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## **Vietnam Women's Union and GIZ-RFPI Asia Cooperation on Financial Literacy with a Focus on Microinsurance**

Study Report  
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## 1. Introduction

To enhance the chances of success, external donors need to build partnerships that lead to project outputs being taken up and propagated by existing systems and networks. In Vietnam, the Vietnam Women's Union (VWU) is one example of an existing organisation with an extended and structured network that can effectively reach that aim. To strengthen Vietnamese women financial capabilities the VWU is a key partner for GIZ-RFPI Asia to jointly design and implement a cooperation initiative to improve financial literacy amongst its members - with a special focus on micro-insurance. Deeper financial knowledge is needed to be able to benefit of -and prevent the risks - of the rapid changing economic and financial environment in the country. The development of tailor-made awareness and financial literacy campaigns will enhance women's financial behaviour and attitudes that will improve financial decision-making processes and thus contribute to their own welfare and that of their families. Moreover, such an initiative will further add to VWU impressive work as a pioneer hub for financial knowledge ownership of Vietnamese women.

The VWU has the willing and power for the intended joint project to bring about change and demonstrate tangible results in the financial literacy and awareness level of their members and beyond. They count on an extensive communication network that includes radio, television and print media. This allows them to extend their reach beyond their members to the wider Vietnamese population. Additionally with their established networks they have a system in place that can be used to both disseminate information and provide feedback on the 'grassroots' needs of women and their communities. As a result of their communication network they can enable effective stakeholder engagement and participation throughout the project.

GIZ-RFPI Asia has gathered significant experience in the area of financial literacy, in particular insurance literacy and insurance awareness. An important lesson learnt is the need to make financial literacy programs tailor-made to the specific needs of women for risk protection. Additionally, the financial sector is recognizing increasingly that the client profile of women is different from men, due to their gender-diverse life cycle needs and associated risks, resulting from cultural norms, socio-economic patterns and biological differences. Addressing these needs of women's client segments present a market opportunity for insurers and intermediaries. To seize this opportunity will require gender differentiated product and distribution strategies, as well as focused support on awareness and financial literacy campaigns.

In this context, the design and implementation of an awareness and financial literacy campaign intending to shed light on the existence of and need for insurance as well as to improve understanding of the purpose, usefulness, advantages and procedures associated with insurance products will further contribute to the work of VWU. And will

also be an important milestone in the framework of activities, which are being jointly developed with GIZ-RFPI Asia in the last years.

## 2. Vietnam Women's Union in the country's landscape

Founded in 1930, the [Vietnam Women's Union](#) is a social-political mass organisation that aims to raising the capacity and knowledge of women to affect gender equality. From With 17 million women members across Vietnam they operate on four



administrative levels within the country – central, provincial, district and commune. This provides the VWU with an extensive network that enables them to integrate new information into existing systems and promote change at different levels. This structure also provides for change to be readily embraced on a number of different levels.

Amongst the main VWU tasks are: i) mainstream development and empowerment of women; ii) take part in formulating laws and policies and protect the

rights and interests of women; iii) assist women's education and economic development; iv) extend international relations and cooperation.<sup>1</sup>

Difficult economic conditions urged Vietnamese agencies to build partnerships with the incoming international aid Western donors, after the introduction of market-oriented reforms in the mid-1980s.<sup>2</sup> As a political government organisation aligned to the Communist Party, the VWU has played an instrumental role with its collaborative work with donors as a contribution to the implementation of

<sup>1</sup> The VWU is a member of the [Vietnam Fatherland Front](#), [Women's International Democratic Federation \(WIDE\)](#) and [ASEAN Confederation of Women's Organizations \(ACWO\)](#).

<sup>2</sup> The country's historical experiences of foreign domination, wars, and heavy dependence on the Soviet Union have resulted in a strong consensus since the mid-1980s that national sovereignty should be a priority in all relations with foreigners. There is a clear consensus in decision-making and popular opinion that Vietnam should never be dependent on foreigners, and that strong ownership is necessary

development initiatives in support of state policies, aimed to improving service to women and their families. The role of the VWU is twofold: to promote a range of interests of Vietnamese women and their families to the state and state strategies to its members.

Increasingly, the Union has become in a way more independent from the Government. Many of the organisation's activities are like those of an NGO and include income generation and credit schemes, and maternal and child health programmes. But, unlike a traditional NGO, the Women's Union has offices from the central to the grassroots level, which makes it an effective organisation for working with women throughout the country. Much of the international donor assistance for women in Vietnam is channelled through the Women's Union.

Since late 1980s, the VWU collaborates with a wide range of international aid donors: [CAMA](#), [UNIFEM](#), [UNICEF](#), [UNDP](#), [UNIDO](#), [the Canada Fund](#), [the Friedrich Naumann Stiftung](#), and different European Governments – i.e. Finland, Germany, Italy, Sweden, The Netherlands, through their cooperation agencies or Embassies.

The vast array of projects include gender focused interventions to address the many challenges faced by women, including: combatting domestic violence; reproductive health; young women unemployment; vocational training, capacity building for VWU staff, amongst others. Special focus was also given by different projects to women's economic empowerment, including: training of women on the formulation and management of enterprises, credit and development of small enterprises for poor women; credits and savings; and income generation for women in especially difficult circumstances. In recent years, agriculture, renewable energy and cross cutting themes of gender and climate change are amongst the focused issues. The interventions are deployed at central, provincial, districts and commune levels. These partnerships contribute to Vietnam's socio-economic development, poverty reduction, gender equality and respond to various challenges such as climate change.

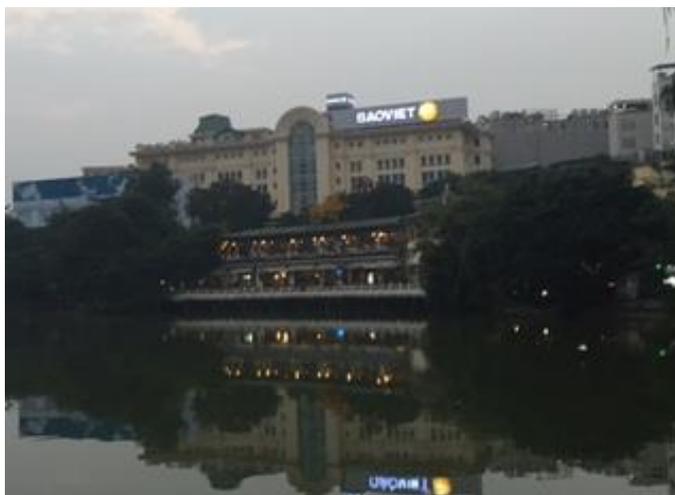


## 2.1. The VWU and financial inclusion<sup>3</sup>

Two of the main roles of VWU are to: “Mobilizing and assisting women in nurturing happy and sustainable families.” and “Mobilizing and assisting women in economic development, sustainable poverty reduction, and environmental protection.” One of the mechanisms to fulfil these roles is being done through the provision of loans and insurance.

According to the data provided by the [Global Findex database as of 2014](#), in Vietnam only 31 per cent of adults had an account with a formal financial provider, far below the regional average of 69 per cent. As in many other countries, **women and the poor** have even less access to formal services, especially in rural areas, where more than 60 million of Vietnamese people (approximately two thirds of the total population) live working in agriculture. Little use of financial services is partly due to the lack of banking infrastructure in rural and isolated areas, lack of formal identification documents, low incomes and lack of financial knowledge.

Institutions such as the [Vietnam Bank for Social Policies \(VBSP\)](#)<sup>4</sup>, the [Vietnam Bank for Agriculture Development \(VBARD\)](#) or Agribank, the [People’s Credit Funds \(PCF\)](#) and two licensed microfinance institutions <sup>5</sup> are the leading formal providers of financial services for low-income people. The VBSP is by far the largest provider accounting for seven million clients (including depositors and borrowers). There are also several semi-formal unlicensed MFIs that specialise in delivering financial services for women and the poor.<sup>6</sup> These formal and semi-formal providers serve an estimated total of 10 million of low-income people. However, the informal sector is probably the largest provider of financial services for low-income people in the country. Informal



<sup>3</sup> Financial inclusion is the access and usage of financial services (payments and transfer, savings, credit, insurance) in a convenient, appropriate manner and at an affordable cost by all people and enterprises.

<sup>4</sup> Although the current regulatory framework does not enable banking agents to operate on behalf of Banks, the VBSP does use mass organizations as agents for its financial services.

<sup>5</sup> TYM (Tao Yeu May) Fund. See: <http://tymfund.org.vn>. And Capital Aid for Employment of the Poor (CEP). See: <http://www.cep.org.vn/gioi-thieu.html.en>

<sup>6</sup> These include unlicensed NGO-MFIs microfinance programmes within development projects.

players include moneylenders, rotating savings and credit associations (ROSCAs), pawnshops, relatives and friends.<sup>7</sup>

Other important players in financial inclusion in Vietnam – in turn, a distinctive feature of the country’s political and socio-economic landscape – are mass organizations. Amongst them<sup>8</sup>, the VWU is a key player in educating and advising low-income clients on financial services, in particular women. Noteworthy to mention that Vietnam’s microfinance sector stands out for its gender orientation with 94 per cent of active microfinance clients in 2008 being women.<sup>9</sup>

The VWU has established [TYM](#)<sup>10</sup>, the first official micro-finance institution in Vietnam. Its mission is improving the quality of life of low-income women and their families, especially poor disadvantaged women by providing financial and non-financial services, creating favourable conditions for their participation in economic activities and enhancing their role in society. Founded in 1992, TYM has assisted thousands of women to sustainably reduce poverty and get prosperous. TYM works predominantly in rural agriculture-based communities in the northern provinces of Vietnam, targeting the poorest districts in these provinces. It has built a model of easy access to appropriate loan products for households in rural areas. It also offers savings schemes and insurance.



According to figures provided by TYM, as of 30 September 2017<sup>11</sup>, the number of members is 142,613 out of which 100,046 have a loan for a total amount of VND 1,643,230.804 (US\$ 73,129,99). The average loan per member is VND 8,015,000 (US\$ 360). In addition, they have reported 38,519 members, with a savings balance of VND 790,944.379 (US\$ 35,200) being VND 512,747.314 (US\$ 22,819) voluntary savings.

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<sup>7</sup> See:

[http://www.ifc.org/wps/wcm/connect/62dc148045270d65b271bec66d9c728b/IFC+Responsible+Finance+Diagnostic\\_FINAL.pdf](http://www.ifc.org/wps/wcm/connect/62dc148045270d65b271bec66d9c728b/IFC+Responsible+Finance+Diagnostic_FINAL.pdf)

<sup>8</sup> The others are the [Vietnam Farmer’s Union](#) with 10 million members and the [Youth Union](#).

<sup>9</sup> See: <https://www.adb.org/sites/default/files/institutional-document/42848/files/viet-nam-financial-sector-assessment-strategy-and-road-map.pdf>

<sup>10</sup> In 2013 TYM was officially renamed the "Tinh Thuong One member Limited Liability Microfinance Institution", operating under the 2010 Law on Credit Institutions.

<sup>11</sup> TYM operations information: preliminary figures; unaudited.

## 2.2. The VWU and micro-insurance

The micro-insurance market in Vietnam is relatively in its nascent stages. While its need is rooted in various kinds of risks that low-income households face, the availability of micro insurance products is limited. This is due to a number of reasons: the Government provides a wide range of social protection mechanisms to the Vietnamese population; there is no specific regulatory framework; and awareness of insurance usefulness is scarce. In addition, insurance companies have had limited success or interest in targeting low-income households. This reluctance is due to various reasons, such as: i) lack of experience and limited understanding of micro insurance segment; ii) business and corporate models of insurance companies being structured to cater to middle to upper-end of the market; iii) limited availability of data and iv) limited research and understanding of client needs.

TYM has also played a significant role in the development of micro insurance in Vietnam. From 1996 to 2012, TYM has operated the Mutual Assistance Fund (MAF), which has protected against death of a client or family member. The premium was a flat rate rather than a rate based on the size of the loan or the number of family members covered. With a weekly contribution of VND 200 (\$1 cent), upon the client's death, her outstanding loan balance would be written off and her family would receive VND 400,000 (\$26) to cover funeral expenses. Likewise, a member would receive a pay out upon the death of her spouse, or child, less than 18 years of age. In July 2001, a health benefit of VND 200,000 (\$13) was introduced and the death benefit was also revised upwards to VND 500,000 (\$32).

The target market for the MAF was the same as that for TYM's loan products. The MAF enabled the client's family to better cope with expenses incurred from the member's death and also relieved the family from the burden of repaying her outstanding debt. At the institutional level, the MAF enabled TYM to have an additional level of reserve for its loan portfolio without having to increase its provision expenses and reduce its net profit.

TYM's Mutual Assistance Fund was not a full-fledged micro-insurance product. From the beginning, MAF was touted as community-based financial support rather than a financial product aimed at mitigating key risks faced by poor households. Beneficiaries were highly satisfied with the MAF in terms of value for money and the TYM staff.<sup>12</sup>

In 2015, following directions of the Prime Minister, the VWU has begun to provide micro insurance to their members through TYM. The Ministry of Finance issued the

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<sup>12</sup> Weekly meetings, regular house calls and house visits by staff provided access for members to voice their views on the MAF projecting a caring image of the TYM staff.

letter No. 10418/BTC-QLBH dated 29/7/2014 that provides the guidelines for the Union on micro insurance, in particular:

- Products: 4 types of products: health insurance, term life insurance, and micro pension and credit life insurance.
- Reserve: how to calculate the reserves for insurance products.
- Risk management: gives requirements on management and finance systems.
- Reports

The Micro Insurance Fund (MIF) was established under the VWU Presidium Decision No 437/QD-DCT dated September 22, 2015. The Micro-Insurance Unit served as the provider of responsive micro-insurance products and services for the clients of TYM. Building on the best practices of the MAF, it aims to continue the direct provision of micro insurance products to women through TYM in 10 provinces of Vietnam and to all social funds under the Union.



Credit Life Insurance is distributed through TYM as a micro insurance partner-agent. From the beginning of its pilot test on 15th of June 2016, the Micro Insurance Fund has been touted as community-based financial support rather than a financial product aimed for mitigating key risks factors being faced by poor households. At the end of 2016, the Fund had 54,233 insured clients with 19 pay out cases insuring a total benefit payment of 294 million VNDs.<sup>13</sup>

Distributing micro insurance to the Women's team at the local level is one of the TYM's activities. TYM introduces micro insurance products to their members and collects insurance premiums. When TYM clients borrow money, they voluntarily buy the credit life insurance. Whenever the claim arises, TYM will inform the MIF and immediately settle the same upon completion of needed documents. The settlements are usually done as quickly as within 3 – 7 days since all of the needed requirements are simple and its procedures are convenient.

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[http://www.mefin.org/files/businessmodels/FactSheet%20on%20Microinsurance%20Fund%20Business%20Model%2021Feb.2017\\_VN\\_Final.pdf](http://www.mefin.org/files/businessmodels/FactSheet%20on%20Microinsurance%20Fund%20Business%20Model%2021Feb.2017_VN_Final.pdf)

According to the information reported by senior TYM staff, the main challenges to advance micro insurance amongst their clients is how to convince their borrowers to apply for loan protection micro insurance<sup>14</sup>, especially for the clients joining since March 2013 (as it is quite new to them); and capacity building for TYM staff in terms of micro insurance to meet the requirement of the regulatory agency (their field staff is just trained by TYM, not by any insurance companies - they do not have the official insurance certificate as required by law to practice insurance. In addition, the design of suitable micro insurance products for microfinance clients is an important lesson learnt from the performance of the MIF so far.

In the long run, the VWU would intend to turn the TYM into a full-blown savings bank while focusing on female clientele with the aim of promoting financial inclusion. The owner-approved microfinance strategy foresees the option of creating a Women's Savings Bank by 2020. Currently, according to the interviewees, TYM's expected expansion is that it will act as insurance agent for VWU (for loan protection, health and life insurance).

### 2.3. Financial literacy and micro-insurance

There is a growing awareness in Vietnam about the importance of financial education but still there is not a national strategy on financial education or a legal framework that would allow implement it. [The ADB has recently conducted a country survey on financial literacy](#) (together with Cambodia). The findings of this research could contribute to the future design of a national financial literacy strategy. There are other public sources that can provide data on financial literacy such as [the study focusing on financial capability of women in 27 countries funded by VISA \(2013\)](#), which has ranked Vietnam at the bottom (25th out of 27 countries). Existing financial literacy activities are mainly funded by financial providers and donors, and reach few people.<sup>15</sup>

Like in many other countries, micro-insurance in Vietnam has been a sprout of microfinance industry. Most low-income people face a number of risks events like illnesses, accidents, disability, deaths and natural disasters. Due to the immediate and/or long-term financial stress such risks create, they push people to deplete savings, household or income generating assets and borrow from a variety of

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<sup>14</sup> Majority of the women members are not aware of the value of insurance and considers it as an expense rather than a protection mechanism; the only product they offer is credit life insurance, which is only availed by loan clients.

<sup>15</sup> Amongst them, the [Practical Money Skills curriculum supported by Visa in collaboration with the Citi Foundation, public relations firm Ogilvy, and the Central Committee of Vietnam Students' Association](#); SBV and VTV24 News Centre developed a campaign "Smart kids", the first reality TV show, which teaches children (6 to 15 years old) basic financial skills; The [Vietnam Financial Literacy Network](#), is developing high-quality research in the field of financial literacy in selected provinces in Vietnam. (since 2015); and the Prudential Foundation launched [Cha-Ching](#), a series of three-minute music videos to help children learn about the fundamental money management concepts (2017).

sources. These are all problematic coping mechanisms due to low-income people having fewer assets that can be sold to cover emergency spending, to diversify their sources of income or to offer as security for a loan.

Another important challenge to be overcome is the low level of financial literacy and the misconceptions regarding insurance in general, as well as the lack of awareness on micro-insurance in particular. The insurance industry also face cultural barriers such as the quite common belief that the purchase of insurance is a bad omen. This perception has been reinforced for generations and is likely to continue for many years to come.



The VWU enhance the outreach of micro-insurance. The Union educate low-income people about the benefits of insurance and risk, but additional education is needed. Although awareness is also a function requiring time and patience from all stakeholders, targeted interventions can help boost the process. Being Vietnam a country member of the [Mutual Exchange Forum on Inclusive Insurance Network \(MEFIN\)](#), it could benefit from the best practices and lessons learnt in other peer countries in the region. GIZ-RFPI-II could support the VWU and other relevant stakeholders on the development of new products, the promotion of a public-private dialogue between important players in the microinsurance arena, and the development of an awareness and literacy campaign, amongst other [interventions](#).

### **3. A roadmap to financial literacy on micro-insurance in Vietnam**

A financial literacy and awareness campaign on the purpose, functions and benefits of insurance - and micro-insurance -, as well as inform clients about their rights and responsibilities, and how to protect themselves from fraudulent schemes in the country is needed. This will contribute to the creation of insurance culture amongst the Vietnamese people and help the low-income people and those working in the informal sector to protect their assets and effectively manage their resources for risk and social protection. Additionally, key stakeholders also need to increase their knowledge and improve their skills to contribute to the promotion and provision of micro-insurance.

These initiatives should customise financial literacy to the specific group needs taking into account differences regarding gender, age, geographic location, and economic activities. In addition, they should allow to continuation and comprehensiveness, including basic and advanced content. The aim is to achieve behavioural and attitudes changes resulting in higher uptake and better utilisation of insurance and micro-insurance products.

Vietnam can draw on the experiences of other countries in Asia, i.e. The Philippines, which have developed and implemented campaigns of this nature. These campaigns have been focused on educating and advocacy - convincing - instead of marketing and selling. They were broadly targeted at low-income groups working in the informal sector and/or rural areas. Additionally, the campaigns used multiple channels - the mass media (print, radio, television and the web), and community media and ICT (cell-phones), testing options to maximise impact and evaluating that impact. Including these features in Vietnam's insurance awareness campaign would be an advantage. A key element is that stakeholders should be involved in the campaign, from its inception through to planning and implementation.

Building on the experience of the Philippines in particular, a MEFIN peer country in which the regulatory authorities on micro-insurance - in partnership with other relevant stakeholders, including the insurance industry - have contributed to the implementation of a successful financial literacy campaign on micro-insurance, this proposal aims to extrapolate best practices and lessons learnt. It will also take into account the experience of other [countries](#).

### 3.1. Objectives and design

The objectives of a financial literacy and awareness campaign with a focus on micro-insurance are:

- Help the low income sector protect their financial assets and manage their resources for risk and social protection;
- Focus on addressing the knowledge gaps about insurance and micro insurance;
- Build capacities of stakeholders to become proactive in the provision and promotion of micro insurance.

To promote financial literacy on micro-insurance, three key concerns shall be addressed:

- Whose behaviour shall be influenced in favour of micro-insurance? (Stakeholders);
- What shall be communicated to the various stakeholder groups? (Messages);
- How could the messages be conveyed most effectively to the stakeholders? (Approaches)

### 3.2. Stakeholder approach

A stakeholder approach will require a consultation and coordination process with various stakeholders from the insurance industry and the Government, reaching out to consumers in selected locations. **At macro level**, the identified stakeholders are: 1) the Prime Minister's office and 2) the government regulatory agencies, which shall issue rules, regulations and guidelines for, among others, mainstreaming of micro-insurance, setting of standards, promoting of transparency and good governance, and protecting the consumers.

**At meso level**, the identified stakeholders are: (1) Private sector shall venture into micro-insurance. These products should be simple, affordable, innovative, and tailor fitted to the needs of the low-income sector. (2) Intermediaries (brokers and agents) shall facilitate the provision of micro-insurance products and services to clients through effective information dissemination, educational activities, and reliable services, including claims. (3) Support Institutions shall provide assistance in promoting financial literacy on micro-insurance through capacity building for stakeholders. (4) Donors and other development partners shall provide technical assistance to both government and private entities in policy and regulatory frameworks formulation, capability building, products development, and promotional activities, including financial literacy.

**At micro level**, the clients. They shall buy and advocate for micro-insurance. Existing and potential clients/consumers, who belong to the low-income sector, shall constitute the critical mass of advocates for micro-insurance.

### 3.3. The messages

***Micro-insurance provides risk protection and affordable insurance to the low-income sector.*** This is the message that should be conveyed to all stakeholders so that they can then at the most fundamental level disseminate it as part of their respective roles and responsibilities.

Key messages shall focus on the following general themes to reach out to the various stakeholders: the existence of an appropriate and regulatory environment for micro

insurance; the roles and responsibilities of providers; appropriate risk protection; and rights of and benefits to clients.

1) With regard to appropriate policy and regulatory environment for micro-insurance, messages shall focus on:

- An enabling regulatory environment.
- Laws and regulations that encourage the private sector to serve the low-income sector at national and local levels.
- Laws and regulations that support the development of innovative and affordable insurance products tailored to the needs of the low-income sector.
- Incentives for micro insurance products and services should be considered.
- Local policies and structures are necessary to institutionalize financial literacy for micro insurance.

2) In relation to roles and responsibilities of providers, messages shall focus on:

- Existence of an untapped market for micro insurance products that could be potentially profitable to the insurance industry.
- Micro insurance should cover both life and non-life products and services (death, accident and illness, fire; catastrophic events, etc.).
- Investment is required to support micro-insurance training and research and development.
- Fostering public trust and confidence in micro-insurance and its providers through education and training.

3) Regarding appropriate risk protection, messages shall focus on:

- Micro-insurance is a sustainable approach to risk management for the low-income sector.
- Micro-insurance offers protection against a number of risks: death, accident and illness; fire; catastrophic events, etc.
- Micro insurance offers a means to meet the needs of the low-income sector for risk protection and relief in the face of various types of misfortune. Surveys should be conducted to measure insurance awareness levels among the general population in target locations. In addition to gathering socio-economic and demographic data, the survey should measure people's knowledge of attitudes to insurance and risk management behaviour.

- Buying micro insurance products from licensed providers avail clients with safe products.

4) With regards to the rights and responsibilities of clients.

- Clients should be motivated to buy micro-insurance products: '**insurance may be good for you**' and '**insurance may be affordable for you**'.
- Clients should clearly understand their rights for redress and be aware of the responsibilities of the providers.
- Clients should be aware of their responsibilities.
- Clients should cooperate with government and providers on activities that promote financial literacy on micro insurance.

The development of a wide range of tools and training of the advocates who could use these tools for conducting their own activities in future will be needed. These tools include:

1. A neutral awareness campaign that is targeted at the market of micro-insurance to clarify the concept of insurance and micro-insurance, inform clients about their rights and responsibilities, options for lodging grievances and how to protect themselves from fraudulent schemes.



2. To ensure protection of rights of clients and increase understanding of insurance within the target clientele, insurance providers and their counterpart intermediary will have to work together. While the insurance provider understands what information needs to be delivered to the client, they do not have the necessary presence on ground to deliver the message. On the other hand, intermediaries feel it should be the insurance provider's responsibility to get the information across, as it is their product.

It is clear that: a) the messages and information needs to be delivered; b) the intermediaries will have to be the client's interface and runs into a reputation risk itself if there is misunderstanding on part of the client (as the client often does not recognize the insurance provider and relates the intermediary directly to the product).

### 3.4. Strategies and/or approaches

To implement (major) financial literacy strategies the following shall be pursued:

- **Using the mass media (print, radio, television and the web), and community media and ICT (cell-phones)**
  - Development, production and dissemination of communication materials that will create awareness and appeal.
  - Local languages should be used.
  - Taking into account the low level of literacy among the target consumers, three main channels can be used: radio (drama and jingles), road shows and community advocates.
  - Visual and tangible materials should be privileged: posters, comics, T-shirts, caps, bookmarks, ball-pens, etc.
  - Appropriate materials for posting on the web: Facebook, Twitter, blogs
  - Airing of testimonials of micro-insurance champions in popular national and local programmes/shows.
  - Creation of micro-insurance events, i.e. month of micro insurance; insurance consciousness month/week, anniversaries of insurance providers; amongst others.
  - Highlighting micro-insurance during important events related to insurance in general.
  - Usage of cellular phone tools: SMS and Whatsapp ads.
  -
- **Capacity building of key stakeholders through seminars, conferences, training and workshops**
  - Conduct capability-building activities/trainings and refresher courses for the different groups of stakeholders (macro, meso, and micro levels).
  - Organize and encourage participation in conferences to keep stakeholders abreast of developments in the micro-insurance industry, including new policies, success stories, and other experiences.
  - Advocate to management of government and private institutions, particularly business establishments, for the organization of informative seminars on micro insurance for employees in their respective organizations.
- **Institutionalization of activities on financial literacy**
  - Inclusion of financial literacy in the school curricula. Contacts and advocacy with authorities in the field of education should be developed.

- Encourage government and private institutions (in particular business establishments) to help organise informative seminars on micro-insurance for employees in their respective organisations.
- **Establishment of networks and linkages between support institutions engaged in the financial literacy campaign**
- Web based platform.
- Use of ICT for networking, mentoring, and monitoring and evaluation.
- **Advocacy on financial literacy in both the government and the private sector**
- Identify and train individuals who will be the core committed champions of micro-insurance.
- Community-based organizations could be focal points for promoting micro-insurance (microfinance institutions; cooperatives; etc.).

#### 4. Challenges and opportunities

The detailed roadmap described above arises from the GIZ-RFPI Asia experience in The Philippines after two years of work developing a major financial literacy campaign across the country. It gathers the lessons learnt and the best practices experienced during the project.

Financial literacy campaigns are evolving strategies and can be replicated in any country adapting them to the country's context. The development of a roadmap to financial literacy on micro-insurance in Vietnam should count on the involvement of a group of stakeholders that engage in promoting and/or benefiting from financial literacy work supported by development partners. Their engagement from inception and design through to implementation is crucial. A stakeholder-tailored approach supports financial inclusion in design and content delivery, educating each distinct stakeholder group about their role and opportunities in promoting micro-insurance.

Financial sector regulators are well placed to coordinate policies in financial literacy and can bring on board financial providers, educators, and researchers to work together and scale-up solutions at a national level. Banks and other financial institutions have both in-depth knowledge of clients, financial, and technical resources (in marketing and communications), and a desire to develop a robust market. They can be very effective and important partners and, as indicated above, they are already engaged on this topic in Vietnam.

Financial literacy is not just about education, but also about behaviour and attitudes. Given their great outreach and influence, mass organizations such as the Vietnam Women's Union could play an essential role in improving financial literacy. According to the [World Bank diagnostic](#), there are several ways to strengthen Vietnam's financial literacy in the future: this will require a sustained commitment from the public and private sectors as well as civil society, academia, and media.

Amongst other stakeholders, the [Vietnam Financial Literacy Network](#) could play an important role in the provision of training programmes for different stakeholders (macro, meso and micro levels) and training of trainers. Programmes and different modules should be developed in consultation with GIZ-RFPI-II and the relevant stakeholders.

With regard to the messages, these should be conveyed in a clear and tailored way for the various stakeholders. Positive values in the pitch for micro-insurance would



contribute to understanding, acceptance and advocacy of such messages.

In addition, capacity building is crucial for sustainability of the financial literacy program on micro-insurance. The constitution of a group of credible communicators to serve as 'champions' who will be advocates for micro-insurance on a regular basis is needed. Although awareness campaigns can help improve perceptions and stimulate demand, the greatest driver of awareness would be the value that the insured persons find through the product they have purchased.

Satisfied clients serve as ambassadors for the product they use and word of mouth is a key marketing mechanism in this target market. Technology can also be used to create awareness through use of SMS, or using call centres to ensure that the right messages are reaching the clients. On the other hand, an unsatisfied client creates the opposite effect. Thus the industry will have to focus on ensuring transparency, creating value in the product and good service quality. Experiences of insurance companies in other lines of business such as motor insurance in Vietnam have shown that once clients begin to see value, they buy the products even if they are voluntary.

Campaign efforts should focus on areas where insurance products are available and agents are in place. In Vietnam the financial literacy campaign should be conducted utilising the VWU's existing network throughout the country. As a first step, a pilot should be conducted in order to test the financial literacy campaign at a commune,

district or provincial level. Additionally, a **survey** to explore and know what is the low-income people's demand with regard to insurance will be needed. This will contribute to the design of tailor made products and further development of micro-insurance in Vietnam.

In addition, the campaign should be linked to consumer action: at the end of each outreach activity provide information on where, when and how they can obtain additional information or sign up for insurance in their communities. Finally, monitoring and evaluation mechanisms should be developed to determine the effectiveness of the campaign.

GIZ has gathered significant experience developing several financial literacy campaigns focusing micro-insurance in different countries over the years. These insurance literacy projects have faced various challenges and opportunities, which should be taken into account while developing and implementing a financial literacy campaign focused on insurance and micro-insurance in Vietnam. They include:

**Insurance education is resource-intensive:** an important amount of time, money, focus and expertise is required in order to design, implement and evaluate effective insurance literacy campaigns. Including insurance in a major financial literacy campaign could be more effective.

**Insurance is hard to explain:** creating insurance awareness is not an easy task. Insurance itself is a difficult concept and insurance products are often very complex as well. Moreover, the language used by insurance companies is usually very technical which is difficult to understand, especially for the less-educated people.

**Ambiguous role of the private sector:** As a main stakeholder, private sector involvement is key to roll out insurance literacy measures on a large-scale as well as to ensure that the educational efforts will continue. The private sector needs to see a clear business benefit of engaging in insurance literacy. They have to see the link between insurance literacy campaigns and sales growth. At the same time, involvement of the private sector in insurance literacy does raise the concerns of marketing versus awareness. If they are mixed in insurance literacy this may negatively affect its trust- worthiness and neutrality. A balanced approach to combine the public and private sector expertise and interests needs to be found.

On the other hand, some interventions have reported their successful factors, which include:

**Good stakeholder management:** stakeholder management has proven to be crucial for the success of many projects. Insurance regulators (for credibility) and insurance providers (for dissemination) were taken on board since the inception phase of the

campaign and were involved in all steps, resulting in a big sense of ownership among all stakeholders.

**Smart campaign design:** Successful projects started with the basics and focused on creating general awareness, before going into specific knowledge transfer. They analysed the knowledge and attitudes of the target groups before addressing them, combined different channels and linked education to concrete products.

**Use of tried-and-tested high quality tools and materials:** the materials and tools, which have worked well were generally developed by relevant professionals, tested with the target group, adapted to suit varied local contexts, and owned by the industry.

**Investment in training the trainers and other stakeholders:** an important lesson learnt was learned that it is important to<sup>[SEP]</sup> focus on training the target group but also the other stakeholders in order to improve the understanding<sup>[SEP]</sup> of micro-insurance across the sector. Sales staff of insurance providers and distributors needed to be trained to enhance the sales process. Generally, investing in training and following up on trainers was crucial for the success of projects. The trainings were designed to be short, interactive, relevant,

## 5. Potential scenarios for a financial literacy campaign in Vietnam

1) **A multi-stakeholder approach** could be a critical success factor. In the long term, a wide consultation process and the establishment of a coordination body whose members include a wide range of public, private sector and non-profit stakeholders would be needed. This is important for consensus building and so that issues of national concern, resources and appropriate national priorities are properly identified. In Vietnam, a preliminary mapping of the relevant stakeholders will include:

**At macro level,**

- Key regulators and supervisors for financial consumer protection of low-income clients are:
  - **State Bank of Vietnam** and its relevant unit, the **Banking Supervisory Authority (BSA)**, responsible for supervising banks (except VBSP); PCFs, MFIs, and finance companies.

- **Ministry of Finance** and its relevant internal unit, the **Insurance Supervisory Authority (ISA)**, responsible for regulating and supervising all companies and the corporate sector including capital markets and insurance companies and protecting the rights of investors and clients.
- **Ministry of Trade and Industry** and its relevant unit, **Vietnam Competition Authority**, responsible for regulating and enforcing consumer protection across sectors.

#### At meso level,

- **Life and non-life insurers**, currently not all of them active in micro insurance;
- **Brokers**, there are 12 insurance brokers operating in the country;
- **Reinsurance companies**, there are two reinsurance companies
- **Vietnamese microfinance institutions**: the [Vietnam Bank for Social Policies \(VBSP\)](#), the [Vietnam Bank for Agriculture Development \(VBARD\)](#), the [People's Credit Funds \(PCFs\)](#) and two licensed microfinance institutions – TYM and Capital Aid for Employment.
- **Mass organisations**: Vietnam Women's Union; Farmers Union; Youth Union;
- [Association of Vietnam Insurers](#), representing and protecting the rights of Vietnamese insurers, reinsurers, and brokerage firms.
- Donors and development institutions, and sector representatives, amongst other stakeholders.

#### At micro level,

**Clients**, they should understand and appreciate the concept of risk protection. They should also know the options and make informed decisions to avail themselves of micro-insurance products and services, while being mindful of their rights and responsibilities. They shall convince others to buy micro-insurance because they themselves are convinced of its value. A satisfied client and word of mouth will contribute hugely to increase demand for micro-insurance products.

2) In the short term to ***developing pilot programs for raising awareness*** and strengthening financial capability using mass media and innovative delivery channels. Innovative delivery channels for financial capability, including online tools and mass entertainment media such as television or radio soap operas, may be especially effective ways to communicate and strengthen financial skills and behaviours.

As it has been mentioned in this document, the VWU's goals include raising the capacity and knowledge of women to affect gender equality. Its structure and operations in four administrative levels within Vietnam – central, provincial, district and commune – provides with an extensive network that will enable to integrate the financial literacy campaign into existing systems and promote awareness at different levels through advocacy and schooling.

3) **Conducting a survey** would be crucial to measure insurance awareness levels amongst VWU's members in target locations. In addition to gathering socio-economic and demographic data, the survey should measure people's knowledge of attitudes to insurance and risk management behaviour. The survey will be an instrumental tool for the design of an awareness campaign.

Against this background, the design and implementation of an awareness and financial literacy campaign intending to shed light on the existence of and need for insurance as well as to improve understanding of the purpose, usefulness, advantages and procedures associated with insurance products will further contribute to the work of VWU. And will also be an important milestone in the framework of activities, which are being jointly developed with GIZ-RFPI Asia in the last years.

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**Regulatory Framework Promotion of Pro-poor Insurance  
Markets in Asia (RFPI Asia)**

Insurance Commission Complex  
United Nations Avenue, Manila City  
Philippines

T+63 2 3534011 to 45

F +63 2 3531043

[www.giz.de](http://www.giz.de)

[www.inclusiveinsuranceasia.com](http://www.inclusiveinsuranceasia.com)

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Magdalena Segre

**Author**

Magdalena Segre

**Editor**

Dr Antonis Malagardis

URL links:

[www.mefin.org](http://www.mefin.org)

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Deutsche Gesellschaft für Internationale Zusammenarbeit  
Regulatory Framework Promotion of Pro-Poor Insurance Markets in Asia  
RFPI Asia Office, Insurance Commission 1071 UN Avenue, Ermita, Manila 1000  
T: +63 2 353 1044 to 45  
F: +63 2 353 1043  
M: +63 998 841 0732  
E: [antonis.malagardis@giz.de](mailto:antonis.malagardis@giz.de)  
I: [www.giz.de](http://www.giz.de); [www.inclusiveinsuranceasia.com](http://www.inclusiveinsuranceasia.com)

