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Original Article

The Influence of the Soviet Legal Model on the Law Directing the Establishment and Operation of Vietnam and China's Central Banks

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Abstract: The Soviet legal model significantly influenced the legal stance, operation and organization of central bank branches in China and Vietnam. According to research on the effect of the Soviet legal model on the organization and operations of the Central Bank of China and the Central Bank of Vietnam, the Soviet legal model assisted Vietnam and China in creating major legislative frameworks for the banking sector. However, the legal status of Russian banks has evolved in the direction of being more autonomous and efficient; at the same time, the People's Bank of China branch was also restructured to be more streamlined and efficient. These are the areas in which the State Bank of Vietnam has to improve in order to grow more successfully.

Keywords: Soviet law model; Central Bank of Vietnam; Central Bank of China; Vietnamese law; Chinese law.

1. Introduction

The legislation governing the creation and functioning of Vietnam and China's central banks have been significantly influenced in many respects by the Soviet legal model. As a result, the central banks of Vietnam and China are both under the Government, similar to the position of the Soviet central bank, rather than the National Assembly as in the United States; the banking systems of Vietnam and China also transition from one-tier banking to two-tier

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banking, as did the Soviet central bank; and at the local level, Vietnam organizes its branches according to territory, as does the Bank of the Russian Federation, rather than the central bank model without branches in the United Kingdom. To date, however, several restrictions in the organization, structure and operations of the State Bank of Vietnam are not really acceptable since they are not comparable to the laws on the organization and operations of the Central Bank of the Russian Federation and the Central Bank of China. As a result, the article will concentrate on clarifying the effects of the Soviet legal model on the regulations governing the organization and operations of central banks in Vietnam and China; from there, the article will provide some comments and suggestions to ensure that the State Bank of Vietnam organizes and operates more appropriately.

2. A General Review of the Soviet Law System and a Brief History of the Russian Federation's Central Bank, Vietnam's Central Bank and China's Central Bank

Soviet law was established in 1917, following the Russian October Revolution, with the establishment of the Russian Soviet state. Soviet law is intimately related to Marxism's dialectical materialist theory, as well as Marxist-Leninist views and thoughts on the state and law and is also inspired by continental European law [1]. After attaining independence, Vietnam and China developed their countries on the Soviet communist model. Hence, Soviet law had a significant impact on both Vietnamese and Chinese law. As a result, the influence of Soviet law on Vietnamese and Chinese law is historical, coming from the fact that the Vietnamese and Chinese nations did not have all of the required prerequisites and conditions when they were established. Many aspects of Soviet law were included in the establishment of the country's legal system as a ground for the formulation and growth of law.

With the aforementioned legal system features, the laws on the establishment and operation of the Russian Federation's central bank throughout the time regulated by Soviet law contain the following major milestones: The Bolsheviks gained control of the Petrograd State Bank in November 1916. A governmental banking monopoly was proclaimed when a decree on bank nationalization was passed in December. The People's Bank of the Russian Soviet Republic was founded as part of the People's Commissariat for Finance in 1917, using the grounds of the State Bank, its branches, and offices held by the Bolsheviks. Its primary role was the creation and distribution of banknotes. The People's Bank of the RSFSR was disbanded in 1920, and its activities were transferred to the financial sections of the executive committees of the Soviets of Workers', Peasants', and Red Army Deputies. The State Bank of the RSFSR was authorized to produce its own banknotes - chervonets - in 1922, and was renamed the State Bank of the USSR (Gosbank). The State Bank of the USSR was separated from the People's Commissariat for Finance in 1937 and began reporting directly to the Government. Gosbank was taken up by the Soviet Ministry of Finance in 1944. The State Bank of the USSR system had 4,459 institutions (185 branches and 4,274 offices) in 1985. Boris Yeltsin, Chairman of the Supreme Soviet of the RSFSR, signed the Regulation 'On the State Bank of the RSFSR and Republican Banks' in 1988. The Russian Republican Branch of the State Bank of the USSR was renamed the State Bank of the RSFSR and became answerable to the RSFSR Supreme Soviet. The State Bank of the RSFSR was tasked with developing a rule governing the country's two-tier banking system. The RSFSR Law on the RSFSR Central Bank (Bank of Russia) was adopted. The bank was recognized as the RSFSR's major bank, answerable to the RSFSR's Supreme Soviet. Its primary goals included monetary circulation control, preserving ruble stability, organizing settlements and cash services, supervising joint-stock commercial banks and other credit institutions, and conducting foreign economic activities. The Central Bank of the RSFSR was recognized as the single authority in charge of the republic's monetary and foreign exchange regulation in 1990. The State Bank of the Soviet Union was abolished in 1991. The Russian Federation granted the Bank of Russia the sole authority to issue money [2].

In Vietnam, laws regulating the organization and operation of the Central Bank are separated into two stages.

First, prior to the Renovation 1986

Prior to 1986, regulations regulating state management activities in the banking sector in Vietnam were formally recorded in documents with low legal value such as Ordinances, Decisions, and Decree... In terms of content, it is quite fully recorded both the organization and activities of the agency directly managing the banking sector, the central bank of Vietnam, as well as the objects of state management in the banking sector: credit institutions, banking activities, custodial services, and custodial services. However, because the banking system was one-tier during this period, operations in the banking sector, including business activities, were primarily carried out by the State Bank of Vietnam. At this time, banking activities were limited to three conventional activities: accepting deposits, giving credit, and providing payment services. Especially, in terms of standing, the Vietnamese central bank has been a ministerial-level entity reporting directly to the government since its inception[1].

Second, the post-renovation 1986

Faced with management problems in the banking sector as a result of centralized and subsidized processes leading to galloping inflation (up to 774.7% in 1986), the bank pursued a major deficit strategy [3]. According to the Resolution of the 6th Party Congress, the banking sector has achieved comprehensive, profound, and extensive innovation with the goal of progressively transferring the economy from a central planning mechanism to a socialist-oriented market mechanism. That is, there is state management. Following Renovation, the legislation controlling state management operations in the banking industry in Vietnam was recorded in legal documents with greater legal significance, such as Ordinances and Laws [4].

The People's Bank of China (PBC) went through three eras of growth in China:

i) From 1948 to 1952, Establishment of the PBC and the National Banking System

The PBC was founded on December 1, 1948, in Shijiazhuang, Hebei Province. On the same day, the People's Government of North China issued a public edict declaring that the RMB issued by the PBC would be the legal money for all public and private payments and transactions throughout North, East, and Northwest China. Under the leadership of the Central People's Government, the PBC began to develop a unified national banking system during the time of national economic recovery.

ii) From 1948 to 1952, The National Banking System during the Period of Planned Economy

As the financial regulator and currency issuer, the PBC acted as both a government body in command of the financial system and a national mono-bank engaged in both central banking and commercial banking. It oversaw

[1] Decree No. 171-CP of October 26, 1961, stipulating the tasks, powers and organizational structure of the State Bank of Vietnam; Article 1 Decision 163-CP dated June 16, 1977, on the organizational structure of the State Bank, Art. 1.

money circulation, issued credit, and served as the monetary authority as well as a center for monitoring the implementation of national economic policies. Its lending to state-owned firms, as well as individual and private businesses, covered a portion of their operating capital. Despite a number of revisions throughout the era, a financial system defined by reliance on the PBC for short-term funding and the fiscal authority for long-term funding survived until 1978.

iii) From 1978 to 1992, From the National Mono-Bank to the Central Banking System

The Agricultural Bank of China (ABC) was reopened in January 1979. Later that same month, the Bank of China (BOC) was designated as the specialist foreign exchange bank, and the State Administration of Foreign Exchange (SAFE) was founded. Following the restoration of the People's Insurance Company of China (PICC) to begin insurance operations and the development of trust and investment organizations, as well as urban credit cooperatives, financial institutions and their businesses began to diversify. The State Council determined on September 17, 1983, that the PBC would serve as the central bank, which took effect on January 1, 1984. During this period, the PBC continued to upgrade its functions and operations, strengthening financial markets, supporting financial innovation, and expanding its arsenal for macroeconomic management. While expanding its use of central planning policy tools, the PBC expanded its dependence on market-based instruments like interest rates, reserve requirements, and central bank loans for credit and liquidity management. As it worked to limit credit expansion and economic overheating in order to promote economic reform, the PBC also gained the ability to utilize monetary policy for macroeconomic control.

iv) From 1993 to Present, Modernizing the Central Banking System

According to the State Council's Decision on Reforming the Financial System, the PBC enhanced its monetary policy, financial regulation, and financial services in 1993. As a result, policy-related financial operations were separated from commercial banking operations. On March 18, 1995, the National People's Congress (NPC) passed the People's Bank of China Law, confirming the PBC's role as China's central bank for the first time via legislation. The China Banking Regulatory Commission (CBRC) was founded in 2003 to take over the supervision of banks, financial asset management firms, trust and investment businesses, and other deposit-taking financial institutions from the PBC. The 6th Session of the Standing Committee of the 10th NPC considered and endorsed the Amendment to the People's Republic of China Law on the People's Bank of China on December 27. Following the restructuring of financial supervisory activities, the PBC's mandates are now formally stated as "formulating and implementing monetary policy, safeguarding financial stability, and providing financial services". Meanwhile, it is said that "the People's Bank of China is a constituent one of the State Council's agencies". It is the People's Republic of China's central bank. Under the aegis of the State Council, it formulates and implements monetary policy, ensures financial stability, and offers financial services [2].

3. The Impact of the Soviet Law Model on the Legislation Regulating the Creation and Functioning of Central Banks in Vietnam and China

Because Vietnam and China were constructed on the Soviet socialist model, the Soviet law model had a significant impact on both Vietnamese and Chinese law, particularly legislation governing the organization and operation of the Central Bank, specifically:

3.1. Legal Standing of the Central Bank

Marx believed that all power was concentrated in the agency executive under the influence of the Soviet law model, notably the Marxist-Leninist philosophy on the principle of centralization in the formation of the governmental structure [5]. As a result, unlike the governments of capitalist countries, which are frequently organized and operate on the basis of the principle of separation of powers, the Soviet Government was founded on the basis of centralization, centralized and unified state power, indivisible, belongs to the working people [6]. As a result, the central bank was likewise put under the Government (directly under the Government (from 1936 to 1948) or under the Ministry of Finance (from 1948 to 1991)) under the terms of the Soviet law model. In reality, because it was formed according to the idea of centralization, the Soviet Union's Central Bank tremendously aided the Soviet State in winning the Great Patriotic War, as well as other countries throughout the world. The globe has enough money to recover from the conflict. Especially the State Bank of the USSR supplied no less than 1.5 billion rubles in 1942 to aid in the rehabilitation of the national economy in territories liberated from German occupation: the North Caucasus and a number of districts of Ukraine and Byelorussia [2].

To date, the central banks in China and Vietnam have been directly influenced by the Soviet legal paradigm. Specifically, in terms of standing, the Vietnamese Central Bank has been a ministerial-level entity reporting directly to the government from its inception[2]. The People's Bank of China is likewise housed under the Government (from 1948 to 1979, under the Ministry of Finance; from 1979 to the present, under the Government) [7][3].

With a legal standing under the Government, the central bank will be affected by the Government during its operations. Until present, Vietnam and China have adopted this approach on the basis of the following principles: i) Suitable for the political-administrative system, managed by the Government of Vietnam and the State Council of China in all aspects of socioeconomic life, including the banking sector; ii) Suitable for economic and social conditions, because Vietnam and China are developing countries, their economies are still weak and easily affected by domestic and foreign impacts. To ensure currency market stability, a comprehensive solution is required, requiring the collaboration of numerous ministries and agencies under the guidance of the Government. iii) Historically, the Central Bank of Vietnam has been a government agency since its founding in 1947 with Decree No. 86; at the same time, the People's Bank of China has been a government agency from 1948 to the present. In practice, the Central Bank of China and the Central Bank of Vietnam have performed admirably in their roles as managers of their respective countries' banking sectors. Furthermore, according to Stephen Bell and Hui Feng, the People's Bank of China's rise is not by chance but is based on the institutional ability and skill of this agency, which is led by the Party. The author also confirms that, like many other developing nations, China's central bank lacks independence from the government and is heavily influenced by the Party's leadership and direction. But it is this that brings about change in the Chinese credit institution structure, as well

[2] Decree No. 171-CP of October 26, 1961, stipulating the tasks, powers and organizational structure of the State Bank of Vietnam; Article 1 Decision 163-CP dated June 16, 1977, on the organizational structure of the State Bank, Art. 1.

[3] Article 2 of the 1995 Law on the People's Bank of China, amended and supplemented in 2003, stipulates: "The People's Bank of China is the central bank of the People's Republic of China. Under the leadership of the State Council…".

as success in the People's Bank of China's monetary policy [8].

Since the Soviet state ceased to exist and the Soviet State Bank was abolished in 1991, the Russian Federation has shifted its central bank stance to a central bank model under the National Assembly [2][4].

3.2. The Central Bank's Operations

The Soviet law model had a substantial impact on the operations of the Central Bank of Vietnam and the Central Bank of China, specifically:

First, increasing activities to execute central bank tasks.

As a result, with the Soviet Central Bank: Over time, the Soviet Central Bank has fulfilled more and more tasks of a central bank, ranging from payment and foreign currency management (by the right to determine exchange rate in 1921) to monetary policy. In 1922, the RSFSR's State Bank was granted the authority to create its own banknotes, known as chervonets, which were 25% backed by gold. In line with the overall plan for the development of the USSR's national economy, the bank was tasked with controlling monetary circulation and short-term loans in 1929. In 1930, the State Bank became the only lender offering short-term loans and the national economy's settlement center. This demonstrates that the Central Bank of the Soviet Union had completely implemented central bank operations such as money issuance, foreign currency management, payment center operation, and short-term loan center operation at the time. By 1933, the State Bank had extended its foreign exchange management responsibility, and it was tasked with managing the acquisition, acceptance, and storage of precious metals and foreign money [2].

Under the influence of the Soviet legal model, the operational laws of the central banks of Vietnam and China were also enlarged over time to carry out all of the activities of a central bank, much like the rest of the world's central banks. To begin with, the People's Bank of China did not undertake many functions and authorities that belonged to the Chinese central bank in the early phases of existence prior to 1976. It wasn't until 1946 that the People's Bank of China recovered its monopoly on money printing and currency supply. The Central Bank of China completely completed the core functions of other central banks across the world in September 1983 [9].

In Vietnam, the Central Bank of Vietnam has fulfilled the simple functions of holding money and distributing money to the government since the early stages of its existence in 1947[5]. In terms of organizational structure, the Vietnamese Central Bank had a very simple structure at the time, with a Board of Directors and a Board of Supervisors.[6] To replace the Central Bank of Vietnam, the National Bank of Vietnam was created in 1951. With Decree No. 171-CP on October 26, 1961, specifying the tasks, authorities, and organizational structure of the State Bank of Vietnam, the National Bank of Vietnam was renamed the State Bank of Vietnam. The State Bank of Vietnam's tasks, powers, and organizational structure were more

[4] Article 1 of the Central Bank of Russia Law of 2002, revised and supplemented in 2009 and 2011: "The Central Bank of Russia operates independently of the Russian Federation's government agencies, government agencies of the subjects in the Russian Federation, and local authorities." The Russian Federation's Parliament holds the Central Bank of Russia accountable.

[5] President Ho Chi Minh's Decree No. 86 of September 17, 1947, Art. 3.

[6] President Ho Chi Minh's Decree No. 86 of September 17, 1947, Art. 10.

precisely specified by Decree 171-CP of 1961.[7] Following the liberation of the South and the reunification of the country in 1977, Vietnam published Decision 163-CP on the organizational structure of the State Bank on June 16, 1977, to establish a uniform banking system in the country. In terms of standing, the Vietnamese Central Bank has been a ministerial-level entity reporting directly to the government from its inception.[8] Although the regulations on the Central Bank of Vietnam's functions, powers, and organizational structure are simple, they have built a solid legal basis for the central bank. Vietnam developed banking sector management, which contributed significantly to the Vietnamese revolution's triumph [4].

Second, transforming the financial system from a one-tier to a two-tier banking system.

During the Great Patriotic War, the Soviet financial system was a one-tier banking system based on the concept of centralization of Marxism-Leninism. As a result, the Soviet Central Bank performed direct financial activities with the economy, such as The State Bank obtained authority over the payroll expenditures of industries and institutions in the USSR in 1932; in 1959, a new charter of the State Bank was enacted, assigning it the tasks of lending to the national economy, as well as the country's issuing and settlement center. At the same time, other institutions undertaking banking activities in the economy belonged to the Soviet Central Bank and performed operations at its request. In particular, state labor savings banks were transferred to the supervision of the State Bank in 1961, and the International Bank for Economic Cooperation was established for short-term loans to socialist nations and settlements between them. The International Investment Bank was established in 1965 to lend long-term and medium-term capital investments to communist nations. However, in 1988, the RSFSR State Bank was directed to prepare legislation for the establishment of a two-tier banking system in the nation [2].

Vietnam and China, influenced by the Soviet legal model, transitioned from a one-tier banking system to a two-tier banking system that is still in use today. First and foremost, in China, the financial system was upgraded from one to two tiers in 1979. The Agricultural Bank of China (ABC) was reopened in January 1979. Later same month, the Bank of China (BOC) was designated as the specialist foreign exchange bank, and the State Administration of Foreign Exchange (SAFE) was founded. Following the restoration of the People's Insurance Company of China (PICC) to begin insurance operations and the development of trust and investment organizations, as well as urban credit cooperatives, financial institutions and their businesses began to diversify [10].

In Vietnam, the Council of Ministers enacted Decree No. 65/HDBT on May 28, 1986, establishing the functions, tasks, and organization of the State Bank of Vietnam in order to carry out the Party's rejuvenation program in the banking sector. This is the document that laid the basis for Vietnam's transition from the State Bank to specialized banks in terms of business models and business activities with organizations and individuals in society. Because the Decree specifies that the banking system consists of the State Bank and professional banks that are regulated by the State

[7] Decree No. 171-CP of October 26, 1961, stipulating the tasks, powers and organizational apparatus of the State Bank of Vietnam, Art. 1.

[8] Decree No. 171-CP of October 26, 1961, stipulating the tasks, powers and organizational structure of the State Bank of Vietnam; Article 1 Decision 163-CP dated June 16, 1977, on the organizational structure of the State Bank, Art. 1.

Bank[9]. The State Bank of Vietnam has abandoned the business function[10] and only performs state management for entities in the economy[11] in order to accomplish the transformation of the banking model from a one-tier bank to a two-tier bank [4].

As a result, the Soviet legal model had a very favorable impact on the change in operations of the Vietnamese Central Bank and the Chinese Central Bank because the banking systems of these two nations had changed from a one-tier bank to a two-tier bank. This helps the Central Bank perform its management role and credit institutions to make business operations more efficient.

3.3. The Branch Organization Model of the Central Bank

The system of central bank branches in China and Vietnam was organized in all administrative entities under the influence of the Soviet legal model. As with the previous central bank, the Soviet central bank maintains a network of branches and representative offices in all administrative areas. Specifically, the State Bank of the USSR system consisted of 4,459 institutions (185 offices and 4,274 branches) in 1985 [2]. Consequently, Vietnam and China instructed the concept of arranging branches for all administrative entities in the legislation on organizing central banks. In Vietnam, it was acknowledged in the 1977 statute that the local central bank of Vietnam comprises provincial and district branches[12], and this model still exists today[13]. Prior to 1999, the central bank's branch network in China was still broadly structured by continents and counties (connected to administrative borders). However, as part of reforms, the People's Bank of China built 9 regional branches in significant economic regions nationwide (across administrative boundaries) in 1999 to replace the number of branches in the region. There are provincial and municipal branches. As a result, each regional branch is decentralized to oversee a number of provinces and cities within the territory, and each regional branch reports directly to functional departments and agencies at the Head Office [9].

4. Some Comments and Recommendations

4.1. Some Comments

Firstly, the positive influence of the Soviet legal model on Vietnamese and Chinese law in the formation and administration of the Central Bank

The preceding research demonstrates that the Soviet legal model had a significant influence on the formation and operations of the central banks of Vietnam and China. As a result, changes in the Soviet legal model on expanding activities to

[9] Council of Ministers, Decree No. 65-HDBT dated 28, May 1986, on functions, tasks and organizational apparatus of the State Bank of the State Bank of Vietnam, Art. 3

[10] Council of Ministers, Decree No. 65-HDBT dated 28 May,1986, on functions, tasks and organizational structure of the State Bank, Article 1 of.

[11] Council of Ministers, Decree No. 53/HDBT dated 26 March 1988, on the organizational structure of the State Bank of Vietnam Clause 1, Art. 2.

[12] Clause 3, Article 3, Decision 163-CP dated June 16, 1977 Regarding the organizational structure of the State Bank: “The organizational system of the State Bank in the locality includes the State Bank of the province and the city directly under the State Bank. central; and the State Bank of districts, provincial cities, towns and equivalent units (including concentrated economic zones according to Government regulations)”.

[13] Clause 1, Article 7 of the Law on the State Bank of Vietnam 2010: “The State Bank is organized into a centralized and unified system, including an operating apparatus and professional operating units at the headquarters, branches branches, representative offices, other affiliated units”.

fully implement the activities of the central bank like other central banks in the world are the exclusive right to issue money, central banks, etc. short-term lending center, payment center, and foreign exchange management to help the central banks of Vietnam and China strengthen their positions and manage the banking sector better. Changes in the Soviet law model on the activities of the Soviet central bank, in particular, aimed at transforming the Soviet banking system from one to two levels, have had an influence on the financial systems of Vietnam and China. The relevant modification is critical. Because the change of the banking system from one to two levels has made a substantial contribution to enabling both the central bank and the system of credit institutions to conduct their functions more effectively, numerous noteworthy accomplishments have been achieved (with the banking sector administration function being transferred to the Central Bank and the business function being totally outsourced to the institutions).

For example, in Vietnam, credit has had a significant role in the growth of the banking industry. As a result, the central bank's management and banking functions have gradually developed in line with global trends. As a result, Articles 10 and 15 of the Law on the State Bank of Vietnam, enacted in 2010, provide a clear legal basis for the State Bank to utilize indirect methods in monetary regulation and supervise the banking sector. In fact, in 2019 alone, the State Bank made an offer to buy valuable papers with a main volume of 1,000 billion dong/day, increasing the offer volume when necessary or when interbank interest rates were high in order to ensure liquidity for credit institutions and stabilize the market [11]. At the same time, the management function is also better performed by the State Bank, as demonstrated by the central bank's strengthening of banking supervision and risk-based inspection. In addition, the business activities of credit institutions have also achieved many outstanding achievements thanks to the policy of diversifying forms of ownership and encouraging business freedom. In fact, by the end of 2019, the total assets of the whole system reached VND 12.58 million billion, an increase of 13.69% compared to the end of 2018; the total charter capital of the whole system reached 612.3 trillion VND, an increase of 6.24% compared to the end of 2018; equity capital of the whole system reached VND 911.7 trillion, up 13.1% compared to the end of 2018. Business results of credit institutions continued to improve. By the end of 2019, ROA[14] and ROE[15] of the whole system were 1.01% and 12.95%, respectively, an increase compared to 2018 [15]. By 2021, despite being affected by the COVID-19 epidemic, in the first nine months of 2021, according to the General Statistics Office, the credit growth of the economy will reach 7.17%, 1.4 times higher than the growth rate of the same period last year was 4.99% (Statistics as of September 20) [12].

Secondly, a number of positive modifications in the law managing the organisation and functioning of the central bank in Russia and China after the collapse of the Soviet Union

First, when the Soviet Union collapsed, the Russian Federation's central bank was legally independent of the government and associated with the National Assembly. Since the Soviet state and central bank stopped functioning in 1991, the Bank of Russia has served as the Russian Federation's central bank [2]. According to the provisions of Article 1 and Article 5 of the Law on the Central Bank of Russia in 2002, as amended and supplemented in 2009 and 2011, the Bank of Russia is responsible to the National Assembly of the Russian Federation and operates independently of the Russian

[14] ROA - Return on Assets.

[15] ROE - Return on Equity.

Federation, authorities of the Russian Federation, government agencies of the Russian Federation, and local authorities. At the same time, Article 75 of the Russian Constitution, promulgated in 1993 and amended and supplemented in 2008, recognizes that the Russian Federation's central bank performs the functions of a central bank, which are to issue money, protect and ensure the stability of the Ruble's value independently of other state management agencies. With this legal position, the Federal Central Bank is not part of the government; thus, there is no government leadership and management, which means the government will not be able to intervene and operate the Russian Central Bank [13]. As a result, the Central Bank of Russia will have greater independence in managing the banking sector; specifically, the Central Bank of Russia's decisions to manage monetary policy will be independent of the government and wholly based on the current state of the currency market. The legal position of the Russian Federation's central bank has changed, which is perfectly compatible with the global trend of central bank development. The central bank's independence will be an incredibly crucial basis for avoiding the situation in which monetary policies issued by the central bank are used as a tool for politicians to implement and negatively impact the currency market, such as for electoral purposes [14, 15].

Second, China's central bank branches are grouped by area. In order to implement reforms, the branch structure of Chinese banks has been arranged by area rather than administrative borders from 1999 to the present [9]. This reform has made the Chinese central bank's directing and operating activities more consolidated and uniform, allowing the Central Bank of China to more effectively manage credit institutions and banking operations. At the same time, modifying China's central bank's branch organization model allows China to prevent problems of excessive influence by local governments in banking operations, which has an impact on the economy and the currency market [9].

Thirdly, there are likely conflicts between Vietnamese law, Russian federal law and Chinese law.

First, unlike the Central Bank of the Russian Federation, the State Bank of Vietnam has yet to acquire an autonomous status. In Vietnam, the central bank is still part of the government and is a ministerial-level entity[16]. Its status as a government body may provide challenges for Vietnam's central bank in controlling the banking industry because the government has an impact on monetary policy, which can have a negative impact. Moreover, there may be instances where the government's monetary policy decisions are inconsistent with the central bank's objectives and solutions, especially with the market's practical demands. Meanwhile, if there is a budget deficit, the central bank may issue money in excess of the limit, regardless of monetary circulation regulations, to make up for the budget shortfall. Inflation results, threatening the stability and development of the financial sector and the economy. Certainly, the current position of the State Bank of Vietnam under the Government is suitable for Vietnam's developing economic circumstances [15]. However, in the long run, maintaining the State Bank of Vietnam under government control contradicts global trends and has a negative impact on Vietnam's currency market.

Second, the Vietnamese central bank branch organization model is incompatible with the Chinese central bank branch organization model. Central bank branches in Vietnam are still

[16] Clause 1, Article 2 of the Law on the State Bank of Vietnam 2010.

arranged according to administrative borders[17]. Meanwhile, China's population was 1,452,772,259 people on September 14, 2023, according to the latest United Nations data (accounting for 18.05% of the world population), with a total land area of 9,390 people.784 km2 [16]; Vietnam's current population is 99,846,163 people on September 14, 2023, according to the latest United Nations data (accounting for 1.24% of the world population) with a total land area of 310,060 km2 [17]. The preceding figures illustrate that China is far larger than Vietnam in terms of people and territory; however, China only has 9 central bank branches. Simultaneously, Vietnam is now executing a program of administrative reform with the objective of continuing to establish a democratic, professional, contemporary, streamlined, effective, and efficient administration[18]. As a result, perhaps structuring central bank offices according to administrative boundaries isn't the best idea. As a result, Vietnam may learn from China's reform approach in order to enable Vietnam's central bank to manage the banking industry more centrally and consistently while avoiding meddling with local government politics in monetary policies.

4.2. Some Recommendations

Firstly, the Vietnamese State Bank must establish an autonomous posture.

As previously noted, the regulation establishing the State Bank of Vietnam's legal standing under the Government has certain flaws. As a result, when Vietnam's credit institutions are strong and developed enough to regulate risks and operate autonomously in accordance with the law, the State Bank of Vietnam will not need to intervene as much. Therefore, placing the State Bank of Vietnam under the Government is no longer necessary or appropriate; instead, it is necessary to place the State Bank of Vietnam under the National Assembly, as the Russian Federation does, as well as create a truly independent position in terms of model for the State Bank of Vietnam. As a result, state management agencies must ensure the State Bank of Vietnam's total independence from the government by amending the Constitution and the requirements of the 2010 Law on the State Bank of Vietnam as Clause 1, Article 2. According to the general trend, the State Bank of Vietnam's position will be an agency under the National Assembly, independent of the Government, and will establish the ideal circumstances for the State Bank of Vietnam to effectively oversee the banking industry. Indeed, since its foundation in 1994 (with Decree No. 70/CP on the formation of the State Audit dated November 11), Vietnam has shifted the standing of the State Audit from a ministerial-level body. 7/1994 of the Government) to the position of independent Government reporting directly to the National Assembly, as provided in Clause 1, Article 188 of the 2013 Constitution. This autonomous status, according to international norms, has provided ideal conditions for the State Audit to perform its powers and tasks extremely efficiently. According to Mr. Ho Duc Phoc, former State Auditor General, having an autonomous legal position in line with international norms has provided circumstances for the State Audit to strengthen its structure and operations. Since then, the State Audit's audit operations have been strengthened in terms of financial management suggestions, legal document replacement and modification recommendations, preventing and detecting law infractions,... [18]. As an outcome, there is no

[17] Clause 1, Article 7 of the Law on the State Bank of Vietnam 2010.

[18] Section II Resolution 76/NQ-CP 2021 Master program for state administrative reform 2021 - 2030.

reason why the State Bank of Vietnam should not establish an independent stance.... This is the foundation for the State Bank of Vietnam to deliver timely judgments in accordance with practical needs to effectively supervise the banking industry.

Secondly, reorganization of Vietnam's Central Bank branch model

As previously indicated, during the reform process, China, a country far larger in terms of population and territory than Vietnam, switched the central bank branch model from the central bank branch model. The central bank branch model based on administrative units is similar to the concept of regional central bank branches. As a result of this in Vietnam, the general goal of the Comprehensive Program of State Administrative Reform for the period 2021-2030 is to continue building a democratic, professional, modern, streamlined, and effective administration[19]. Vietnam should reconsider its Central Bank branch model. As a result, Vietnam may learn from China and structure the central bank branch model in Vietnam according to regions rather than organizing central bank branches in all provinces and centrally managed cities. This would allow the banking industry to make a significant contribution to the current administrative reform in Vietnam.

5. Conclusion

At a time when Vietnam was still developing a legal system based on the socialist model, it was the Soviet legal model that laid the groundwork for Vietnam and China to follow. Build the legal framework in general and legislation governing the creation and functioning of the central bank in particular. The Soviet legal paradigm, in particular, of changing the financial system from one to two levels has had a significant influence on the formation of the central banks of Vietnam and China. However, several organizational norms of Vietnam's central bank still do not conform to those of the Central Bank of the Russian Federation and the Bank of China. Therefore, it has hampered the assurance of state management operations in the financial sector of the Vietnam Central Bank. As a result, Vietnam should learn from the Russian Federation and China by establishing an autonomous position for the Vietnamese state bank and reorganizing the central bank branch model based on regions rather than administrative borders so that the State Bank of Vietnam can better manage the banking sector and the banking industry. In addition, it can better contribute to the implementation of Vietnam's administrative system reform program.

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