



CREDIT INFORMATION IN SUPPORTING THE SUPPLY CHAIN FINANCING IN VIETNAM

Challenges and Perspectives

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Supply Chain Financing (SCF) in Vietnam

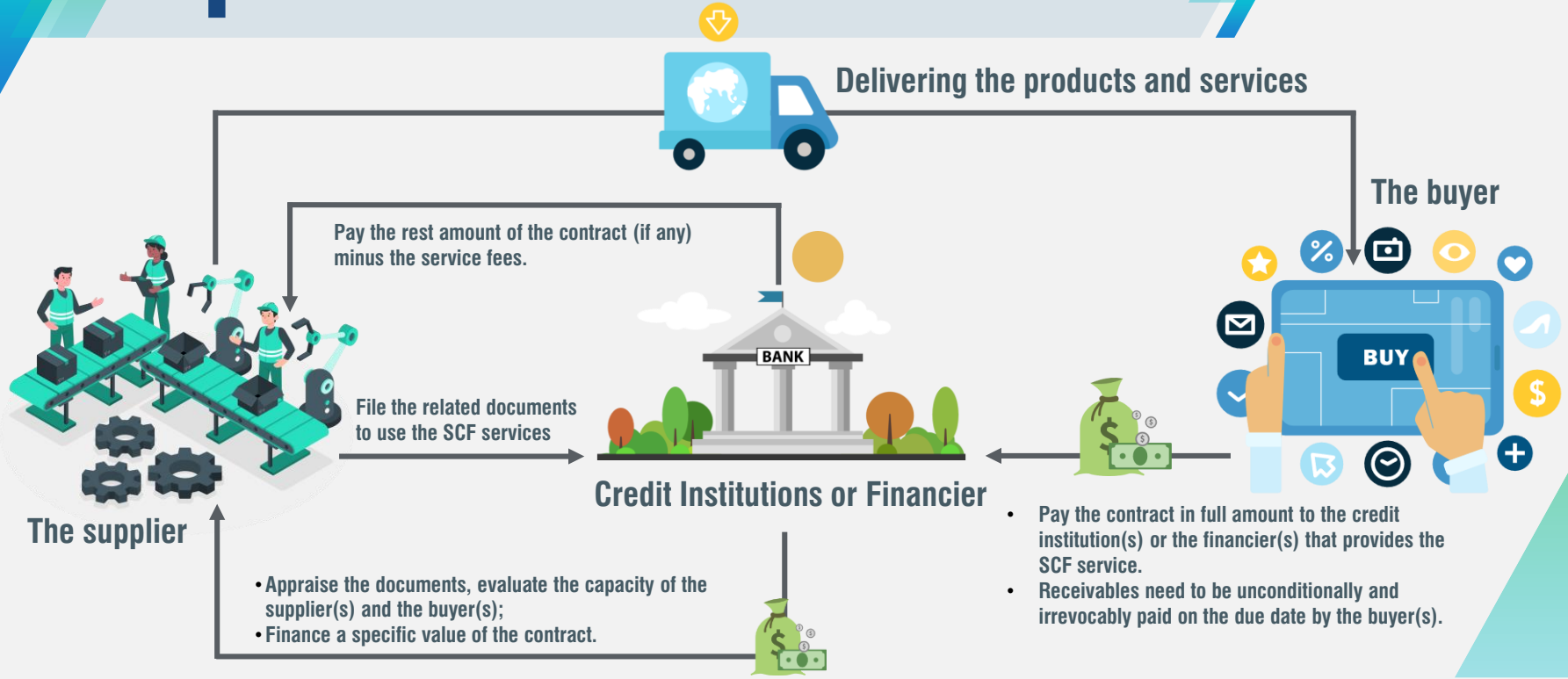


Credit Information in supporting SCF

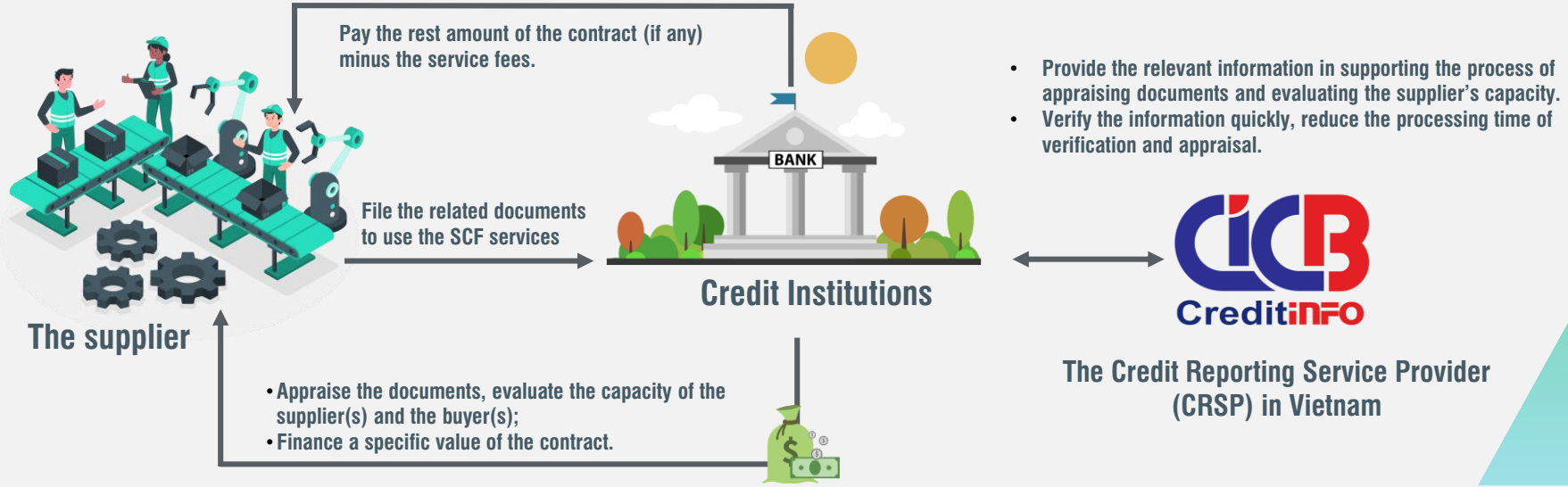


Challenges and Perspectives

1 SUPPLY CHAIN FINANCING (SCF) IN VIETNAM



2 CREDIT INFORMATION IN SUPPORTING SCF



2 CREDIT INFORMATION IN SUPPORTING SCF



The National Credit Information
of Vietnam (CIC)



The State Bank of Vietnam
(SBV)

THE INPUT DATA SOURCES ARE DIVERSE, ADEQUATE, ACCURATE AND TRANSPARENT

- Collecting the input data from all credit institutions, financial institutions, microfinance institutions, other ministries and voluntary organizations (sale companies, etc.);
- The CIC database contains adequate, accurate and updated information including active enterprises that operate in Vietnam, personal credit information, information of parent company and its subsidiary companies; and information of the company's leaders and shareholders;
- The cross-border information from the CRSPs in the Asia region and in the world.

PRODUCTS AND SERVICES IN SUPPORTING SCF ARE DIVERSE

- Providing the high-quality credit reports, credit ratings;
- Foreign enterprise reports in term of financing the global supply chain;
- Supporting the credit information in verifying the financing customers' information.

3 CHALLENGES AND PERSPECTIVES



DIFFICULTIES AND OBSTACLES OF CREDIT REPORTING ACTIVITY IN SUPPORTING SCF

✕ Legal Framework

- The SBV has been continuing to improve the current legal framework and create the sustainable legal framework to promote and support the SCF activities in Vietnam.
- To ensure the safety and mitigate risk in SCF, the credit institutions may verify the applicable information of both the supplier(s) and the buyer(s). However, there's a lack of relevant legislations relating to the participants who involve in the supply chain (i.e. checking the buyers' information without their consent in case they are not the objects applying for the financial sources).

3 CHALLENGES AND PERSPECTIVES



DIFFICULTIES AND OBSTACLES OF CREDIT REPORTING ACTIVITY IN SUPPORTING SCF

✘ The database and the objects which are financed in the supply chain

- Connecting and sharing information among state administrative agencies (General Department of Taxation, General Department of Vietnam Customs, Vietnam Social Insurance, etc.) and organizations having the database (such as utility companies) are limited due to the lack of the relevant legislations.
- Lacking of the advanced information system (big data);
- Lacking of the e-platform that links to CIC in order to quickly verify the financing applicants' documents.
- CIC has capacity to provide the related information in order to support the SCF activities. However, the credit institutions seems unwilling to open their approaching scope and scale to the SMEs - the vulnerable objects affected by Covid-19.

3 CHALLENGES AND PERSPECTIVES



CHALLENGES

✘ Asymmetric information

- SCF activities in Vietnam face up with many difficulties due to (i) lack of transparent information related to the companies' activities; or (ii) limited capacity of the companies (i.e. finance, labor force, technology, etc.) which involve in the supply chain, especially in the global supply chain.

✘ Limitation of the objects that are financed in the supply chain

- Although there are many credit institutions involving in SCF activities, the number of successful financing applicants is limited (i.e. some CIs only finance to the supplier(s) who have business relationship with some specific buyer(s)).
- Most of SCF transactions happen in domestic market (both the suppliers and the buyers operating in Vietnam market), which leads to the limitation of the global SCF.

3 CHALLENGES AND PERSPECTIVES



PERSPECTIVES OF DEVELOPING THE SCF ACTIVITIES IN VIETNAM

✔ Government Support Policy of Developing Digital economy

- Promoting the process of establishing the e-Government, accelerating the process of digital transition in order to unify all the national database, thus facilitating the information connection among the state administrative agencies.
- Creating the competitive and positive business environment to promote the development of Fintech companies.

3 CHALLENGES AND PERSPECTIVES



PERSPECTIVES OF DEVELOPING THE SCF ACTIVITIES IN VIETNAM

✔ The constructive supports of CIC in SCF

- CIC has the precise plan of investing and developing the technology infrastructure in the phase of 2020-2025.
- Applying the achievements of the fourth industrial revolution (Industry 4.0) in collecting, storing, securing and providing the credit information as well as in connecting to the CIs and other national databases with API standards;
- Continuing to research and improve the legal framework related to credit reporting in order to create better supports to SCF activities.
- Expanding the input data sources to other non-participants of credit information ecosystems such as sale companies, e-commerce platforms or utility companies (electricity companies, water supplier companies, telecommunication companies, etc.) so SMEs will be able to get more access to CIs.

3 CHALLENGES AND PERSPECTIVES



PERSPECTIVES OF DEVELOPING THE SCF ACTIVITIES IN VIETNAM

- ✓ **The credit institutions also constructively participate in SCF**
 - Promoting the SCF activities with many attractive promotion policies;
 - Shortening the SCF documents processing time as well as offering the high discount rate with some important and prestigious partners.
- ✓ **Be applicable with the trend and the post Covid-19 economic situation**
 - Supporting the suppliers' operating activities will not be intermittent by the effect of Covid-19 due to the shortage of cash;
 - In the context of the decreasing interest rate and the declining credit growth, the SCF has contributed to the expansion of business activities and 'un-frozen' the business environment affected by the Covid-19.

THANK YOU

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