PCFs have been digitized

BENEFITS BRING TO PCF AND CUSTOMER

CUSTOMER

- Perform all transactions easily via smartphone or at the counter of PCF
- Access to banking services easily and universally at a **reasonable cost**
- Secure, safe, convenient transactions, anytime, anywhere

PCF

- Develop brand, improve competitiveness under pressure of digital transformation trend of commercial bank
- Become a safe and convenient transaction point for members in remote areas, easily perform banking transactions
- Increase business efficiency with revenue from banking services.

DIRECTIONS IN UPCOMING TIME

Promote the expansion and diversification of products and services in the digital ecosystem through cooperation with Fintechs, partners inside and outside Vietnam.

Implement EKYC/electronic signature solution in digital banking transactions of Co-opBank.

Continue to strengthen cooperation with international organizations in technical projects to increase financial capacity and gain experience in deploying digital services to PCFs and customers in remote areas.

NGÂN HÀNG HỢP TÁC

Co-opBank

Hotline: 1900545554

Thank You!