

(20) ECON-4 INFO: AMB DCM EXA POL SA DAO PW-MIA CML JMAG USIS RSO CJTF  
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RUAJMAB/FOSIF WESTPAC KAMI SEYA JA  
RUCIAEA/FASTC/TAI WRIGHT PATTERSON AFB OH  
RUCMACC/CDR PSYOPGP FT BRAGG NC//ASOF-POG-SB//  
RUCWAAA/FBIS RESTON VA//ECON//  
RUDKMKB/FBIS LONDON UK//BBC//  
RUDPMAX/FAISA FT BRAGG NC  
RUDPWDC/DA AMHS WASHINGTON DC  
RUEALGX/DEFINTAGENCY WASH DC  
RUEBHAA/STORAGE CENTER FBIS RESTON VA  
RUEHBT/AMEMBASSY BANGKOK  
RUEHC/SECSTATE WASHINGTON DC//INR/SEA//  
RUESDJ/FBIS OKINAWA JA  
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WARNING: ATTN BANGKOK AE  
ATTN BANGKOK LOCAL

SERIAL: BK0309064393  
PASS: ATTN ECON

COUNTRY: SRV  
SUBJ: New Interbank Foreign Currency Market Viewed

SOURCE: Hanoi VNA in English 0611 GMT 3 Sep 93  
TEXT:

((Text)) The inauguration of the interbank foreign currency market in Hanoi last July ((words indistinct)) by many Vietnam watchers as an important step in banking operations in Vietnam. All state-owned commercial banks, stock commercial banks, investment and development banks, as well as joint venture banks and branches of foreign banks can now join the market to increase the effectiveness of capital use and guarantee their payment capabilities.

In the first six months of 1993, the payment period in each system of commercial banks was shortened from 5 or 7 days to only one day and even a few hours in some special cases thanks to the equipment of more up-to-date computer systems. This has also helped the banks to enhance their capacity of capital regulation within each system, overcome capital shortage, and reduce borrowings.

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Forty-eight among the 53 city and provincial banks have begun effecting compensation payments among their branches. In Hanoi and Ho Chi Minh City, this form of payment has reached down to the district level. Money transfer through the computer system is being effected at almost all branches of the commercial banks.

Proceeding from the realities of the economy, and departing from the policy of close control of the credits instituted in 1992, the banks have step by step expanded their credit operations aimed at meeting to a much larger extent the need in capital of the economy on the basis of the fullest possible mobilisation of capital sources inside and outside the country. By the end of June 1993 total credits had increased 29 percent over the level at the end of 1992. Worthy of note is that of the total of credits already granted the non-state sector received 22 percent, 7 percent more than at the end of 1992. The idea behind this move is to cater for all economic sectors at an equal interest rate. Eight branches of foreign banks, three joint venture banks and 22 stock commercial banks had up to the end of May 1993 made loans representing 11 percent of the total loans made by all state-owned commercial banks. Modest as they are, these loans have diversified banking operations and created a healthy competition for the emergence of a credit market with the ultimate goal of spurring economic growth.

Also in the past half-year, the banks have attached special importance to mobilizing domestic sources of capital, especially the idle money among the population. Multiple forms of savings have been adopted: government bonds, savings deposits in foreign currencies ((words indistinct)) have resulted in the mobilisation of more than 15,000 billion dong, 8 percent more than in the whole of 1992. In particular, savings in government bonds increased by three times. The interest policy continues to be readjusted in order to ensure the preservation of capital and profits for both depositors and borrowers, and is applied flexibly to keep pace with the fluctuation of market prices. In particular, the interest policy has largely contributed to keeping the price rise index relatively stable, thus avoiding major upheavals in the economy while assuring the capability of capital accumulation and the continued expansion of credit operations.

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