
PwC event news

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Transformation needed for banks' sustainable growth

Banks should focus on transformations to boost their internal strength and achieve sustainable growth, as the banking sector enters new stages of development. This was the consensus of experts at the "Banking Forum 2019" held on 8 May 2019 in Hanoi.



2019 Banking Forum

The 2019 Banking Forum, themed “For Vietnamese banks’ further development” was held by the Saigon Times Group in cooperation with the State Bank of Vietnam (SBV). The event attracted various bank leaders, representatives of the SBV and governmental agencies, banking experts, as well as delegates from international financial institutions looking to invest in Vietnam’s banking sector.

The forum gave an overview of the SBV’s monetary policies in 2018 and directions for the future, while taking into account the external factors affecting the macro-economy. A major part of the programme was dedicated to discussing solutions to help the banking system improve its internal strength for future growth. Key topics



included bank restructuring, non-performing loans, technology investments, human resource development, and green credit.

According to experts at the event, the restructuring of the banking sector saw positive results in 2018, as evident in a gradual reduction of bad debts. Some small banks started reporting profits again, while several large banks achieved their profit targets. Faced with fluctuations in the global market in 2019, the SBV is adjusting its monetary policies in order to support the development of the banking sector in the coming time.

Many experts shared the expectation that domestic banks will improve their capital mobilisation capacity, technologies and human resources to keep pace with their Asian peers. However, they also agreed that banks will need to prioritise the enhancement of internal capabilities to overcome challenges in their growth journey.

Sharing experience gained from advising banks on both strategies and operations, Mr. Vo Tan Long, Technology Consulting Partner at PwC Consulting Vietnam said that local banks should focus on two key tasks, i.e. improving management capabilities and raising operational efficiency. These can be achieved by means of transformations, including digital transformation and workforce transformation.

Mr. Long emphasised that digital transformation is not just about technology, as it can drive a fundamental change in existing processes and procedures in banks. Banks can expect positive changes, such as higher productivity and accuracy, better management of operational and credit risks, lower cost-to-income ratio, etc. Banks can also improve their customer service quality, and create new products and services with digital transformation.

Speaking with reporters on the sidelines of the 2019 Banking Forum, Mr. Long added that digital transformation is tightly linked with workforce transformation. He said that the latter is a major concern not only for local banks but also their global peers. In fact, PwC's latest global CEO Survey revealed that nearly 80% of CEOs in the banking and capital markets sector are worried about a lack of skills, particularly those needed to innovate effectively and provide a winning customer experience.

PwC's approach is to put people at the heart of banks' transformations. That means that banks should train or recruit talent to employ technology in a way that caters to customers' needs and facilitates the human interactions between banks and their customers. Bank leaders should start early conversations with their staff about where their organisations is heading to, so that they can understand how automation and artificial intelligence will affect their jobs. Most importantly, business models will need to be redefined to fit the new reality of the talent and technology in banks.

Note to editors:

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