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“OUR PRIMARY AIM IS TO TRANSFER KNOWLEDGE”

Finance: Luxembourg agency ATTF has just finished a five-year programme to help train hundreds of bankers in Vietnam.



Patrick Wallerand

Photo(s) : Olivier Minaire (archives)

Senior Vietnamese government and regulatory officials were in the Grand Duchy last month to cap a five-year training programme organised by Luxembourg financial technology transfer agency **ATTF** and supported by the Grand Duchy's **international cooperation** ministry. The delegation met with representatives from across the Luxembourg's financial sector, including those from regulatory agency **CSSF**. The **ATTF's Patrick Wallerand** talked to *Delano* about the initiative and Vietnam's banking sector:

AG: What are the biggest challenges currently facing Vietnam's banking sector?

PW: The banking sector--51 banks and 52 foreign bank branches--has trebled in size to €140 billion between 2007 and 2012. Unfortunately, that growth has not been accompanied by a similar reinforcement of the capital base.

As banks have centred their expansion on bank lending, we have noted an alarming increase in the levels of non-performing loans. Officially, they represent around 4.5% of the portfolio but the figure is estimated to be considerably higher at the five largest, state-owned, commercial banks. Their market share represents about 48%; plans to open up their capital to strategic partners have not been very successful.

Also worth noting is the fact that Vietnam is a cash economy where banking penetration remains relatively low: less than 25% of its 80 million-plus population has a bank account.

AG: Can you give examples of the skills and expertise that ATTF has shared with the Vietnamese financial sector?

PW: The recent visit to Luxembourg of a high level delegation of Vietnamese officials led by the vice minister of finance marked the conclusion of a five-year project benefiting the State Securities Commission, the capital markets regulatory and supervisory authority.

With the support of ATTF experts, the project has provided Vietnam's emerging financial centre with the technical expertise to draft new laws and circulars on investment funds, market intermediaries and derivatives. The project also provided SSC with IT support during the implementation of new hardware and IT system.

However, our main focus remains on training. Since 2001, ATTF has been delivering training in banking matters to local banks, in partnership with State Bank of Vietnam, the central bank.

We estimate that more than 3,500 bankers [globally] have attended our four- to five-day training seminars on matters as diverse as **compliance**, **risk management**, credit analysis, **managerial skills**, money markets, strategy and **human resources** management.

AG: How useful and relevant is the experience of a "savvy" financial centre like Luxembourg to a "developing" country like Vietnam?

PW: Our approach to Vietnam does not differ very much from the one applied to the 43 other countries we cooperate with. Faced with banking sectors at varying degrees of maturity and sophistication, our intent is to respond to the current training needs of the banking sector of each of those countries through a practical approach presenting best international practices and showcasing Luxembourg experience.

Our mission is a noble one where our primary aim is to transfer knowledge, not to sell Luxembourg as a prime **financial** centre.

However, I am confident that such a positive and responsible attitude can foster goodwill between our two countries and create business relationships over time.