

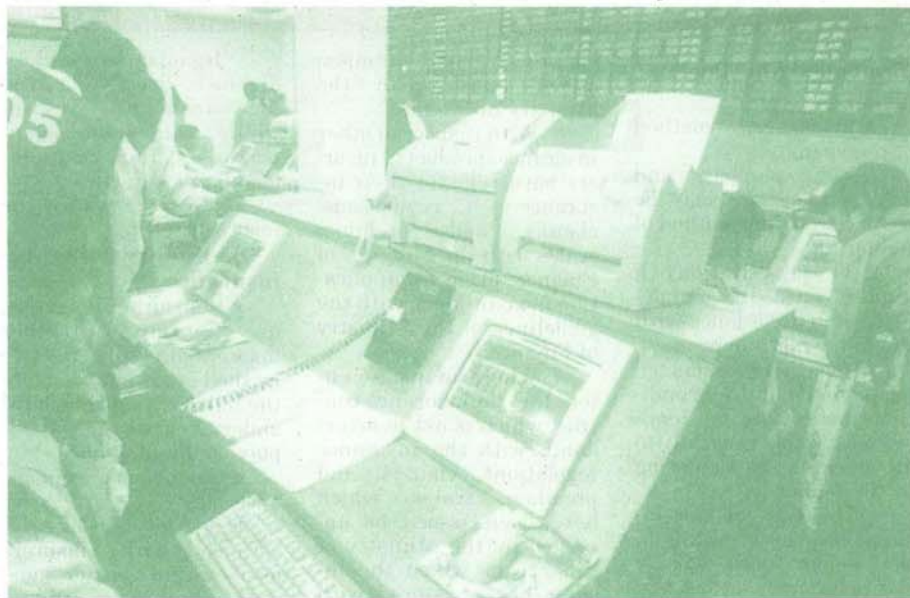
# DEPOSIT INSURANCE OF VIETNAM A HELPING HAND FOR PUBLIC CREDIT FUNDS

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As we know, the Deposit Insurance of Vietnam (DIV) has come into existence and operation for less than three years and its role and operation is still new to the public. Under the direction of the DIV Director in 2003, the emphasis is put on the task of propaganda with the aim of helping the public gain fuller knowledge of the DIV operation.

HCMC Branch of the DIV is one of its first six branches and has come into operation for two years. Its information task has been carried to a certain extent. To realize the directive of the DIV Director, the HCMC Branch of the DIV has cooperated with branches of the SBV in persuading banking institutions to buy deposit insurance by taking part in their annual meetings and conferences. Their concerted efforts to disseminate information about policies and mechanisms of the DIV started to produce good results and more and more public credit funds have trust in the DIV.

By taking part in annual meetings and conferences of 38 Public Credit Funds (11 in Lâm Đồng, 8 in Bình Thuận, 7 in HCMC, 6 in Tiền Giang, 2 in Bến Tre, 2 in Bình Phước, 1 in Bình Dương and 1 in Bà Rịa-Vũng Tàu), the DIV HCMC Branch has introduced the DIV operation and help fund members understand benefits of deposit insurance business and the organization, functions, duties and network of the DIV. In the late 1980s and



early 1990, a series of credit cooperatives went bankrupt with the result that the public couldn't trust any banking institutions and it is the reason why the DIV was formed. After coming into operation, the DIV has tried to develop its network and organization, and pay over VND13 billion worth of compensation to depositors in 30 Public Credit Funds that had become defaults or had their licenses withdrawn.

In addition, the DIV HCMC Branch also introduced other DIV operations, such as supplying loans for repayment, giving guarantee, buying secured debts, etc. The HCMC Branch made report on each Public Credit Fund after carrying out inspections and supervision and gathered information about working capital, legal capital, outstanding loan, overdue debt and profit of each Public Credit

Fund, and worked out comparison between funds from all over the country. These reports and comparisons have helped Public Credit Fund work out their own business strategies.

After getting reports and information from the DIV HCMC Branch, fund members, local authorities and civic organizations felt more confident of their deposits in Public Credit Fund.

Representatives from many Public Credit Funds said that after the formation of the DIV, most Public Credit Funds became busier, total deposits and outstanding loan increased over years (numerical data supplied by the above-mentioned Funds show that the total deposit rose by 29% while the total outstanding loan rose by 21% in 2002 in comparison with 2001). This result helps the task of mobiliz-

ing idle money from the public to Public Credit Fund easier after local residents, especially fund members, get fuller understanding of the DIV and benefits it brings about.

Local authorities also estimated that the presence of official from the DIV HCMC Branch at annual meetings of Public Credit Funds had helped remove bad impressions caused by the collapse of credit cooperatives in the past. Local authorities have asked fund members attending the meetings to disseminate information about the DIV and Public Credit Funds and encourage their neighbors to put idle money in funds. We hope that this concerted effort will help increase deposit in Public Credit Fund thereby ensuring capital for local residents to realize their business plans and accelerating the local economic growth. ■