

NOTABLE CONTENTS OF MOBILE-MONEY PILOT SCHEME

PHAM HA

On March 9, 2021, the Prime Minister issued Decision 316/QĐ-TTg on approving the pilot implementation of using telecommunications accounts to pay for small-value goods and services (**Decision 316**), which takes effect from the date of signing. This Decision has paved the way for the deployment of Mobile-Money service, a payment method that had not been governed by law and used in Viet Nam previously.

Overview of Mobile-Money service

Mobile-Money is a service that provides users with a solution to pay for small-value goods and services through an independent account opened at a telecommunications enterprise. According to Clause 1, Section III of Decision 316, this service includes the following operations: depositing, withdrawing money from customers' bank accounts or e-wallets into/from Mobile-Money accounts; using Mobile-Money accounts to pay for goods and services; transferring money between Mobile-Money accounts within the same telecommunications system.

The service is expected to

promote non-cash payments, especially in rural, mountainous, remote, isolated, border and island areas. With the strength of being provided through telecommunications network, Mobile-Money can possibly reach a large number of users as a result. Meanwhile, online payment and remittance currently can be conducted through a bank account, a debit card, or an e-wallet (which is linked to a bank account). However, people in remote and isolated areas still struggle with opening bank accounts or using e-wallets. Mobile-Money can solve this problem as these accounts are provided by telecommunications carriers without requesting any link to bank accounts. By this way, Mobile-Money supports users, who are unable to access other financial services, to pay or to transfer money with small value.

As reported by a market research from Research and Markets, the global Mobile-Money market size is projected to reach USD 12 billion by 2024, with an annual growth rate of 28.7%. In addition, the rapid growth of Mobile-Money in developing and least-developed countries proves its suitability to Viet Nam, where nationwide telecommunications networks take place, and the number of telephone subscribers has exceeded the population. According to the February 2021 statistics of the General Statistics Office, the total number of active mobile subscribers in Viet Nam is more than 125 million.

The pilot Mobile-Money service in Viet Nam

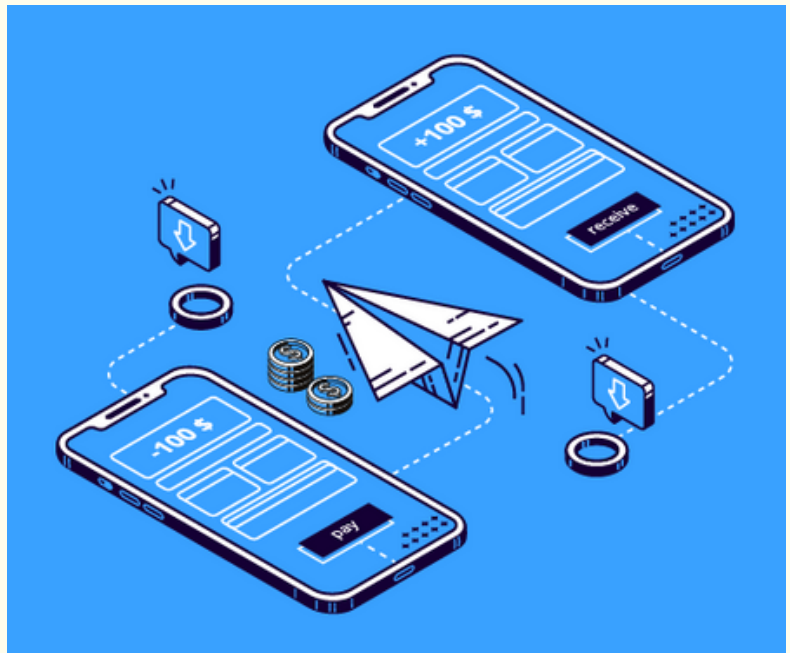
According to Clause 1, Section II of Decision 316, enterprises are only allowed to participate in the pilot scheme of Mobile-Money service if they obtain the License for provision of payment intermediary services of e-wallet and the License to establish a public land mobile network using radio frequency bands, or subsidiaries that allowed to use telecommunications infrastructure, networks and data by their holding company that having the License to establish a public land mobile network using radio frequency bands. As stated in Decision 316, enterprises participating in the pilot scheme must develop a project on pilot implementation of Mobile-Money service and send it to the State Bank of Viet Nam for consideration and appraisal. At the present, 3 telecommunications enterprises are eligible for pilot implementation, namely Viettel, VNPT and Mobifone.

During the pilot scheme, telecommunications enterprises must open a guaranteed bank account with minimum balance maintained at the sum of all Mobile-Money account balances. This account should be separate from other accounts of the telecommunications enterprises and must not be used for other purposes. Furthermore, telecommunications enterprises are responsible for ensuring the accuracy of their customer identification information and must establish a prevention mechanism of money laundering, terrorism financing in accordance with applicable regulations. In the event of signs of crime, illegal acts, unusual and suspicious transactions are detected, Mobile-Money accounts may be

temporarily locked or frozen. In addition, these enterprises need to meet other requirements related to technology infrastructure, personnel quality to ensure the interests of Mobile-Money account holders as well as to protect public interests. In fact, telecommunications enterprises have built the relevant systems and procedures since the pilot scheme was prepared by the Prime Minister so that users can soon access to Mobile-Money service in the time coming.

On the customer side, only mobile subscribers that have been identified and authenticated as required and that have been activated and continuously used for 3 consecutive months are eligible to open

and use Mobile-Money service. Each customer is only allowed to open one Mobile-Money account at each telecommunications enterprise after providing ID card, Citizen identity card or Passport which coincides with his/her mobile subscription registration information. Mobile-Money accounts will be opened independently from other accounts, such as mobile subscription accounts or e-wallets. Mobile-Money account holders will not be entitled to earn any interest accrued on their balance.



Regarding payment acceptance, Decision 316 does not limit the types of goods and services that customers can buy through Mobile-Money, but the total value of withdrawals, transfers, and payments shall not exceed VND 10 million per month. Telecommunications enterprises need to sign contracts with payment accepting units, which allows their customers to make payments at these units. The pilot period will last only 2 years, requiring telecommunications enterprises to actively sign contracts with goods and service providers to create the payment environment for Mobile-Money account holders.

In short, the development of Mobile-Money is supposed to be suitable for the Vietnamese market, with the meaning of promoting non-cash payments and bringing essential financial services to the people in areas where banking and Internet services are difficult to be accessed. The implementation result of Decision 316 is expected to be the ground for the Government to consider the necessity to develop and promulgate official legal regulations for the provision of Mobile-Money service in Viet Nam.