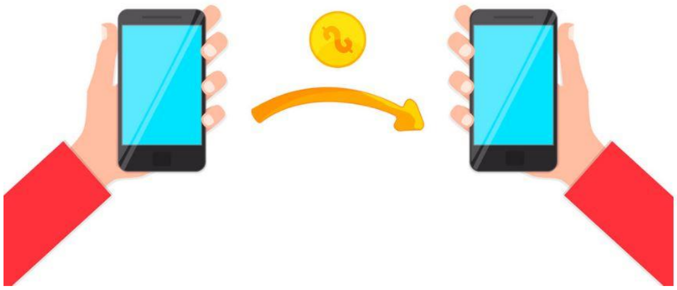

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Highlight

Vietnam soon implementing mobile money

VIETNAM BUSINESS REVIEW

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What's in it today?

FINANCE

FWD Group completes acquisition of Vietcombank-Cardif Life Insurance

Two foreign-invested banks have licenses withdrawn

E-COMMERCE

Vietnam soon implementing mobile money

START-UP

Vietnam's Homebase raises pre-seed round

INVESTMENT

South Korea, Vietnam eye closer co-operation in supply chain

Investment in Ho Chi Minh City's export processing, industrial zones up 86%

LOGISTICS

Ministry of Industry and Trade requests Hai Phong to create favorable conditions to transport goods

Will Jetstar Pacific Be Wound Down As Qantas Seeks To Offload Shares?

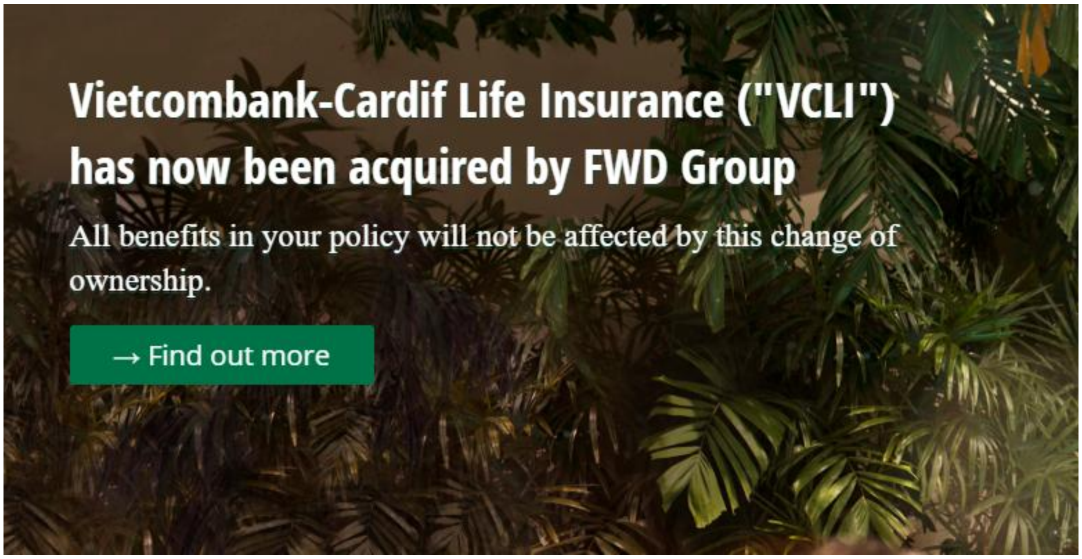
RETAIL

Well-stocked retailers comfort concerned consumers

FINANCE

FWD Group completes acquisition of Vietcombank-Cardif Life Insurance

FWD Group, the insurance arm of Hong Kong billionaire Richard Li's investment group Pacific Century, announced that it has secured regulatory approval to proceed with the acquisition of Vietcombank-Cardif Life Insurance (VCLI), a 45:55 life insurance joint venture between Vietcombank and BNP Paribas Cardif, according to a statement. We had earlier reported that FWD Group was about to close a $400-million acquisition of VCLI.



The addition of VCLI further strengthens FWD's presence and market share in the Vietnamese insurance market and underlines the company's continued confidence in the long-term growth potential of Vietnam, the company said. "Vietnam is one of the fastest-growing insurance markets in Asia and we are excited to expand our presence through this significant acquisition. FWD has established itself as a fresh and dynamic insurance challenger brand in a few short years since entering Vietnam and this deal is a firm testament to our confidence in the long-term growth and potential of the Vietnam market," said Huynh Thanh Phong, FWD Group Chief Executive Officer.

FWD will shortly rename the newly acquired businesses, and the official rebranding will take place progressively in the coming months. Established in 2013, FWD is the insurance business of Pacific Century Group. The insurance company entered Vietnam in 2016 through the acquisition of Great Eastern's Vietnam business for S$48.2 million ($35 million). In 2017, FWD Vietnam partnered with Nam A Bank as part of a 15-year bancassurance agreement. FWD Group had earlier paid $3 billion for a life insurance business in Thailand last July and signed a $1.8-billion loan backing the acquisition. It also previously considered Aviva Plc's Singapore business, Bloomberg reported./. Dealstreetasisa

Back to top

Two foreign-invested banks have licenses withdrawn

The State Bank of Vietnam (SBV) issued the decision to withdraw the licences of the representative offices of two foreign-invested banks, namely Kookmin from South Korea and Commonwealth Bank of Australia on April 8 and April 10.

The two banks were tasked with completing procedures to stop operations in Vietnam. Seven days after the decision comes into effect, Kookmin and Commonwealth Bank of Australia will have to publish information about the SBV's decision in three consecutive publications of a daily printed newspaper or on an online newspaper for seven working days. In addition, they have to display the decision at their representative offices.

There has been no information published by the SBV to explain the revocation, however, according to the representative of the Banking Supervision Agency under the SBV, there are three potential reasons, including a proposal from these banks themselves, violations, as well as bankruptcy. Agricultural Bank of China Limited in Hanoi is an example for the first reason. Notably, in August 2018, the SBV Governor withdrew its licence following the bank's request. The reason was that the bank had already established a branch in Hanoi, making its representative office unnecessary.

Many foreign banks in Vietnam have been pumping more capital to expand their footprint and increase their share in the domestic market, especially in the retail banking sector.Notably, Standard Chartered Vietnam in February 2019 completed its plan to raise charter capital from VND3.08 trillion ($133.9 million) to VND4.2 trillion ($182.6 million).

Earlier, Woori Bank Vietnam, a subsidiary of South Korea's Woori Bank, also increased its capital by 53 per cent to VND4.6 trillion ($200 million). NongHuyp Bank's Hanoi branch also raised capital from $35 million to $80 million after getting the nod from the SBV in 2018. In addition, Bank of China (Hong Kong) Limited received the permission of the SBV to increase its charter capital from $80 million to $100 million.

Another three banks, including Bank of China (Ho Chi Minh City branch), Industrial Bank of Korea (Hanoi branch), and Siam Commercial Bank Public Company Limited (Ho Chi Minh City branch), implemented capital hikes after getting approval from the Vietnamese central bank. The market also saw a series of foreign banks enlarge their branch networks. South Korea's Shinhan Bank, for example, opened four new additional branches and transaction offices in Hanoi and Ho Chi Minh City, beefing up its Vietnamese branch network to 30, whilst Malaysia's Public Bank Vietnam Ltd. also expanded its foothold by opening five more branches and transaction offices, raising the total to 18 outlets./.VIR

Back to top

E-COMMERCE

Vietnam soon implementing mobile money

The State Bank of Vietnam is is urgently working with relevant ministries to finalise the pilot programme of utilising telephone subscription accounts to make small payments, or mobile money.

The draft decision is slated to be submitted to the prime minister this month. Previously, Directive No.11/CT-TTg dated March 4, 2020 on further actions to fight against COVID-19 also implied that mobile money should be put into practice as soon as possible.

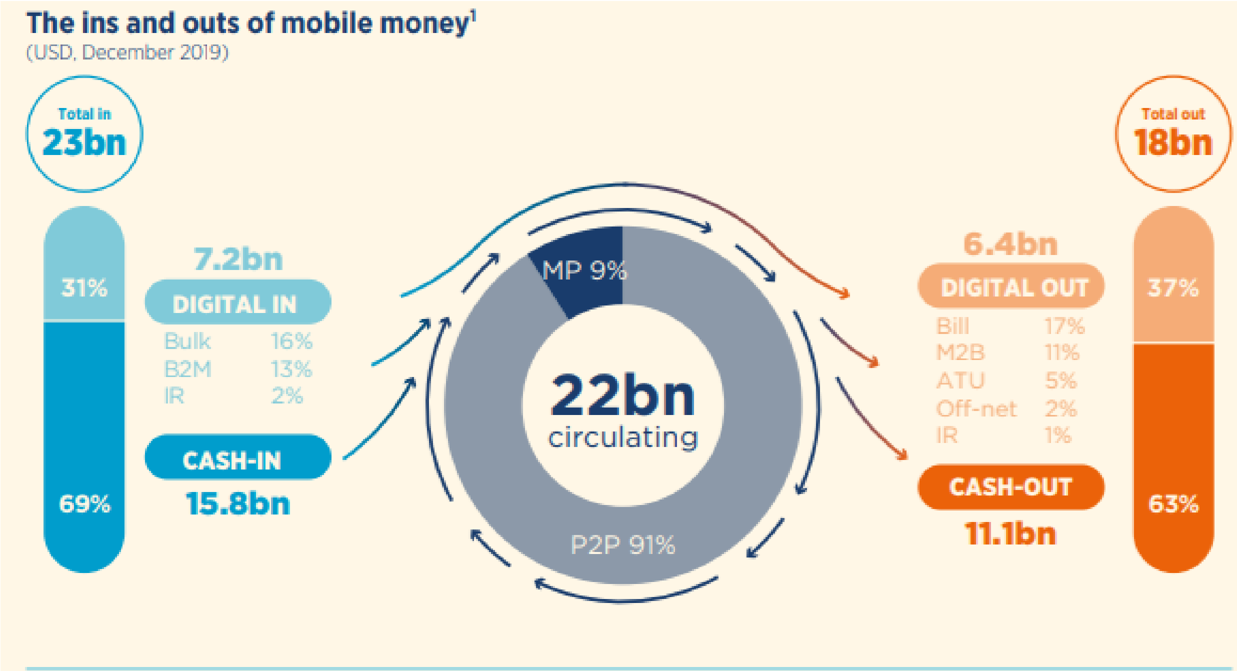
Following a well-conceived cashless payment trajectory and ensuring its effective implementation is crucial in reaching the Vietnamese government's target of building a cashless economy.

Mobile money has transformed the landscape of financial inclusion in developing and emerging market economies, leapfrogging the provision of formal banking services.

The size of the global mobile money market is expected to grow from $3.4 billion in 2019 to $12 billion by 2024, at a compound annual growth rate (CAGR) of 28.7 per cent during the forecast period, cited from a MarketsandMarkets report.

Experts also state that mobile money could facilitate transactions, enable savings, credit products, and even simplify taxation for governments – all at scale and much faster than brick-and-mortar financial networks.

The adoption of mobile money and an adequate regulatory framework in Vietnam is getting extra support from the Vietnamese government. Minister of Information and Communications Nguyen Manh Hung has also encouraged financial inclusion, saying that the application of mobile money could generate economic growth of up to 0.5 per cent for countries.



According to the 2019 State of the Industry Report on Mobile Money by the Global System for Mobile Communications Association (GSMA), digital transactions represented the majority of mobile money flows.

Here's a particularly interesting statistic from the GSMA report: for every 100,000 adults in today's world, there are 11 banks, 33 ATMs, and 228 mobile money agents.

With 290 live services across 95 countries and 372 million active accounts, mobile money is entering the mainstream in most markets where access to financial services is low. Also, 77 deployments worldwide have over a million active accounts (90-day) compared to 27 in 2014.

According to the report, mobile money services are especially available in 96 per cent of countries where less than a third of the population has an account at a formal financial institution./. VIR

Back to top

START-UP

Vietnam's Homebase raises pre-seed round

Vietnamese proptech startup Homebase has raised an undisclosed amount of pre-seed funding from early-stage venture capital firm and startup generator Antler, Iterative VC, according to an announcement. Other investors including strategic angel investors and Brian Ma, co-founder of US-based alternative homeownership startup Divvy Homes also joined the funding round. The funds raised will be used to expand its tech infrastructure, make new hires, and push forward with its regional expansion plans. Co-founded by Phillip An, Hung Viet Doan, and Hai Vu in 2019, Homebase is a home-financing technology company tackling the millennial ownership crisis across Southeast Asia, starting in Vietnam.

The startup claims to provide customised co-investment plans, where home buyers can pay the portion they can afford, move in from the first day, and then buy out all or part of their stake when they are ready. Founded in 2018 by Magnus Grimeland, Antler operates a company builder programme that invests in startups at the pre-concept and pre-team stage. In January, Antler raised $50 million for its funds across Amsterdam, London, New York, Stockholm, Sydney, Nairobi and Singapore. Homebase is one of the 14 startups from Antler's third cohort./. Dealstreetasisa

Back to top

RETAIL

Well-stocked retailers comfort concerned consumers

Unlike the images of crowds outside supermarkets and fights over toilet paper and essential goods on social media since COVID-19 occured, mother-of-one Nguyen Linh has witnessed plenty of packed shelves when shopping at Hanoi's Hadong Co.opmart both before and after social distancing orders began this month.

Linh was not too worried about being stuck indoors and self-isolating as all customers received an automatic message informing them the supermarket system had prepared to operate normally after April 1, and reminded customers to keep a safe distance between themselves when shopping.

Meanwhile, in Ho Chi Minh City, store shelves were reportedly stocked with rice, toilet paper, and other essentials. Under the strict measures on social distancing, all citizens are required to stay indoors and will only be allowed to go out for necessities such as purchasing food or medicine in order to prevent and combat the COVID-19 spread.

This is one of Vietnam's quick measures to cope with the spreading outbreak. The World Economic Forum remarked, "This is the challenge facing many of the world's poorer and developing nations, including countries like Vietnam. But while it might look like a foregone conclusion that the coronavirus outbreak would ravage such a country, Vietnam has instead stood out as a beacon of how to do more with less."

There is no one-size-fits-all method of deciding on the best time to enact social distancing measures, but the well-prepared actions thus far in Vietnam have not caused any chaos.

Well-prepared

Tran Duy Dong, head of the Domestic Market Department under the Ministry of Industry and Trade (MoIT), confirmed that stockpiles are always ready. Meanwhile, supermarkets have assured that they have stocks of full goods for the next three or six months.

Nguyen Thi Kim Dung, director of Hadong Co.opmart said, "Thanks to the preparation in advance, the supermarket always provides enough for customers. We reserve triple the amount of essential goods including rice, instant noodles, meat, and eggs compared to before," adding that commercial stores are closed, so supermarkets take advantage of being warehouses to serve the people.

Back to top

With 35 supermarkets across Vietnam, Thai-backed Big C confirmed that all of its supermarkets are open as usual during the social distancing period. The supermarket has even increased its reserves to two or three times of that in normal days

"According to the prime minister's instructions, the vehicles carrying goods and necessities are still operating normally. We are not worried about the logistics system in the coming days," said a representative, adding that prices of essential commodities have not been increased.

Similarly, the representative of South Korea's Lotte Mart also said that retailers are fighting to keep the shelves stocked and the doors open, all while keeping their employees safe. Supermarkets are also reminded not to leave the shelves empty, to avoid creating fake scarcity.

Evidently, retailers have been preparing for the coronavirus for some weeks, working closely with suppliers in order to ensure customers can get what they want and need. Besides that, retailers have also cut the prices of many products and adapted quickly to social distancing guidelines that promote safer retail store shopping as well as encourage online shopping.Meanwhile, although essential commodities recorded high demand, the crisis has tightened other commodities.

A MoIT report last week noted that giant retailers like Lotte, Aeon Vietnam, and Saigon Co.op have been hit by the crisis. Lotte recorded a dip of about 50 per cent in revenues compared to January and by more than 20 per cent on-year. Aeon Vietnam saw a 2 per cent fall in January and 6 per cent decrease in February compared to the plan. Meanwhile, Saigon Co.op felt a 50 per cent slump in retail revenue in the first 2 months of the year.

Retail tech surge

COVID-19 has managed to change consumer shopping habits. According to a report by the world's leading data provider Kantar Worldpanel in March, there are changes not only in consumer baskets but also in their channel choice during the virus outbreak, and online shopping is booming significantly.

More people are shopping online than usual, accelerating the growth of online fast-moving consumer goods to a triple-digit rate in just one month. Meanwhile, shopping locations most commonly used for daily needs are losing traffic. As such, street shops and convenience stores are seeing a short-term impact.

From February, Big C has implemented a call and order service with free delivery on purchase totals of VND200,000 ($8.70) or more to counter this trend. One official said that after deploying the service, the number of orders by phone has increased by over 200 per cent.

Meanwhile, Lotte Mart has recorded about 200 orders through its e-commerce SpeedL platform. Co.opmart has also stepped up deployment of online shopping channels./.VIR

Back to top

LOGISTICS

Ministry of Industry and Trade requests Hai Phong to create favourable conditions to transport goods

The Ministry of Industry and Trade (MoIT) on Monday requested Hai Phong City People's Committee to ensure smooth goods transport of trading enterprises and logistics services coming to and from the city while implementing the COVID-19 pandemic prevention activities.

The ministry said during the Prime Minister's Directive 16/CT-TTg on preventing and controlling the novel coronavirus (COVID-19) pandemic, Hai Phong City has been given urgent tasks, especially strengthening control of drivers of trucks coming to and from Hai Phong City.

However, the measures have caused difficulties for manufacturing, import-export and logistics enterprises in transporting goods to and from the Hai Phong Port, the largest port in the North of Vietnam.

According to the Ministry of Industry and Trade, Hai Phong is a centrally-run city in a strategic location of the Northern key economic region, converging favourable factors for industrial production, trading and logistics. The ministry has requested Hai Phong authority to create good conditions for transport goods as well as goods for production during the pandemic, aiming to boost exports and hit economic growth targets.

The ministry has also asked Hai Phong to review taxes and fees as well as reducing transport costs, including toll, parking fees and infrastructure fees. That is considered as an efficient support for the enterprises during the pandemic period.

The ministry has proposed Hai Phong raises any problems they face in implementing disease prevention that have affected trade. At present, the ministry and other ministries and sectors have carried out measures to ease problems. This would help enterprises maintain their production and prepare all resource for resuming production growth after the pandemic.

At the same time, the ministry has been managing import and export activities in combination with the domestic market to ensure a stable supply for exports and domestic goods consumption./. VNS

Back to top

Will Jetstar Pacific Be Wound Down As Qantas Seeks To Offload Shares?

Qantas seeks to transfer 30% of shares to Vietnam Airlines. It is reported that that Qantas is negotiating a transfer the entirety of Qantas' shares in Jetstar Pacific to Vietnam Airlines. Currently, the Vietnamese flag carrier holds just under 70% of the carrier while Qantas has 30%. This transfer would give Vietnam Airlines full control over the carrier.

The last few years have been a bit rough at Jetstar Pacific. In 2011, Jetstar Pacific was on the verge of shuttering amid rough financials. Vietnam Airlines and Qantas partnered on and worked to restructure and turn around the low-cost carrier. The carrier has not yet reached that state, however, Qantas appears to be pulling out of the carrier. The deal is still undergoing negotiations. Neither airlines have transferred stakes yet and regulatory approval will likely be needed.

There are four main carriers based in Vietnam: Bamboo Airways, Jetstar Pacific, VietJet Air, and Vietnam Airlines. VietJet is a major low-cost carrier with huge expansion plans. And, Bamboo Airways is a startup that is equally ambitious not just with short-haul, but even long-haul aspirations. Combined, this puts pressure on Vietnam Airlines.There are two options for Vietnam Airlines. It could either absorb Jetstar Pacific into its own operations and retire the brand entirely. This would allow for some market consolidation and give Vietnam Airlines additional A320 aircraft with which to grow its presence. The airline already operates a number of A321 and A321neo aircraft. These aircraft could further supplement long-haul routes flown with Boeing 787 and Airbus A350 aircraft.

The other option would be to operate Jetstar Pacific as a low-cost arm. It is unclear if naming rights would be part of the deal, however. Operating the carrier as a separate low-cost arm would give Vietnam Airlines a two-front approach to combat competition from a full-service and low-cost carrier. However, VietJet Air has a large number of aircraft on order and it is unclear if Jetstar Pacific could expand to rival that in enough time to mount serious competition. Or, perhaps, it could just remain a moderately-successful low-cost carrier poking a thorn in the side of VietJet Air./.VNN

Back to top

INVESTMENT

South Korea, Vietnam eye closer co-operation in supply chain

South Korea and Vietnam could enhance their co-operation to help Vietnam become the main link in the supply chains of South Korean businesses, especially in the automobile, electronics and garment and textile sectors. Insiders made the statement at a video conference on Monday to share ideas on ways to expand economic ties despite the strain caused by the COVID-19 pandemic on global business activities.

South Korean Minister of Trade, Industry and Energy Sung Yun-mo and his Vietnamese counterpart Trần Tuấn Anh discussed ways to expand bilateral ties amid the growing economic fallout from the pandemic. The two sides plan to use regulations to allow businesses to immediately exploit the combined origin of textile materials under the EVFTA, to take advantage of high quality textile and apparel materials from South Korea, serving production and export of Vietnamese textile products to Europe.

In addition, Vietnam and South Korea will also discuss food security, rice supply, fruit, vegetables and seafood trade amid the COVID-19 pandemic. Anh asked South Korea to accelerate assessments for risk import licensing for Vietnamese red dragon fruits and grapefruit and support activities that distribute Vietnamese goods major South Korean firms like Lotte Mart, E-Mart, Home Plus and CJ Home Shoping.

During the meeting, the South Korean side thanked Vietnam for enabling some of its residents to enter the country for major business activities amid the pandemic, emphasising that travel by business officials is crucial to maintain the global supply chain. The two countries also agreed to push for a system which would allow them to process certificates of origin through electronic platforms.

The measure is expected to speed up customs procedures for exporters and prevent forgery of documents, according to the South Korean Ministry of Trade, Industry and Energy. Vietnam is the third-largest export destination for South Korea, whose outbound shipments to the Southeast Asian country hit US$48.1 billion in 2019, down 0.9 per cent from a year earlier.

In 2019, South Korea’s overall exports sank more than 10 per cent. The country’s outbound shipments edged down 0.2 per cent year-on-year last month and plunged up to 18.6 per cent annually to $12.2 billion in the April 1-10 period, according to the data from the Korea Customs Service. The figure is expected to continue dropping due to the pandemic, said experts. /. VNS

Back to top

Investment in Ho Chi Minh City's export processing, industrial zones up 86%

Export processing and industrial zones in Ho Chi Minh City attracted US$117 million worth of investment in the first quarter of the year, a 86% increase compared to the same period last year, according to the HCM City Export Processing and Industrial Zones Authority.

Foreign direct investment (FDI) in the zones was nearly US$66 million, a 2.58% increase year-on-year.

Eleven FDI projects registered an additional over US$60 million in capital. There were six new projects with total capital of US$5.48 million, a 74% decrease from last year.

The zones received VND1.1 trillion (US$47 million) worth of domestic investment, up by 37% year-on-year. There were 13 new projects, while 12 projects increased their capital.

The increase in investment was mainly from domestic sources and foreign projects that already had plans to register more capital, according to the authority, which said that investment attraction in the second quarter may face challenges due to the COVID-19 pandemic.

HCM City, as of March 20, had attracted over US$1 billion worth of FDI, a 33% drop year-on-year, according to the City Statistics Office./.VNA

Back to top

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