

1. An outline

According to the e-Marketer, the total sales of the world e-commerce will surpass US\$2.7 billion in 2004. Certain statistics show that the e-commerce sales in Vietnam stays around US\$20 million and some 3,000 companies, representing 2% of registered ones, open their websites. This is really a small number.

The e-banking in Vietnam is only the computerization of traditional services, that is, supply of old services through new channels. Because the e-banking services are new and most customers don't pay much attention to them, commercial banks

a. Home-banking: This service is offered broadly by Asia Commercial Bank (www.acb.com.vn); Bank for Industry and Commerce (www.icb.com.vn); Bank for Foreign Trade (www.vcb.com.vn), Bank for Technology and Commerce (www.techcombank.com.vn) and Export-Import Bank (www.eximbank.com.vn), etc.

Customers could use various services on a 24/7 basis. For example, the ACB home banking sector offers fund transfer, bill payment, money transfer, along with bank statements on request.

b. Phone-banking: For example,

3. Strengths and weaknesses of e-banking

a. Strengths:

E-banking makes banking service easy to get and available for everybody on a 24/7 basis. Moreover, it saves a lot of time and cost for customers and provides customers with latest information (about exchange rate, prices of stock, etc.). In addition, with standardized practices, customers could enjoy better service instead of relying on behavior of bank officials.

Automated transactions offer benefits to both customers and banks. Banks could reach more cus-

E-Banking Services in Vietnam

by Ass. Prof. Dr. TRẦN HOÀNG NGÂN & NGÔ MINH HẢI

in Vietnam are reluctant to launch new services. Only a few banks, such as Vietcombank, incombank, ACB, Eximbank, ANZ and Citybank, supply home-banking services. In addition, customers could get phone-banking service from VCB, ACB, Techcombank, HSBC, ANZ and Citybank; and mobile-banking service from Incombank, ACB and Techcombank. Other banks are content with their websites where they advertise themselves and supply some information about their services. The Bank for Agriculture and Rural Development is carrying out a pilot scheme to supply e-banking services.

To serve the e-commerce, VASC has established the VASC Payment to facilitate electronic payment VASC CA control, provide digital signature and certificates, thereby creating confidence among customers and service suppliers.

2. Some e-banking services in Vietnam

the Techcombank with help from the IT Center under the Post and Telecommunications Institute has built the Techcombank Voice Assess System to supply information by phone.

c. Mobile-banking: ACB and Techcombank have launched this service in recent years. Information is encoded before sending to the mobile devices and only authenticated customers could decode it. Customers can also use mobile phone to instruct the bank to make payment or trade in stocks.

d. Internet-banking: This is a channel through which customers could get banking services any time and anywhere. However, security of this service is not high enough, which makes it less popular.

e. Bank kiosk: Some banks have made plan to open stations in public places where customers are provided with electronic facilities to get banking services.



tomers, increase their market shares, reduce costs, and attract more deposits, thereby increasing their profits. In addition, new banking technologies allow banks to modernize themselves and integrate into the world market.

b. Weaknesses:

E-banking in Vietnam includes many shortcomings:

- Many e-banking services don't meet customers' expectations: they have to personally go to the bank to buy services or deposit their money. Many banks fail to supply services relating to investment, trade in real estate or financial leasing.

- Infrastructure for electronic transactions is poor. Technical faults and poor-quality terminals make the quality of services unsatisfactory. Local banks fail to connect their separate systems in order to help customers enjoy better services.

- Local e-banking still requires a lot of paper work instead of producing all documents digitally. In addi-



tion, the use and certify digital signature hasn't been popular.

- Hackers and viruses represent potential dangers to banks and customers when both network security and law enforcement are not effective enough.

- Low sales from the e-commercial are also a cause that prevents e-banking from developing better.

4. Measures to develop the e-banking

a. Regarding the government and banking authority:

- Promoting the e-commerce by giving preferential treatment to investors, companies and financial institutions that engage in the e-commerce, thereby creating demand for e-banking services.

- Perfecting the legal infrastructure for the e-commerce and dispute settlement; and building standard and legal basis for electronic documents, signatures and certificates.

- To make electronic documents popular, the Government should establish organizations that control, grant and certify electronic signatures and certificates. A center for data keeping is much needed for this task.

- Internet and its infrastructure must be developed quicker. Internet fees must be lower and its speed higher in order to encourage individuals and organizations to use Internet services for their business and daily life.

b. Regarding commercial banks:

- Modernizing banking facilities, researching and launching new technologies and services, and selecting



services suitable to the banks' financial strength and potential customers.

- Upgrading the quality of existing e-banking services, trying to supply higher and more profitable services (relating to investment fund, real estate, financial leasing, etc.), computerizing all procedures in preparation for building e-branches.

- Making more investment in security and safety in order to struggle against hackers and viruses, and looking for help from foreign computing companies if need be.

- Training and recruiting personnel in both banking services and information technology, ensuring that technical advances are imported and applied on time in order to supply

better services and improving the competitiveness in the international integration process.

E-banking service has a long history in the world but it is only in its first stage of development in Vietnam. Most local banks are only in pilot schemes and this sector hasn't produced reasonable profits. In the near future, however, it will be the best competitive weapon for commercial banks because of its superiority over traditional services. To develop this sector, the banking system must make great efforts and secure help from the Government and banking authorities as well. New technologies and services are keys to success of all commercial banks. ■