



**USAID**  
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**VIETNAM**

## CASE STUDY

# Lending Better, Learning How

### Lenders find ways to help small businesses access capital



Photo: VNCI

Middle managers from TechcomBank's credit and lending departments attend a training session on lending to small enterprises.

***“The program has given me a more organized way to approach credit analysis,” said one participant.***

### Challenge

Small enterprises make up a large part of Vietnam's rapidly growing economy, but small businesses have historically had limited or no access to capital, seriously constraining their development and growth. For the vast majority, the only resources available are personal savings, profits and foreign remittances. In addition, local banks lack efficient procedures for lending to small enterprises because they have little capacity to assess credit or manage risk. Bank employees require training so they can provide small businesses with better access to financial resources, but Vietnam's commercial training market is still young. And when it exists, relevant, high-quality training remains too costly for most organizations.

### Initiative

To help small businesses get easier access to credit, USAID surveyed several banks in early 2004, then obtained additional feedback in a follow-up roundtable workshop. After finding that the banks saw lending to small enterprises as a top priority, USAID established a partnership with TechcomBank, a leading bank in Vietnam, to develop and offer a pilot risk management course. The first course was offered in August 2004 to 25 TechcomBank middle managers in Hanoi.

### Results

By all accounts, the training was informative, relevant and useful, and in pre- and post-training evaluations, participants' overall scores improved 90 percent. Loan officers have already begun to incorporate many of the new credit analysis techniques into internal loan proposals, and TechcomBank has asked to work with USAID on developing a course on marketing for small-business loans. Due to the success of the pilot course, TechcomBank and another Vietnamese bank are exploring prospects to deliver this course for a fee through a local training provider for, potentially, the entire Vietnamese banking sector. The spread of quality training options promises to help Vietnamese banks to better serve small enterprises and contribute to Vietnam's dynamic economic growth.