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CAMPUS IN HO CHI MINH CITY

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PROJECT REPORT

Subject: Principles of Banking

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Product:	<i>GRAND Bank – Loan with Life Insurance</i>	
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HCMC, September 2023

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1. Market research

1.1 The whole economy

The external influence pushing for higher interest rates and exchange rates has notably diminished. Several nations are presently implementing a more lenient approach to interest rates, characterized by fewer and less intense rate hikes.

For example, the US Federal Reserve kept interest rates unchanged 5-5.25%; the Public Bank of China cut 10 basis points in both 7-day reverse repo rate and long-term lending rate.

On June 19, the State Bank of Vietnam (SBV) gave an announcement on cutting regulatory interest rates for the fourth time since the beginning of the year. According to this, SBV has lowered the overnight lending rate in the inter-bank market from 5.50% to 5.00%, as well as the discount rate from 3.50% to 3.00%.

This policy marks a shift in monetary policy from caution to flexibility and partial easing, thereby assisting in gradually reducing lending and deposit interest rates. This move aims to provide support to businesses and the economy as a whole.

In nation, over the first 6 months of the year, the GDP increased by 3.72%, only surpassing the growth rate of 1.74% from the first 6 months of 2020 in the period from 2011 to 2023. Industrial production in the first 6 months of 2023 is encountering several challenges, including reduced orders, weak demand, and rising input costs.

Furthermore, to support businesses and citizens amidst these difficulties, the Government and the State Bank of Vietnam have allowed debt restructuring for borrowers in accordance with Circular 02/2023, to be implemented until the end of June 2024. Additionally, they have relaxed the conditions for financial institutions to invest in and acquire distressed assets according to Circular 03/2023 dated April 23, 2023, which will remain in effect until December 31, 2023.

Accompanying this, on July 10, 2023, the State Bank has adjusted the credit growth target for credit institutions in 2023, with the overall system target set at around 14% in the context of economic growth in the first six months of the year being lower than the projected scenario, economic funding sources faced difficulties. The implementation of the Government's and the Prime Minister's directives in addressing challenges for production and business, stabilizing the macroeconomy, and promoting growth was carried out.

About the banking sector, "In the context of the macroeconomic situation and inflationary pressures, a significant portion of residents are likely to restrain their spending and

increase savings, as well as seek safe long-term investment channels." - Mirae Asset Securities assessed.

In conclusion, there has been a huge need for borrowing money, building capital for the citizens as well as enterprise. This leads to a substantial increase of approaching volume to the banking sector in the present economic condition.

1.2 The insurance market

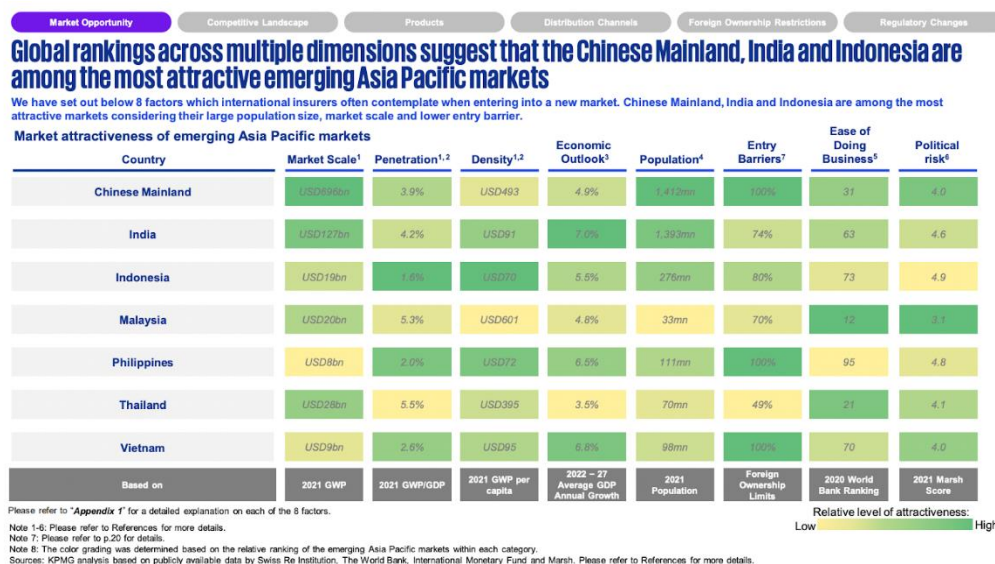
The Manulife Asia Care Survey 2023, released 08th May, reveals that over half of the surveyed Vietnamese individuals predict an improvement in their personal income this year, with an average increase of 17%. This will aid them in achieving their financial goals, with retirement savings (40%) and saving for medical expenses and healthcare (37%) being the primary objectives.

Additionally, Nielsen, a market research company, has projected that the count of middle-class individuals in Vietnam is anticipated to climb to 44 million by 2020 and further to 95 million by 2030. To achieve this, Vietnam would need to maintain an annual growth rate of at least 7%, which would elevate the average income threshold to more than USD 7,000 (equivalent to USD 18,000 in terms of purchasing power parity) by 2035. This is a substantial increase from the 2014 figures of USD 2,052 (or USD 5,370 in PPP terms).

The survey also investigated other barriers, including access to healthcare and medical support. Nearly all respondents expressed concerns about health management (98%), with the greatest concern being the high cost of medical treatment (43%). Other concerns included the expense of consultations and medical examinations beyond reach (31%), as well as the risk of income loss or job loss due to illness (31%), according to Manulife.

To strengthen the idea of Vietnamese people caring about life insurance as a form of financial precaution against advanced and sophisticated risks, life insurance is gaining more attention in Vietnam, especially as there have been numerous cases of insurance benefits being paid out or reaching the maturity date. This has heightened awareness and trust among the population regarding this type of protective measure.

Moreover, the AWorld Health Organization's report has emphasized that the global population aged 60 and older will nearly double from 12% to 22% between 2015 and 2050. Specifically in Vietnam, projections based on average birth rates predict that the percentage of people aged 65 and above will amount to 14.17% of the total population by 2036. This will mark Vietnam's entry into a phase of population aging. The increasing population will have an effect on the demand for healthcare and life insurance products, as well as retirement products, which will keep growing. Consequently, this will significantly drive the Bancassurance business, especially in developing nations (Bhaka, et al., 2021).



Source: Asia Pacific Insurance Sector Opportunities - KPMG Advisory (Hong Kong) Limited

We can illustrate that Vietnam is one of the most attractive countries with absolute opportunities wide open. With the low rate of penetration (PR) towards the citizen, the aim of insurance rate is expected to be 3.5% by 2025 which is 0.9% from 2021. While Vietnam's PR is 2%, Thailand's is 3.1%, Singapore's is 9.8%, Taiwan's (13.7%) and HongKong's is 19.7%. 11% of the population is still being advised and served for the near target of 15% in 2025.

Bancassurance is the term used to describe the process of selling insurance policies through a bank (Leepsa & Singh, 2017). This concept holds significant importance on a global scale, spanning numerous countries. The worldwide market scope of Bancassurance reached approximately \$1.166 trillion in 2018, surged to \$1.268 trillion in 2021, and is forecasted to achieve \$1.665 trillion by 2024, exhibiting a growth rate of 5.9% between 2022 and 2027 (Bhaka, et al., 2021). In the context of Vietnam, particularly in the realm of life insurance, distributing insurance via banks is regarded as the second foremost professional distribution avenue, following the conventional agency approach. Beyond entities like Vietnam Joint Stock Commercial Bank for Foreign Trade (Vietcombank) - Cardif and Vietinbank - Aviva, which are life insurance firms involving bank contributions, various other life insurance enterprises with banks including AIA and ACB, Prudential and Maritime Bank, Bao Viet Life Insurance and Vietinbank, Dai-ichi and Sacombank, etc., have commenced adopting the practice of distributing insurance through banks and have accomplished certain outcomes. In the life insurance sector, 15 out of 18 insurance companies have integrated Bancassurance. It is evident that Bancassurance is in a continual state of evolution, delivering distinct advantages to insurance firms, banks, and insurance purchasers.

2. Literature review

Gilles Benoist (2002) stated in his paper on The Geneva Papers on Risk and Insurance that by definition, bancassurance is simply a method of distributing insurance products. This can happen because banking networks represent the leading distribution channel for life insurance products. Banking networks account for a significant proportion of life insurance sales although they are taking longer to make inroads into the non-life market.

(O.Gonulal, et al., 2012) has researched the outstanding advantages of bancassurance in their paper “Bancassurance - A Valuable Tool for Developing Insurance in Emerging Markets”. Bancassurance offers notable distribution advantages compared to traditional insurance agency networks as well as through transactional data, as they already have knowledge of their customers. However, the use of this information is regulated in some jurisdictions. The bank's branding of the insurance product adds a sense of credibility and comfort, enhancing the value of the insurance in the eyes of the customer. Additionally, the Bancassurance model capitalizes on immediate sales opportunities. While discussing a mortgage loan, the customer's insurance needs can be addressed right away. This is simpler than the processes insurers often undergo to determine renewal dates for potential clients.

In the research titled "Bancassurance and Challenges Arising from the New EU Insurance Distribution Directive", (Duyên, 2020) highlights that bancassurance offers a profitable avenue for both banks and insurance firms. This product category offers policyholders protection against unforeseen events like accidents, disabilities, critical illnesses, or job loss. Additionally, it can serve as a savings vehicle, providing returns through reserves in instances such as death, life, or surrender, as well as converting accumulated funds into annuities. However, the collaboration between banks and insurance companies to market these products brings forth a common challenge: bank employees might lack the necessary expertise in insurance offerings.

Through the benefits for the parties providing this product and also the customers, it can be predicted that bancassurance will be one of the attractive revenue sources in the future. However, there are some contradicting views that affect the forecast of the product's performance in the market, most notably the lack of customer confidence. And to consider this issue, a view of (Choudhury & Singh, 2021) was expressed in the paper "Measuring Customers' Satisfaction in Bancassurance Channel: An Investigation Using Gap Model" that: the majority of customers are still not satisfied, despite having a favorable experience with the product. They also mentioned that the customer's expectations play an important role in the satisfaction with the product.

We therefore look forward to seeing how customer expectations and experiences will influence views about bancassurance products.

3. Customer segments

Based on above research about the whole economy and population's awareness of healthcare methods as well as financing plans, we divide the target customers into two (02) segments below.

3.1 Depositors

Customers have a need to deposit money, which means they have idle money, and want to find a place to keep with a certain interest rate. However, if we drive this customer segment in the direction of buying insurance, banks' deposits may decrease. Therefore, most banks will not exploit this customer segment with the bancassurance channel. Otherwise, if these people want to buy insurance products, bank will offer a range of options while assuring benefits of both.

3.2 Borrowers

This is the customer segment which already has demand for money, thus they are in need to borrow money with as favorable interest rate as possible or borrow as much as possible. These people also have researched banks with loan products in terms of interest rate, credit rating, or loanable amount. They are the utmost target customers of our product.

Bank can rely on customers' ability to repay, especially health conditions, in purpose of giving recommendations on insurance packages for borrowers, but targeting on life insurance because it carries the element of protecting health as well as financing plans to be insured.

4. Rationale for choosing Phu Hung Life as our partner:

Identifying the increasing success and significance of bancassurance products and services as a driving force for development in the banking and insurance sectors, GRAND Bank is considering a strategic partnership with Phu Hung Life, a life insurance company, to collaboratively provide products via the Bancassurance sales channel:

Firstly, Phu Hung Life has not implemented bancassurance activities.

Currently, Phu Hung Life has not yet launched and executed bancassurance products in collaboration with other banks. To explain this, it can be seen that since 2013, Phu Hung Life was officially established. The company's recent entry into the life insurance market may affect interest in the bancassurance sector compared to other companies with large market shares in the industry and close relationships with banks. However, before the recent negative events in

the insurance market, the State is making preparations and adjustments in the period up to 2025. It can be seen that this is the driving force for Phu Hung Life to exploit the business channel. Bancassurance, along with the combination of adjusting products to suit the requirements of the State, upholding the protection of customers' interests will help Phu Hung Life take advantage of this resource-rich market.

Secondly, Phu Hung Life has significant stockholders who contribute to the establishment of a robust financial foundation.

It is evident that possessing strong financial capabilities will serve to mitigate a significant portion of risks faced by life insurance enterprises. Additionally, such capabilities will also serve as a foundation for banks to readily introduce the insurance products derived from their existing portfolio:

- Phu My Hung Company;
- Phu Hung Securities Joint Stock Company;
- Phu Hung Life Insurance Joint Stock Company;
- Phu Hung Fund Management Joint Stock Company;
- CX Technology Vietnam Joint Stock Company.

The assurance lies in the potential for generating profits via reinvestment of the insurance cash flow provided by the client. The Phu Hung Life ecosystem is a very reliable mechanism that prioritizes the protection of clients' interests.

Thirdly, Phu Hung Life offers a variety of insurance products.

Product diversification is the optimal development motivation for Phu Hung Life as it strives to meet demand and provide the best quality:

- Protection products;
- Savings products;
- Education products;
- Investment products;
- Retirement products;
- Complementary products.

Based on the previously mentioned rationales, it is possible for GRAND Bank to get an exclusive distribution agreement with Phu Hung Life, therefore aligning with GRAND Bank's strategic objective of bancassurance product development.

5. Overview about product - Bancassurance with Phu Hung Life

GRAND Bank X PHU HUNG LIFE - Harmonious resonance

In response to the promising market for Life Insurance in Vietnam, GRAND Bank and Phu Hung Life Insurance Company have formed a strategic partnership with the aim of enhancing client satisfaction and delivering optimal services. Customers play a significant role in fostering the growth of the bancassurance sector, as well as the broader life insurance industry, inside Vietnam.

With a multitude of benefits, GRAND Bank and Phu Hung Life strive to revolutionize the customer experience in the domains of insurance and banking services, while also taking the lead in the market via the introduction of novel product concepts. The integration of technology and services across all user touchpoints is essential. Both cultural promotion and innovation enable the delivery of value to clients with diverse experiences and views.

5.1 General information

Bancassurance - distribution of insurance through banks, is the product that GRAND Bank cooperated with Phu Hung Life insurance company. In order to take advantage of the distribution system and existing customer base of GRAND Bank, this product was implemented after Phu Hung Life signed an exclusive life insurance distribution cooperation contract with GRAND Bank.

The objective is to provide clients with loans that are up to 100 times the monthly insurance payment, accompanied by competitive interest rates and a diverse range of life insurance offerings tailored to match customer requirements. GRAND Bank posits that this first measure will serve as a catalyst for customers to enhance their standard of living, actively safeguard their well-being, and amass resources for the future, all while benefiting from the added support of GRAND Bank and Phu Hung Life.

5.2 Benefits

Customers using loan products under life insurance enjoy the following benefits:

- Simple loan procedure and contract with competitive interest rate;
- The loan is supported up to 100 times of monthly premium, up to a maximum of VND 200 million;
- Borrowers do not need collateral;
- The surcharge when paying insurance premiums via banks is preferential;
- Health protection, insurance benefits and high disbursement ability;
- Flexible premium payment from the 4th year;
- Attractive rewards and incentives for high-class customers.

5.3 Conditions

- Customer is a Vietnamese citizen, aged 20-60 years old, having permanent resident status/KT3, promoting in the same area as GRAND Bank;
- Insurance premium paid monthly according to the loan bank's regulations;
- The insurance contract must be in the name of the customer;
- The customer has no bad debt at any financial company at the time of loan application;
- Be able to repay the loan as assessed by GRAND Bank.

5.4 Restrictive covenants

- Participating in life products: Customers join a life insurance policy and maintain it for a minimum of the loan period;
- Notice of Change: The customer is required to notify the bank of any changes to the life insurance policy, such as a change of beneficiaries or rates;
- Cancellation Notice: Customers are required to notify their bank before canceling a life insurance policy.

5.5 Documents

- Loan application form (according to GRAND Bank's form);
- Documents explaining the purpose of using the loan;
- Personal profile: valid ID card/ ID card/ original passport + Notarized copy;
- Proof of residence: Notarized copy of household registration book or temporary residence registration certificate (note that the whole book needs to be printed when photocopying);
- Documents proving the financial ability of the customers: Payroll for employees (certified by the head of the unit) or Business Registration Certificate and tax receipts if the customer is self-employed;
- Papers on life insurance: Original insurance contract.

5.6 Payment solutions

- Loan value: Up to 100 times the monthly premium, up to VND 200 million;
- Type of currency: VND;
- Interest rate: From 1.42%/month to 1.47%/month, depending on the monthly income of the customer;
- Loan term: From 12 months to 48 months;
- Loan payment procedure: Periodic repayment of principal, monthly payment of interest relative to the account outstanding.

6. Illustration

Mr. Andy, 26 years old, is currently an employee at ABC Company, specializing in providing nutritional solutions through organic food. His monthly income is VND 30,000,000 million. Mr. Andy has a need for unsecured loans to use for the purpose of buying farming equipment and repairing his own farm in the countryside to provide good and clean food.

Realizing the purpose of using the capital of Mr. Andy is to serve the quality of life and, at the same time, having a high awareness of the need for health protection, the bank has provided a loan of VND 150,000,000 million with an annual interest rate of 17%; principal is paid every term and interest is compounded monthly; and it has also introduced life insurance products from Phu Hung Life. It is this life insurance product that will add value to Mr. Andy, add health protection, and at the same time bring many benefits to both him and the bank. The chart below shows Andy's monthly payment to the bank when choosing a loan without life insurance and with life insurance attached:

Table 1: Loan with no life insurance

Loan value	300,000,000 đ
APR	18.50%
Maturity	60
Frequency of payments	Monthly
Periodic rate	1.542%

Table 2: Loan with life insurance

Loan value	150,000,000 đ
APR	17.00%
Maturity	48
Frequency of payments	Monthly
Periodic rate	1.42%

General commentary:

For a loan without life insurance from Phu Hung Life, the maximum amount that a customer like Mr. Andy can borrow is 300,000,000 VND with a term of 60 months. Meanwhile, the maximum amount that he can borrow when joining the life insurance package is VND 150,000,000 with a loan term of 4 years. However, the interest rate offered by the bank to Mr. Andy is only 17% per year.

This lower interest rate creates an incentive for customers like Mr. Andy to accept a loan with life insurance and still consider it when compared to other banks with the same loan model because interest rates are still lower than those of other competitors. Besides, the option of borrowing from a financial company is not more attractive to Mr. Andy because the interest rate offered is about 2%–3% per month.

Regarding the loan limit, the purpose of the lower limit is to ensure that the bank is not exposed to many risks, as well as not to place too much responsibility on a life insurance company like Phu Hung Life when it is the first time implementing a bancassurance product. And the limit clearly states that the loan can be up to 100 times the monthly insurance premium, so this will also boost the demand for customers to use life insurance products when borrowing.

The loan term with a life insurance product is lower than without life insurance, at 12 months. In addition to making unsecured loans to help customers optimize their ability to use loans, GRAND Bank also considers the conditions under which customers can flexibly pay insurance premiums. In the 4th year, that helps customers have more flexibility in their payment activities and will have more incentives based on customer classification policy.

Table 3: Customer Classification

Insurance contract value (per year) Number of years maintain the contract	10-30 mil/year	30-50 mil/year	50-70 mil/year	Above 70 mil/year
1	Bronze	Bronze	Bronze	Silver
2	Bronze	Silver	Silver	Gold
3	Silver	Gold	Gold	Diamond
4	Silver	Gold	Gold	Diamond

Corresponding benefits for customers:

- Corresponding to each class, the customer will enjoy a gradually decreasing preferential interest rate corresponding to the number of years that the customer continues to pay the insurance policy;
- Get priority at the service counter for loan customers, quick review, and approval.

7. Bank's profitability

Revenue from bancassurance products:

- Revenue from traditional lending activities: Interest from loan + Fee through premium payment service;
- Revenue from life insurance activities: Upfront from life insurance company Phu Hung Life + Commission from successful life insurance loan contracts.

7.1 Interest from loan

Periodic repayment of principal, monthly payment of interest relative to the account outstanding.

7.2 Fees through premium payment service

Strategy to expand and accept premium payments from GRAND Bank customers to other life insurance companies, including partners Phu Hung Life and other companies.

7.3 Upfront fee from Phu Hung Life for exclusive distribute product at our bank

Factors affecting upfront revenue for GRAND Bank:

- The bank's fixed number of customer files includes deposit customers, borrowers, customers using payment services, financing, and international trade;
- Growth target of the bank in the previous 5 years;
- Commitment on KPI (ability to guarantee by year) and lasts for x fixed years.

7.4 Commission from a loan agreement with life insurance

Depending on the type of product and the limit for the life insurance policy that customers accept to participate. Fees when customers continue to maintain insurance in the following years.

8. Obligations and interests of related parties

8.1 Obligations and rights of GRAND Bank

- Strictly comply with the agreed agreement;
- Ensure in terms of KPI;
- Ensure correct and sufficient information about the product is communicated to customers;
- Responsible for any errors related to product advice given to customers.

8.2 Obligations and rights of Phu Hung Life

- Provide product information;

- Training skills and professionalism for bank staff about the company's product;
- Implement communication campaigns and take care of customers of Bancassurance's service;
- Resolve customer care-related issues, pay benefits, or resolve any customer complaints.

9. Risk management

9.1 Regulatory risk

[RR1] Bank's revenue from insurance commissions

According to Joint Circular No. 86/2014/TTLT-BTC-NHNNVN, Article 7 states: Life insurance enterprises shall pay insurance commissions to credit institutions and foreign bank branches as agreed in insurance agency contracts, which must not exceed the insurance commission levels currently prescribed by law. In addition to insurance commissions, life insurance enterprises may pay agent management expenses and other expenses as prescribed by law and agreed in insurance agency contracts.

Mitigant: According to the Joint Circular, the bank and the insurance company need to ensure a clear agreement on the insurance commission level and within the prescribed level. Through a written agreement, the bank can ensure a source of non-interest revenue and at the same time limit legal troubles.

[RR2] Tightening supervision of bancassurance activities

The Ministry of Finance has directed the Insurance Supervision and Administration Department to strengthen the management and supervision of insurance sales through banks, and at the same time closely coordinate with the State Bank's authorities to ensure parallel management from commercial banks and insurance enterprises. Many new regulations related to insurance distribution activities (including bancassurance channel) have been concretized in a stricter and more complete direction in the draft guidelines for the Law on Insurance Business 2022 (amended).

Mitigant: The bank needs to proactively take measures to comply with the law to limit legal risks while still ensuring the trust of customers. At the same time, because the partner is a business with a diverse ecosystem, ensuring legal compliance by both parties will be a driving force for future benefits.

9.2 Product risk

[PR1] Risks when making loans and participating in life insurance without assessment

Although there are relative benefits in terms of customer experience and competitive advantage, the impact on the parties involved in providing the product is not small.

Mitigant: For insurance claim documents that do not require assessment or are authorized to be appraised by credit institutions or foreign bank branches as agreed in the insurance agency contract or credit institution, foreign bank branches issue insurance contracts or insurance certificates to customers as authorized by life insurance enterprises.

[PR2] Disputes, conflicts about bancassurance products

Currently, it is common to receive feedback from customers who are forced by bank staff, advised to buy insurance, or even saving money to become an investment insurance contract, participate in insurance to get a loan...

Mitigant: Considering the disputes arising from the consultation stage, it is proposed to consider the control of the 2nd year insurance policy retention rate (K2) as one of the most important criteria for assessing the quality of bancassurance activities, because if the rate of customers canceling insurance policies for the second year is high, it also means that many customers do not really need to buy insurance but still have to buy it to be more convenient in getting loans or loan disbursement.

In addition, in terms of disbursement rate when participating in insurance, Credit institutions and foreign bank branches may provide customers with support and guidance on procedures for requesting settlement of insurance benefits, and receive their dossiers of request for payment of face amounts and transfer them to life insurance enterprises for appraisal before issuing decisions on payment of face amounts. Life insurance enterprises shall pay, or authorize credit institutions or foreign bank branches to pay, face amounts to customers.

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APPENDIX 1: ILLUSTRATION OF LOAN WITH NO LIFE INSURANCE

Loan	300,000,000 ₺
APR	18.50%
Maturity	60
Frequency of payments	Monthly
Periodic rate	1.542%

Month from now	Starting Balance	Monthly Payment	Interest for the Month	Principal repayment	Remaining Principal
1	300,000,000 ₺	7,699,863 ₺	4,625,000 ₺	3,074,863 ₺	296,925,137 ₺
2	296,925,137 ₺	7,699,863 ₺	4,577,596 ₺	3,122,267 ₺	293,802,870 ₺
3	293,802,870 ₺	7,699,863 ₺	4,529,461 ₺	3,170,402 ₺	290,632,469 ₺
4	290,632,469 ₺	7,699,863 ₺	4,480,584 ₺	3,219,279 ₺	287,413,190 ₺
5	287,413,190 ₺	7,699,863 ₺	4,430,953 ₺	3,268,909 ₺	284,144,280 ₺
6	284,144,280 ₺	7,699,863 ₺	4,380,558 ₺	3,319,305 ₺	280,824,975 ₺
7	280,824,975 ₺	7,699,863 ₺	4,329,385 ₺	3,370,478 ₺	277,454,497 ₺
8	277,454,497 ₺	7,699,863 ₺	4,277,424 ₺	3,422,439 ₺	274,032,058 ₺
9	274,032,058 ₺	7,699,863 ₺	4,224,661 ₺	3,475,202 ₺	270,556,856 ₺
10	270,556,856 ₺	7,699,863 ₺	4,171,085 ₺	3,528,778 ₺	267,028,078 ₺
11	267,028,078 ₺	7,699,863 ₺	4,116,683 ₺	3,583,180 ₺	263,444,899 ₺
12	263,444,899 ₺	7,699,863 ₺	4,061,442 ₺	3,638,421 ₺	259,806,478 ₺
13	259,806,478 ₺	7,699,863 ₺	4,005,350 ₺	3,694,513 ₺	256,111,965 ₺
14	256,111,965 ₺	7,699,863 ₺	3,948,393 ₺	3,751,470 ₺	252,360,495 ₺
15	252,360,495 ₺	7,699,863 ₺	3,890,558 ₺	3,809,305 ₺	248,551,190 ₺
16	248,551,190 ₺	7,699,863 ₺	3,831,831 ₺	3,868,032 ₺	244,683,158 ₺
17	244,683,158 ₺	7,699,863 ₺	3,772,199 ₺	3,927,664 ₺	240,755,494 ₺
18	240,755,494 ₺	7,699,863 ₺	3,711,647 ₺	3,988,216 ₺	236,767,279 ₺
19	236,767,279 ₺	7,699,863 ₺	3,650,162 ₺	4,049,701 ₺	232,717,578 ₺
20	232,717,578 ₺	7,699,863 ₺	3,587,729 ₺	4,112,133 ₺	228,605,445 ₺
21	228,605,445 ₺	7,699,863 ₺	3,524,334 ₺	4,175,529 ₺	224,429,916 ₺
22	224,429,916 ₺	7,699,863 ₺	3,459,961 ₺	4,239,902 ₺	220,190,014 ₺
23	220,190,014 ₺	7,699,863 ₺	3,394,596 ₺	4,305,267 ₺	215,884,747 ₺
24	215,884,747 ₺	7,699,863 ₺	3,328,223 ₺	4,371,640 ₺	211,513,108 ₺
25	211,513,108 ₺	7,699,863 ₺	3,260,827 ₺	4,439,036 ₺	207,074,072 ₺
26	207,074,072 ₺	7,699,863 ₺	3,192,392 ₺	4,507,471 ₺	202,566,601 ₺
27	202,566,601 ₺	7,699,863 ₺	3,122,902 ₺	4,576,961 ₺	197,989,640 ₺
28	197,989,640 ₺	7,699,863 ₺	3,052,340 ₺	4,647,522 ₺	193,342,118 ₺
29	193,342,118 ₺	7,699,863 ₺	2,980,691 ₺	4,719,172 ₺	188,622,946 ₺
30	188,622,946 ₺	7,699,863 ₺	2,907,937 ₺	4,791,926 ₺	183,831,021 ₺
31	183,831,021 ₺	7,699,863 ₺	2,834,062 ₺	4,865,801 ₺	178,965,219 ₺
32	178,965,219 ₺	7,699,863 ₺	2,759,047 ₺	4,940,816 ₺	174,024,404 ₺
33	174,024,404 ₺	7,699,863 ₺	2,682,876 ₺	5,016,987 ₺	169,007,417 ₺
34	169,007,417 ₺	7,699,863 ₺	2,605,531 ₺	5,094,332 ₺	163,913,085 ₺

35	163,913,085 đ	7,699,863 đ	2,526,993 đ	5,172,869 đ	158,740,216 đ
36	158,740,216 đ	7,699,863 đ	2,447,245 đ	5,252,618 đ	153,487,598 đ
37	153,487,598 đ	7,699,863 đ	2,366,267 đ	5,333,596 đ	148,154,003 đ
38	148,154,003 đ	7,699,863 đ	2,284,041 đ	5,415,822 đ	142,738,181 đ
39	142,738,181 đ	7,699,863 đ	2,200,547 đ	5,499,316 đ	137,238,865 đ
40	137,238,865 đ	7,699,863 đ	2,115,766 đ	5,584,097 đ	131,654,768 đ
41	131,654,768 đ	7,699,863 đ	2,029,678 đ	5,670,185 đ	125,984,583 đ
42	125,984,583 đ	7,699,863 đ	1,942,262 đ	5,757,600 đ	120,226,983 đ
43	120,226,983 đ	7,699,863 đ	1,853,499 đ	5,846,363 đ	114,380,619 đ
44	114,380,619 đ	7,699,863 đ	1,763,368 đ	5,936,495 đ	108,444,124 đ
45	108,444,124 đ	7,699,863 đ	1,671,847 đ	6,028,016 đ	102,416,109 đ
46	102,416,109 đ	7,699,863 đ	1,578,915 đ	6,120,948 đ	96,295,161 đ
47	96,295,161 đ	7,699,863 đ	1,484,550 đ	6,215,312 đ	90,079,848 đ
48	90,079,848 đ	7,699,863 đ	1,388,731 đ	6,311,132 đ	83,768,717 đ
49	83,768,717 đ	7,699,863 đ	1,291,434 đ	6,408,428 đ	77,360,288 đ
50	77,360,288 đ	7,699,863 đ	1,192,638 đ	6,507,225 đ	70,853,063 đ
51	70,853,063 đ	7,699,863 đ	1,092,318 đ	6,607,545 đ	64,245,519 đ
52	64,245,519 đ	7,699,863 đ	990,452 đ	6,709,411 đ	57,536,108 đ
53	57,536,108 đ	7,699,863 đ	887,015 đ	6,812,848 đ	50,723,260 đ
54	50,723,260 đ	7,699,863 đ	781,984 đ	6,917,879 đ	43,805,381 đ
55	43,805,381 đ	7,699,863 đ	675,333 đ	7,024,530 đ	36,780,851 đ
56	36,780,851 đ	7,699,863 đ	567,038 đ	7,132,825 đ	29,648,026 đ
57	29,648,026 đ	7,699,863 đ	457,074 đ	7,242,789 đ	22,405,237 đ
58	22,405,237 đ	7,699,863 đ	345,414 đ	7,354,449 đ	15,050,789 đ
59	15,050,789 đ	7,699,863 đ	232,033 đ	7,467,830 đ	7,582,959 đ
60	7,582,959 đ	7,699,863 đ	116,904 đ	7,582,959 đ	0 đ

APPENDIX 2: ILLUSTRATION OF LOAN WITH LIFE INSURANCE

Loan	150,000,000 ₦
APR	17.00%
Maturity	48
Frequency of payments	Monthly
Periodic rate	1.42%

Month from now	Starting Balance	Monthly Payment	Interest for the Month	Principal repayment	Remaining Principal
1	150,000,000 ₦	4,328,256 ₦	2,125,000 ₦	2,203,256 ₦	147,796,744 ₦
2	147,796,744 ₦	4,328,256 ₦	2,093,787 ₦	2,234,469 ₦	145,562,275 ₦
3	145,562,275 ₦	4,328,256 ₦	2,062,132 ₦	2,266,124 ₦	143,296,150 ₦
4	143,296,150 ₦	4,328,256 ₦	2,030,029 ₦	2,298,228 ₦	140,997,923 ₦
5	140,997,923 ₦	4,328,256 ₦	1,997,471 ₦	2,330,786 ₦	138,667,137 ₦
6	138,667,137 ₦	4,328,256 ₦	1,964,451 ₦	2,363,805 ₦	136,303,332 ₦
7	136,303,332 ₦	4,328,256 ₦	1,930,964 ₦	2,397,292 ₦	133,906,039 ₦
8	133,906,039 ₦	4,328,256 ₦	1,897,002 ₦	2,431,254 ₦	131,474,785 ₦
9	131,474,785 ₦	4,328,256 ₦	1,862,559 ₦	2,465,697 ₦	129,009,088 ₦
10	129,009,088 ₦	4,328,256 ₦	1,827,629 ₦	2,500,628 ₦	126,508,461 ₦
11	126,508,461 ₦	4,328,256 ₦	1,792,203 ₦	2,536,053 ₦	123,972,408 ₦
12	123,972,408 ₦	4,328,256 ₦	1,756,276 ₦	2,571,981 ₦	121,400,427 ₦
13	121,400,427 ₦	4,328,256 ₦	1,719,839 ₦	2,608,417 ₦	118,792,010 ₦
14	118,792,010 ₦	4,328,256 ₦	1,682,887 ₦	2,645,370 ₦	116,146,641 ₦
15	116,146,641 ₦	4,328,256 ₦	1,645,411 ₦	2,682,846 ₦	113,463,795 ₦
16	113,463,795 ₦	4,328,256 ₦	1,607,404 ₦	2,720,853 ₦	110,742,942 ₦
17	110,742,942 ₦	4,328,256 ₦	1,568,858 ₦	2,759,398 ₦	107,983,544 ₦
18	107,983,544 ₦	4,328,256 ₦	1,529,767 ₦	2,798,489 ₦	105,185,055 ₦
19	105,185,055 ₦	4,328,256 ₦	1,490,122 ₦	2,838,135 ₦	102,346,920 ₦
20	102,346,920 ₦	4,328,256 ₦	1,449,915 ₦	2,878,342 ₦	99,468,578 ₦
21	99,468,578 ₦	4,328,256 ₦	1,409,138 ₦	2,919,118 ₦	96,549,460 ₦
22	96,549,460 ₦	4,328,256 ₦	1,367,784 ₦	2,960,472 ₦	93,588,988 ₦
23	93,588,988 ₦	4,328,256 ₦	1,325,844 ₦	3,002,412 ₦	90,586,576 ₦
24	90,586,576 ₦	4,328,256 ₦	1,283,310 ₦	3,044,947 ₦	87,541,629 ₦
25	87,541,629 ₦	4,328,256 ₦	1,240,173 ₦	3,088,083 ₦	84,453,546 ₦
26	84,453,546 ₦	4,328,256 ₦	1,196,425 ₦	3,131,831 ₦	81,321,715 ₦
27	81,321,715 ₦	4,328,256 ₦	1,152,058 ₦	3,176,199 ₦	78,145,516 ₦
28	78,145,516 ₦	4,328,256 ₦	1,107,061 ₦	3,221,195 ₦	74,924,321 ₦
29	74,924,321 ₦	4,328,256 ₦	1,061,428 ₦	3,266,828 ₦	71,657,493 ₦
30	71,657,493 ₦	4,328,256 ₦	1,015,148 ₦	3,313,109 ₦	68,344,384 ₦
31	68,344,384 ₦	4,328,256 ₦	968,212 ₦	3,360,044 ₦	64,984,340 ₦
32	64,984,340 ₦	4,328,256 ₦	920,611 ₦	3,407,645 ₦	61,576,695 ₦
33	61,576,695 ₦	4,328,256 ₦	872,337 ₦	3,455,920 ₦	58,120,775 ₦
34	58,120,775 ₦	4,328,256 ₦	823,378 ₦	3,504,879 ₦	54,615,897 ₦
35	54,615,897 ₦	4,328,256 ₦	773,725 ₦	3,554,531 ₦	51,061,365 ₦
36	51,061,365 ₦	4,328,256 ₦	723,369 ₦	3,604,887 ₦	47,456,478 ₦

37	47,456,478 đ	4,328,256 đ	672,300 đ	3,655,956 đ	43,800,522 đ
38	43,800,522 đ	4,328,256 đ	620,507 đ	3,707,749 đ	40,092,773 đ
39	40,092,773 đ	4,328,256 đ	567,981 đ	3,760,275 đ	36,332,498 đ
40	36,332,498 đ	4,328,256 đ	514,710 đ	3,813,546 đ	32,518,952 đ
41	32,518,952 đ	4,328,256 đ	460,685 đ	3,867,571 đ	28,651,381 đ
42	28,651,381 đ	4,328,256 đ	405,895 đ	3,922,362 đ	24,729,019 đ
43	24,729,019 đ	4,328,256 đ	350,328 đ	3,977,929 đ	20,751,090 đ
44	20,751,090 đ	4,328,256 đ	293,974 đ	4,034,283 đ	16,716,808 đ
45	16,716,808 đ	4,328,256 đ	236,821 đ	4,091,435 đ	12,625,373 đ
46	12,625,373 đ	4,328,256 đ	178,859 đ	4,149,397 đ	8,475,976 đ
47	8,475,976 đ	4,328,256 đ	120,076 đ	4,208,180 đ	4,267,796 đ
48	4,267,796 đ	4,328,256 đ	60,460 đ	4,267,796 đ	0 đ

APPENDIX 3: THE DESIGN OF POSTER


GRAND


GRAND Bank x Phu Hung Life



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LOAN WITH LIFE INSURANCE

1.42 - 1.47%
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