EXECUTIVE SUMMARY

Non-cash payment is an inevitable trend of various economies due to its practical benefits. Non-cash payment applications in the public service sector also contribute to increasing the transparency of public service provision and reducing the compliance costs for people, enterprises, and State agencies. In essence, as long as there are fees and charges for public services, administrative procedures, or taxes and tax-like payments in the operation of enterprises, non-cash payment applied to the above-mentioned will represent a reform to the business environment as well as an improvement to the State activities' transparency. This also leads to improving the competitiveness of Viet Nam's economy and increasing Viet Nam's scores in the Doing Business' rankings.

In Viet Nam, the current legal and policy frameworks related to non-cash payment are still in the stage of experimenting and completing. Non-cash payment applications are not really wide and thorough in public service provision. For certain reasons, cash is still popular among people and enterprises, especially small and micro enterprises during their performance of administrative procedures. Moreover, the increase in the level of electronic administrative procedures, particularly the non-cash payment relies heavily on the determination as well as resources of each locality.

The researches on good practices of some countries regarding non-cash payment applications in (i) Starting a business, (ii) Dealing with construction permits, (iii) Getting electricity, (iv) Registering property, (v) Paying taxes, and (vi) Enforcing contracts show that reforms on non-cash payment applications are often associated with reforms on electronification of administrative procedures in general. The forms of non-cash payment nowadays are extremely diverse, including not only checks, bank transfers, credit cards, debit cards but also electronic wallets, mobile money, etc. Government support is a prerequisite for accelerating the application of non-cash payments in the public service sector. Policies that encourage people to make non-cash payments and online payments instead of cash payments are essential to changing people's habits when using public services.

In Viet Nam today, special attention should be paid to changing consumption habits and improving access to financial products and services of people in rural and remote areas as well as of small and micro enterprises. Given that the COVID-19 pandemic situation is still complicated and prolonged, promoting non-cash payment can also contribute to reducing the spread of the pandemic via limited public exposure. To a certain degree, the COVID-19 pandemic could be a catalyst for the promotion of non-cash payment in Viet Nam.

To promote non-cash payment with the aim to reform Viet Nam's business environment and, in particular, increase Viet Nam's scores in the Doing Business Report, this thematic report offers the following recommendations:

- Promoting the electronification of administrative procedures applicable to enterprises, household businesses, and individuals. Ensuring that the increase in the level of online public services is practical and beneficial for the people to encourage them to carry out administrative procedures online instead of conducting them physically. In addition to focusing on the electronification of public services provided to enterprises, it is also important to pay attention to the administrative procedures related to household businesses and individuals.
- Creating policies that motivate people and enterprises to perform online public services and, in particular, pay fees and charges or taxes by non-cash payment methods. In addition, it is necessary to make sure that non-cash payment methods are faster and more convenient than cash payment when performing administrative procedures.
- Promoting online single-window system, interlinked single-window system with online payment functions. Reducing the number of single administrative procedures performed by people and enterprises also means reducing the number of payments for fees and charges, thereby cutting down the compliance costs for both enterprises and State agencies. In addition, it is necessary to regularly review and remove unsuitable or low-level fees and charges which cost large expenses for collection, thereby reducing compliance costs for both enterprises and State agencies.
- Completing the legal framework on non-cash payment to create the favorable legal conditions for non-cash payment methods, typically the Decree replacing Decree No. 101/2012/ND-CP on non-cash payment (including contents regarding banking agents, electronic money, payment intermediaries), regulations governing mobile money as well as the exploitation and use of the national database on the residents, etc. Completing the national personal identification database (including information on identity card, citizenship identification, phone number, biometric feature, etc.) for multi-factor authentication in the creation and use of bank accounts.
- Clarifying service fee collection mechanisms for transactions of fee and charge payments through banks and payment intermediaries. Standardizing software and database of public service providers so that credit institutions and payment intermediaries can connect and deploy payment services, ensuring adequate facilities for payment processes, training on non-cash payment methods for civil servants and employees working at public service providers.
- Delivering communication strategies that may change the habits of people and enterprises in performing administrative procedures in general and, in payment of fees, charges, and taxes in particular. Such strategies should focus on people in remote and rural areas and micro enterprise groups.
- Promoting the development of payment products, diversifying non-cash payment instruments to suit the characteristics and needs of customers. Focusing on developing methods of payment by mobile phones, including payments of fees, charges, and taxes. Special attention

should be paid to information security measures and safety solutions to prevent cybercrimes so as to gain trust from users in non-cash payment methods./.