



Financial Sector Modernization and Information Management System (P088759)

EAST ASIA AND PACIFIC | Vietnam | Finance & Markets Global Practice |
IBRD/IDA | Specific Investment Loan | FY 2009 | Seq No: 14 | ARCHIVED on 16-Jun-2017 | ISR26781 |

Implementing Agencies: The State Bank of Vietnam, The Socialist Republic of Vietnam

Key Dates

Key Project Dates

Bank Approval Date:30-Oct-2008

Effectiveness Date:20-Jul-2009

Planned Mid Term Review Date:22-Apr-2013

Actual Mid-Term Review Date:17-May-2013

Original Closing Date:31-Dec-2014

Revised Closing Date:31-Dec-2017

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objective of the Project is to assist the State Bank of Vietnam, the Credit Information Center and the Deposit Insurance of Vietnam to improve the delivery of their main functions in accordance with relevant international standards for the banking sector, through (a) developing a centralized and integrated system of advanced business processes and a modern information technology architecture; and (b) strengthening their institutional capacity in carrying out their operations.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

SBV Component 1 - Functional Strengthening and Business Re-engineering:(Cost \$7.89 M)

SBV Component 2 - ICT Platform Development:(Cost \$34.56 M)

SBV Component 3 - Project Implementation Management:(Cost \$2.48 M)

CIC Component 1 - Business Process Re-engineering:(Cost \$0.47 M)

CIC Component 2 - ICT Platform Development:(Cost \$6.74 M)

DIV Component 1 - Business Process Re-engineering:(Cost \$1.50 M)

DIV Component 2 - ICT Platform Development:(Cost \$14.52 M)

DIV Component 3 - Project Implementation Management:(Cost \$0.80 M)

Overall Ratings



Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Substantial	● Substantial

Implementation Status and Key Decisions

There has been a good progress in the Project implementation - 6 out of 7 major IT system packages are operational and the users are reporting several benefits, such as availability of more timely and accurate information, upgraded core functional capacity, improved work efficiency, etc. To date, the IDA credit has disbursed US\$42 million, which is 74.3 percent of the Project's US\$ equivalent amount. The CIC and DIV components have become fully operational and are already delivering benefits. The Project's Development Objective remains valid and achievable by December 31, 2017.



Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
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Political and Governance	--	● Moderate	● Moderate
Macroeconomic	--	● Low	● Low
Sector Strategies and Policies	--	● Moderate	● Moderate
Technical Design of Project or Program	--	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	--	● Moderate	● Moderate
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Low	● Low
Stakeholders	--	● Moderate	● Moderate
Other	--	--	--
Overall	--	● Substantial	● Substantial

Results

Project Development Objective Indicators

► Strengthened main functions of SBV (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Large gaps between SBV practices and international practices	New reports/templates have been prepared and respective Circulas have been finalized. Implementation of IT solutions is in process.	New reports/templates have been prepared and respective Circulas have been finalized. IT solutions developed and operational	Indicator is met as confirmed by the end targets of sub-indicators.
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

▲ Strengthened SBV Accounting Function (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Presentation of SBV financial statements without notes to financial statements. Difficulties in consolidating central banking operations and branch operations. No daily balance sheet and submission of monthly balance sheet to IMF with a 12-week lag.	Presentation, consolidation and timeliness of SBV's financial statements in line with both Vietnam Accounting standards (VAS) and SBV management requirements. System is based on real-time settlements and financial statements are consolidated daily.	Presentation, consolidation and timeliness of SBV's financial statements in line with both Vietnam Accounting standards (VAS) and SBV management requirements. System is based on real-time settlements and financial statements are consolidated daily. Financial statements are also in accordance with	Presentation, consolidation and timeliness of SBV's financial statements in line with both Vietnam Accounting Standards (VAS) and SBV management requirements on the one hand, and



			international practices and standards applicable to central banks.	international practices and standards applicable to central banks on the other, in particular in terms of provision of consolidated financial statements in accordance with statutory requirements of Vietnam.
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

▲ Strengthened SBV Supervision Function (Text, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Materially noncompliant with the BCPs on offsite supervision.	According to SBV's own assessment - offsite supervision partially compliant with BCPs #16-20. This needs to be verified by reviewing the standard reports after new IT system (BSA's own development and SG4) is launched. ST1 consultant has proposed improvements which have been incorporated into bidding documents of BSA's own development package.	BSA has conducted measures to improve supervision in line with international standards and characteristics of Credit Institutions in Vietnam, particularly: - SBV (BSA) issued the Circular 41/2016/TT-NHNN on 30/12/2016 regulating capital adequacy for banks and branches of foreign banks from 2020 onwards. Accordingly, calculation of capital adequacy is complied with Basel II (accounted for operational risks and market risk, credit risk including counterparty credit risk). In the first stage, Credit Institutions will use standard method to measure risks. - During Quarter I- 2017, BSA coordinated with BRASS to organize training course in order to improve knowledge about risks (credit, market and operations) as well as SBV orientation in	Compliance with BCP principles on offsite surveillance improved, in particular regarding regular offsite supervision reporting of banks' risk profiles



			implementation of Basel II for Credit Institutions and branches of foreign banks. - BSA has continued implementing the project of Information System in support of off-site supervision following the Decision of SBV Governor from May 2017 in order to fulfill the information system in support to improved supervision.	
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

▲ Strengthened SBV Policy Function (Text, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Lack of sectorization of bank credit and coverage of certain loans and financial leases in particular regarding state sector. Reports (6) submitted to IMF with a lag of 10-12 weeks. No regular publication of basic statistics and research results.	Inflation forecasting reports have been developed and report templates related to risk contagion control on interbank market have been entered into the data management system (SG4). Pilot has been launched. Full implementation is in progress.	Accuracy of reports: The validation formulas of SG4 are also devised to automatically validate more reports which will contribute to the statistical report quality. Consistence: Improved + Monetary balance sheet: SBV can provide key items on the monetary balance sheet to IMF with categorization in lower level i.e. items about outstanding credit, capital mobilization, bonds investment. + Balance of Payments: at the present, BOP is made by SBV based on statistical report about borrowing, repayment of foreign loans; direct investment of Viet Nam to abroad and the direct oversea investment into Viet Nam; and statistical data on monetary balance sheets of SBV, credit institutions. Almost items on BOP are set by SBV following the guidance of BPM6 except the goods	Statistics accuracy and consistency improved; monthly monetary survey submitted to IMF; and results of two research programs regularly published.



			balance and service balance because these items are managed and collected by other Government agencies. - Providing monetary balance sheet: At reporting time, SBV continues providing to IMF monetary balance sheet of SBV, Credit institutions and overall banking industry on a monthly basis and BOP on quarterly basis.	
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

► Improved credit information provided by CIC (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Information on credit and borrowers considered limited by users. No data reliability control mechanism in place. Rich data on general evolution of credit and total exposure by CI not utilized by SBV.	The new CIC data management and credit reporting system has become fully operational in March 2016. It has reduced the response time to queries on borrower credit from over 20 seconds to less than 10 seconds, as the reports were automatically generated by the data mat. The coverage of credit reports significantly expanded from generic information only to detailed, comprehensive information by borrower. The data reliability improved through the automatic data validation and as a result, the daily volume of transactions increased from 7,000 queries before the Project to over 20,000 queries now. With the rapid increase of revenue, the CIC was able to reduce the fees	The credit information system is in compliance with OECD best practices	Credit information provided by CIC is comprehensive, covering repayment history, unpaid debts or credit outstanding by borrower and by contract.



		charged for queries by credit institutions. The Project indicator is met.		
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2016

► Enhanced risk management of DIV (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Current systems and capacity not tested for bank risk assessment and payouts for banks.	The whole DIV operational system went live in October 2016. The early benefits already recorded - timely information on the company's operational and financial status, enhanced ability of insurance payout in the case of bank failure.	All systems operational. Financial Stability Forum, the International Working Group about Deposit Insurance issued the guidelines to develop an effective deposit insurance system. DIV will evaluate and demonstrate that the FSMIMS project implemented the guidelines in the independent completion report; the index of Project result will be shown in the project completion report.	Indicator is met as confirmed by the end targets of sub-indicators.
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

▲ Coverage of risk exposure assessment (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Coverage of risk exposure assessment is insufficient and is not aligned with global good practices	The whole operational system went live in October, 2016.	The whole operational system went live in October, 2016.	Coverage of risk exposure assessment improved in line with the recommendations of the International Working Group on Deposit Insurance under the Financial Stability Forum



Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017
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▲ Risk assessment reports (Text, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Risk assessment reports are materially short in covering all aspects of DIV exposures, due to lack of information resources	Software applications now operational.	Software applications now operational.	Risk assessment reports cover all material aspects of DIV exposures
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

Overall Comments

Intermediate Results Indicators

▶ Functions strengthened and business processes re-engineered (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Pachwork of regulations and operational directives more suited to administrative control Lack of polcies and procedures to guide and evaluate operation No basic central bank research program Ad hoc training without comprehensive medium-ter perspective	New business processes have been designed and developed and outputs have been delivered.	New business processes have been designed and developed and outputs have been delivered.	Main functions strengthened as evidence in improved quality of 2-3 important work program outputs, and main business processes re-engineered". Important work program outputs and main business processes includes: Open Market Operation; Inflation



				Targeting and Forecasting; New Accounting and Finance Blueprint; New chart of account.
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2016

▲ Medium-term training program implemented by SBV (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Ad hoc staff training without comprehensive medium-term program based on solid skills gap analysis.	Training program on new operational processes was conducted by ST1 consultant and training courses were completed in 2013.	Training program on new operational processes was conducted by ST1 consultant and all training courses were completed in 2013.	Medium-term training program implemented by SBV
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2016

▲ Research program adopted by SBV (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Limited research and statistic capacity.	SBV continues with implementation of the inflation forecasting research program in Vietnam (lead by FSD) and risk contagion research program on interbank market (lead by CBD). The FSD complies with the 8-step process of inflation forecasting as recommended by E&Y Consultant. The forecasting results included in monthly, quarterly and annual publications.	SBV continues with implementation of the inflation forecasting research program in Vietnam (lead by FSD) and risk contagion research program on interbank market (lead by CBD). The FSD complies with the 8-step process of inflation forecasting as recommended by E&Y Consultant. The forecasting results included in monthly, quarterly and annual publications.	Research program on 02 topics implemented: (i) Inflation forecasting in Vietnam and (ii) Assessing level of risk contagion in the interbank market in Vietnam through matrix of funding relationships between CIs, branches of foreign banks - SBV".
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017



▲ New/revised regulations and operational policies and procedures implemented (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Patchwork of existing regulations and operational policies/procedures mainly as responses to administrative requirements. New practices/products adopted without operational guidelines.	SBV has issued Circular no. 19/2015/TT-NHNN on the chart of accounts and is gathering contributions of relating units on the accounting document circulation procedures, instructions on data migration, financial statement development. Issuance of legal documents completed. New circular replacing Circular 31/2013/TT-NHNN regulating statistical reports applied for SBV branches, CIs, branches of foreign-owned banks has been issued. CIC has issued 3 new operating procedures (i) complaint dealing process, (ii) registration and provision of clients' credit reports integrated with client rating, (iii) procedure of debt overdue information provision in compliance with Circular 02.	SBV has issued Circular no. 19/2015/TT-NHNN on the chart of accounts and is gathering contributions of relating units on the accounting document circulation procedures, instructions on data migration, financial statement development. Issuance of legal documents completed. New circular replacing Circular 31/2013/TT-NHNN regulating statistical reports applied for SBV branches, CIs, branches of foreign-owned banks has been issued. CIC has issued 3 new operating procedures (i) complaint dealing process, (ii) registration and provision of clients' credit reports integrated with client rating, (iii) procedure of debt overdue information provision in compliance with Circular 02.	New/revised regulations and operational policies and procedures implemented by SBV, CIC and DIV
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

► Centralized ICT platform established (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Dispersed and semi-automatic systems led to inefficiency and weak risk control	Implementation vendor for the new IT structure is in place, and the process is showing good progress.	Centralized IT platform become operational in January, 2017 and is functioning smoothly.	Centralized ICT platform established in line with the adopted conceptual designs of the ICT architecture by SBV, CIC and



				DIV.
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

▲ System implementation verified by a 3rd party consultant (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Contract implementation for system supply and installation subject to 3rd party verification before any system is accepted by SBV, CIC and DIV.	SBV has employed ST3 consultant to verify ICT systems under SBV and CIC components. DT3 consultant ST3 consultant to verify CG1 system before contract liquidation. DIV has chosen 3rd party to implement validation of the system deployment result. ST3 has verified the 2 completely go-live systems (CG1 and SG1.1).	SBV has employed ST3 consultant to verify ICT systems under SBV and CIC components. DIV has chosen 3rd party (PWC) to implement validation of the system deployment result. ST3 has verified the 2 completely go-live systems (CG1 and SG1.1). The DIV component has been verified and also advised on the cyber-security aspects.	System implementation verified by a 3rd party consultant.
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

▲ Automated and operational procedures in place (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Centralized overall system architecture accepted but particular attention to transitional arrangements needed in detailed system design.	Systems within project scope under SBV and DIV components are installed, administered and exploited in centralized systems of software and hardware and ICT platform is established in compliance with the adopted conceptual designs. Automation of systems will be tested in SIT, UAT, OAT and Go-live phases. Both	Systems within project scope under SBV and DIV components are installed, administered and exploited in centralized systems of software and hardware and ICT platform is established in compliance with the adopted conceptual designs. All systems except SG3.2 have reached the "Go-live" milestones. Both the	Automated and operational procedures in place to detect inconsistencies or errors in information provision and transmission for SBV, DIV and CIC.



		the CIC and DIV component have become operational.	CIC and DIV component have become operational.	
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2017

► Management and staff trained in new practices, processes and products (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Management and staff unfamiliar with international practices of data management and related IT	At functional strengthening phase, SBV, CIC and DIV staff participated in training courses on new operational processes by ST1 consultant (under SBV, CIC component) and DT1 consultant (under DIV component). All training courses were completed in 2013. In addition, under ST7 Contract, KDi Asia delivered several training courses in 2015 for SBV and Credit Institutions. Contractors continue delivering training courses for professional staff and technical staff of SBV departments at headquarters and branches on the new systems, and do the technology transfer for users.	At functional strengthening phase, SBV, CIC and DIV staff participated in training courses on new operational processes by ST1 consultant (under SBV, CIC component) and DT1 consultant (under DIV component). All training courses were completed in 2013. In addition, under ST7 Contract, KDi Asia delivered several training courses in 2015 for SBV and Credit Institutions. Contractors continue delivering training courses for professional staff and technical staff of SBV departments at headquarters and branches on the new systems, and do the technology transfer for users.	Management and staff trained in new regulations, operational policies, application tools, and IT skills related to new data management system. All related professional and IT training activities completed.
Date	01-Nov-2008	11-Nov-2016	18-May-2017	31-Dec-2016

Overall Comments



Data on Financial Performance

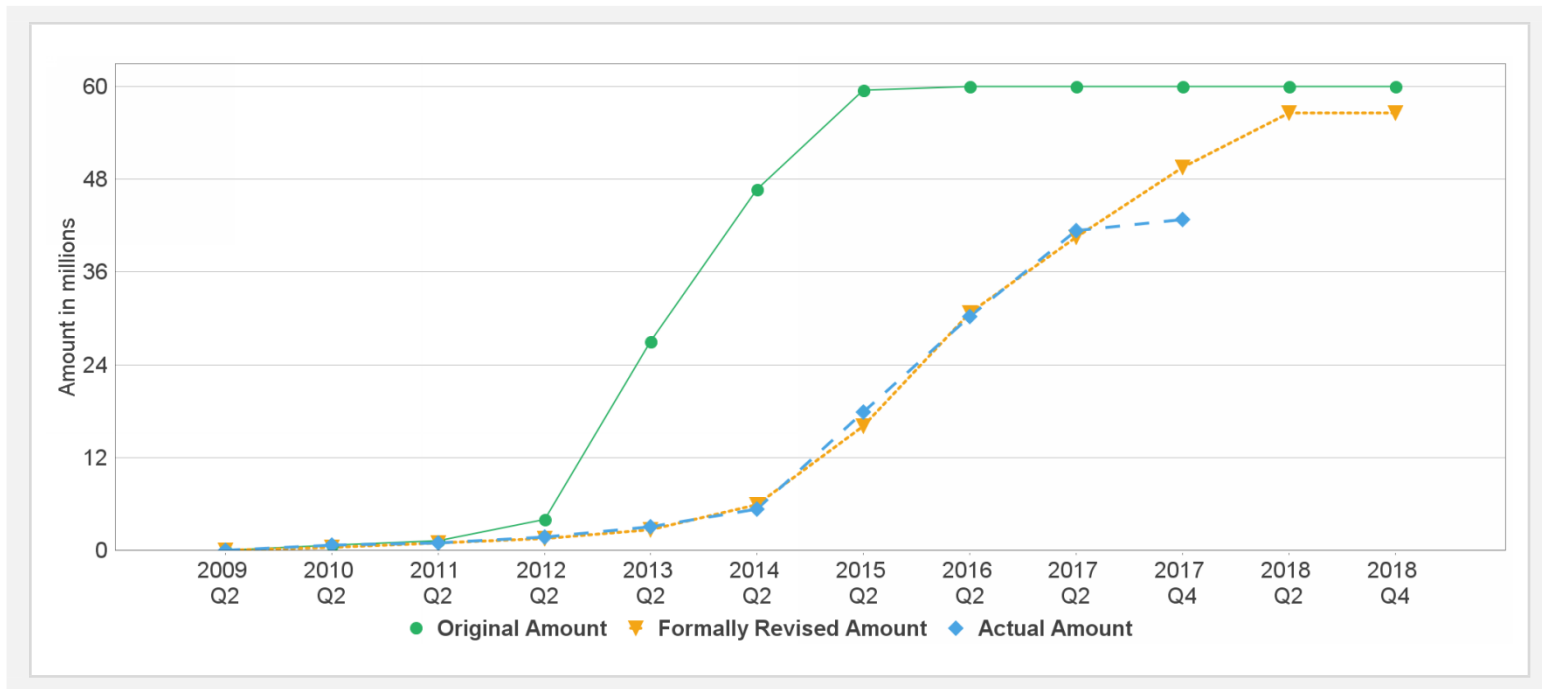
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P088759	IDA-45050	Effective	USD	60.00	60.00	0.00	42.00	12.58	70%
P088759	TF-93085	Closed	USD	0.83	0.83	0.00	0.83	0.00	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P088759	IDA-45050	Effective	30-Oct-2008	21-Apr-2009	20-Jul-2009	31-Dec-2014	31-Dec-2017
P088759	TF-93085	Closed	21-Apr-2009	21-Apr-2009	21-Apr-2009	31-Dec-2014	31-Dec-2014

Cumulative Disbursements



Restructuring History

Level 1 Approved on 23-Aug-2010 ,Level 2 Approved on 22-Dec-2014 ,Level 2 Approved on 29-Dec-2016



Related Project(s)

There are no related projects.
