

Developing Vietnam's financial market: Using examples from Japanese experience

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Abstract

Since 1986, Vietnam has started making the transition from a centrally-planned to a market-based economy. In general, the progress of economic transition in Vietnam has been rapid and highly successful. Though there are many challenges appearing from war, poverty and backward lagging behind the world, Vietnam has gained significant achievements and improvement in economy. The development in Vietnam is not only the result of herself effort but also coming from the cooperation and support from many other countries in the world, in which the collaboration with Japan plays a very important role. In that economic condition, Vietnam's financial market has also faced with various difficulties in financial construction reform, monetary policy management, and global financial-economic crisis.

Japanese financial market, in comparison with America's and United Kingdom's ones, has not been a strong and perfect system. However, through the achievement gained by this 2nd biggest economy of the world, it is admitted that Japan's financial system has significantly contributed on the economic development as a key sector. In 1990s, Japan successfully passed economic-financial problems related to deflation that never happened before, and the risk of tremendous frozen capital during this period. The Japanese banks had approached many suitable and special monetary and financial policies to stabilize and develop national economic system. The experiences on financial policy making of Japan in last decades, especially after recent global financial crisis in 2008, has become a valuable lesson not only for Vietnam but also for many other countries in the world that facing similar financial problems in economic system.

The main objective of this paper is to asset financial policies implemented in Japan in last 20 years. Based on the current policy analysis and lessons getting from Japanese experiences this paper also intends to provide some policy suggestion to promote Vietnam's financial market stabilization.