



## Highlight

*Mobile transactions in Vietnam expected to increase by 400% by 2025*

# VIETNAM BUSINESS REVIEW

## What's in it today?

Vol 19, May 13<sup>th</sup> 2020



### FINANCE

Vietnam's economic growth will rebound strongly in 2021

Nation records trade surplus of US\$3.04 billion over four-month period



### E-COMMERCE

Mobile transactions in Vietnam expected to increase by 400% by 2025

COVID-19 sends Vietnamese shoppers online



### START-UP

BravoHR raises seed funding; Viet Valley Ventures backs 3 startups

Vietnam-based HR startup JobHopin raises US \$2.5 Million in Series A funding



### INVESTMENT

South Korean group proposes US \$150 Million technopark in Dong Nai

Hanoi seeks investment for 11 farming projects



### LOGISTICS

Ministry of Transportation proposes road use fee exemption to help transport firms

Quang Tri eyes US \$ 86 Million logistics centre



### RETAIL

Honda Vietnam sees motorcycle sales plummet

Trade any old car model for new VinFast cars

## FINANCE

### Vietnam's economic growth will rebound strongly in 2021

---

The International Monetary Fund (IMF) has forecast that Vietnam's economic growth will slow to 2.7% this year due to the coronavirus pandemic but may rebound strongly to 7% next year.



According to IMF representative in Vietnam Francois Painchaud, the country's strict measures to contain the coronavirus, the global recession and weak domestic demand are elements that will slow its economic growth this year from an average of roughly 7% in 2018 and 2019.

However, Painchaud noted that growth is expected to recover as preventive measures are lifted, reaching 7% in 2021, supported by monetary and fiscal easing, the country's relatively strong macroeconomic fundamentals and a gradual recovery in external demand.

Speaking at a meeting of the government last week, Prime Minister Nguyen Xuan Phuc said the Vietnamese Government is determined to achieve an economic growth rate this year higher than the IMF's estimate of 2.7%, possibly over 5%.

Standard Chartered earlier lowered Vietnam's economic growth forecast in 2020 to 3.3%. The bank forecast that growth would rebound to 6.5% in 2021 given an expected recovery in demand.

Meanwhile, the Asian Development Bank predicted that the coronavirus pandemic could drop Vietnam's growth to 4.8% this year, but the country would remain one of the fastest growing economies in Asia. / .VOV

[Back to top](#)

## Nation records trade surplus of US\$3.04 billion over four-month period

The first four months of 2020 saw the country enjoy a trade surplus of US\$3.04 billion amid the negative economic impact caused by the novel coronavirus, according to the Ministry of Industry and Trade (MoIT).



The country's overall export turnover throughout the reviewed period reached US\$82.94 billion, a year-on-year rise of 4.7%. Some of the local goods which enjoyed strong growth in terms of export value over the four months include machinery, equipment, tools and spare parts, which increased by 29.6%, followed by computers, electronic products and components, rising by 28.6%, wood and wooden products, up 10.1%, footwear, up 1.3%, and telephones and components, up 1.1%.

The United States remained the largest market for the export of Vietnamese items over the four-month period, with a value of US\$20.3 in turnover, an increase of 13.4%. Other significant markets include

China and Japan, with US\$13.1 billion and US\$6.7 billion, representing rises of 26.7% and 10.1%, respectively. Elsewhere, imports totaled US\$79.89 billion, an annual increase of 2.1%.

The MoIT expects that the country's export value will increase again during the second half of the year, providing that the epidemic is kept under control in the second quarter.

Moreover, the ministry will continue to give priority to efforts that seek to enhance trade links between Vietnamese enterprises and foreign partners, whilst also promoting made-in-Vietnam goods to domestic and foreign consumers./VOV

[Back to top](#)

## E-COMMERCE

### Mobile transactions in Vietnam expected to increase by 400% by 2025

Mobile transactions are expected to experience 400 per cent growth in the next five years, according to the Fintech and Digital Banking 2025 report by Backbase and IDC.



The report points out that the top eight banks have all set core banking and payment system modernisation as their top two priorities and expect 50 per cent growth in new accounts as a result of intelligent automation in account origination. Meanwhile, 25 per cent of banks in Vietnam will "actively pursue modern digital core platforms".

Riddhi Dutta, regional head for ASEAN and India of Backbase, said that the Vietnamese banking industry has developed a very specific action plan to implement the Banking Industry Development Strategy by 2025. These goals are to promote cashless payments and develop appropriate services for the population in under-served areas with little or no access to traditional banking.

"As the recovery from 2020's challenges unfolds, the market's digital evolution will be evident in the semi-private bank segment. These banks will make proportionately higher IT investments, particularly in mobile channels and mobile experience, branch digitalisation, and optimisation to support increasingly digital consumers. These are the digital-first banks to watch," he said.

According to the Fintech and Digital Banking 2025 report, digital banking in the Asia-Pacific is set to be widely adopted by over three in five customers (63 per cent) willing to make the switch to neobanks (new digital challengers) and challenger banks in the next five years.

The unprecedented pandemic has also brought into question the industry's readiness towards digital banking, as a significant majority (70 per cent) of Asia-Pacific banking customers continue to view banking processes as tedious. As a result of incumbent banks' extreme focus on legacy systems and disregarding digital-first integration, only 30 per cent of the banking customer base in the Asia-Pacific are active on digital banking channels.

On the other hand, more than 35 "neobanks" across the Asia-Pacific are built on agile, innovative best practices – way ahead of incumbents in terms of flexibility, self-service capabilities, customer needs, and personalisation. Consequently, with the emergence of new players and further digital disruption in the industry, 38 per cent of traditional banks' revenues are at risk by 2025.

The key focus will be on digitalisation and implementation of AI. By 2025, 44 per cent of the top 250 banks across the Asia-Pacific will complete their “connected core” transformation – working on platform-based and componentised modernisation, and API-enablement. 48 per cent of banks in the Asia-Pacific are also expected to leverage AI or machine learning technologies for data-driven decisions./VIR

[Back to top](#)

## COVID-19 sends Vietnamese shoppers online

---

The COVID-19 pandemic is changing the shopping habits of Vietnamese consumers, many of whom are moving online, experts said.



Minh Phương, who lives in District 7, HCM City, said she used to go to supermarkets for buying daily requirements, but has changed this habit since social distancing was ordered. She told Việt Nam News that her shopping habit has changed greatly. “I now buy everything online on Instagram, Facebook and e-commerce sites. Supermarkets also offer online shopping services, and many companies like Grab help me shop. “Social distancing has stopped but I still keep shopping online.” Phương’s story is indicative of the fact that Vietnamese are relying on e-commerce to meet their

everyday needs as they live, work, and play from home.

In a report on four major e-commerce trends in 2020, e-commerce giant Shopee said: “The retail landscape in Việt Nam has been transformed by increased social distancing efforts, as the community combats the spread of Covid-19.

“As a result, brands and sellers are venturing online in search of growth, while consumers turn to e-commerce to meet their shopping needs.” On average, people are spending 25 per cent more time on Shopee every week.

“This reflects an increasing reliance on e-commerce, which provides users with one-stop access to essentials, health products and more.” The top purchases include make-up removers, smartphones, milk, diapers, and pots and pans.

Brands and sellers are venturing online while exploring new strategies to reach and engage with consumers. Trần Tuấn Anh, managing director, Shopee Vietnam, said: “Brands and sellers across the region are stepping up their digitalisation efforts, with e-commerce becoming a key channel for them to sustain and grow their businesses. “More consumers go online to fulfil their everyday needs from groceries to home appliances.”

The Shopee report revealed that brands and sellers in the grocery, home appliances and home and living categories are seeing strong growth. Those offering earphones and accessories and floor and vacuum cleaners got nine and eight times more orders in the first quarter than in the same period last year. Brands and sellers are actively exploring new ways to reach consumers.

Another trend seen during the COVID-19 pandemic is that shopping preferences are also changing as consumers look for convenience on e-commerce during this period.

Online shopping activity has peaked on Wednesdays and Fridays in recent months, indicating the preference among Vietnamese to complete shopping before weekend.

There has been a concomitant increase in cashless payments as consumers value speed and reduce physical interactions, with users increasingly using options such as AirPay Wallet.

During the time, there was increased social interaction and engagement among online shoppers. It is now ever more important for e-commerce platforms to bring people together./VNS

[Back to top](#)

## START-UP

### BravoHR raises seed funding; Viet Valley Ventures backs 3 startups

---

HR tech startup BravoHR has raised an undisclosed amount in seed funding from Zone Startups Vietnam and 1005 Ventures, while homegrown venture capital firm Viet Valley Ventures has invested in three technology startups.

#### HR tech startup BravoHR raises seed funding

Ho Chi Minh City-based HR tech startup BravoHR has raised an undisclosed amount in a seed funding round from Zone Startups Vietnam, an accelerator for technology startups, and 1005 Ventures, according to a statement. Launched in August 2018, BravoHR provides digital solutions for staffing, employee benefits and rewards. The company claims to cater to businesses such as McDonald's Vietnam, Philip Morris, 7-Eleven, PNJ Watch, On Point e-commerce company, Idocean trading company and Chubb Insurance "When BravoHR joined Zone Startups Vietnam startup program, the advisory and support team of Zone startups from Canada and Vietnam had a great understanding that HR-tech market in Vietnam is still in its infancy so there are still many opportunities and potentials for development. Therefore, investing in BravoHR at an early stage as well as connecting businesses and partners to BravoHR is one of our priorities in the exploration of this market," said Zone Startups Vietnam in a statement.

1005 Ventures, meanwhile, is an investment fund founded by former Google, Alibaba and BCG executives to support startups in the fields of transportation, medical and human resource management focused on the US, Europe and Asia Pacific markets. Most recently, online recruitment startup JobHopin bagged \$2.45 million in a Series A funding round from South Korea's SEMA Translink Investment, Boston- and Tokyo-based Edulab Capital Partners and Japanese tech and HR services firm NKC Asia.

#### Viet Valley Ventures invests in three startups

Newly-established homegrown venture capital firm Viet Valley Ventures has invested in three technology startups — JobsGo, WindSoft and EcomEasy — according to local media reports. The investment amount was not disclosed. The VC firm has separately said that it is seeking to invest \$200k-500k in five startups each year. Viet Valley Ventures was founded in 2019 by senior tech executives working in Silicon Valley and seeks to provide financial and tech support to fledgeling startups in Vietnam. Founded in 2018, JobsGO is a mobile recruitment platform in Vietnam with 1 million users to date. WindSoft specializes in software solutions and mobile applications to help businesses manage and convert digital businesses to maximize sales and improve customer experience in the 4.0 technology era. Meanwhile, EcomEasy specialises in providing businesses with marketing and sales solutions for e-commerce./Dealstreetasia

[Back to top](#)



## Vietnam-based HR startup JobHopin raises US \$2.5 Million in Series A funding

Vietnam-based online recruitment startup JobHopin has bagged \$2.45 million in a Series A funding round, bringing the total capital it has raised to date to more than \$3 million. The company said investors in the new round include South Korea's SEMA Translink Investment, Boston- and Tokyo-based Edulab Capital Partners and Japanese tech and HR services firm NKC Asia.



JobHopin had earlier raised \$710,000 in seed financing led by KK Fund and Japanese HR services company Mynavi Corporation in 2018, with participation of US-based Canaan Valley Capital (Shumway Capital) and Vietnam-based angel investors. JobHopin said the fresh funding will help it increase the reach of Bunny, its AI search and recommendation platform, to other Southeast Asian markets. Founded in 2017, the startup uses artificial intelligence and machine learning to automate the recruitment process.

JobHopin said it has witnessed over 300 per cent year-on-year revenue growth since 2018 and expects to reach profitability in the Vietnam market in early 2021. "Recruitment has lived through world wars. It has lived through economic depressions and the one thing you will see over the course of generation after generation is that businesses thrive or fail all because of its people," said JobHopin founder Kevin Nguyen. Southeast Asia boasts a 60 million knowledge economy worker market, with 108 million job placements per year, according to JobHopin's calculation. "Yet, the process has remained largely unchanged despite technological advancements in the corporate world," it added.

In its home market alone, JobHopin sees Vietnam in a "demographic golden age" that is driving the local HR market with a large portion of online job-seeking channels. The recruitment trend has also shifted with increasing workforce demand in the tech industry, according to JobHopin's digital hiring report. Labour demand in the IT sector rose 7 per cent year-on-year in Q1 2020, it said.

The COVID-19 situation has accelerated the use of technology tools for recruitment behaviour, with 79 per cent of millennials applying for jobs through the internet and 90 per cent of job interviews conducted online. "AI application has been strongly presented in all industries," commented Scott Sungho Lim, general partner at SEMA Translink Investment, pointing out that JobHopin has a "tremendous opportunity" in the digital hiring sector across Southeast Asia. Earlier this year, Vietnam's recruitment space saw a \$34-million investment by private equity firm Affirma Capital in Transcendental Human Resources JSC, known locally as Sieu Viet Group./Dealstreetasia

[Back to top](#)

## RETAIL

### Honda Vietnam sees motorcycle sales plummet

Honda Vietnam, which dominated Vietnam's motorcycle market last year with an 80% market share, has reported a 72% plunge in sales in April due to the impact of Covid-19, the disease caused by the coronavirus.



A manager at a Honda Executive Authorized Dealer (HEAD) in HCMC noted that the motorcycle showroom last month saw its sales plummet by a whopping 70% year-on-year as it had to shut down for three weeks to prevent the spread of Covid-19.

According to Honda Vietnam, in April, the firm sold a mere 61,750 motorcycles of all types, dipping by 61% against the month earlier and 72% year-on-year.

In the manual transmission motorcycle segment, the Wave Alpha model was consumed the most, at 11,504 units, accounting for 19% of the total. Meanwhile, the Honda Vision was the most sought after scooter in April, with some 13,880 units sold, making up 22% of the company's purchased motorcycles.

Besides this, the firm exported over 4,510 motorcycles last month.

The double whammy of the temporary suspension of its factories and the closure of its HEADs to combat the coronavirus pandemic drove Honda Vietnam's motorcycle sales down sharply./SGT

[Back to top](#)

## Trade any old car model for new VinFast cars

---

Automaker VinFast has launched a unique buy back scheme to boost sales, exchanging any brand for its own models. The buy back offer will be accompanied by discounts on its own model, and customers will only have to pay the difference in price.



The auto company, a unit of private conglomerate Vingroup, will buy any car model launched seven years ago or less in exchange for its new VinFast hatchback, sedan or SUV. The trade-in sales program opened Friday. The old cars will be evaluated and bought by Smart Solution, also a subsidiary of Vingroup.

VinFast will also give a discount of up to VND50 million (\$2,140) for the trade-in. This means a customer who owns a Vios 2019 sedan worth VND500 million (\$21,300) can trade it for a VND896 million (\$38,200) SUV Lux SA2.0 if she/he pays another VND366 million (\$15,600). A discount of VND30 million (\$1,280) has been applied to this deal.

Car trade-in has been popular in Vietnam for years and used by popular auto brands such as Toyota, Ford and Mercedes. However, these companies only buy back their own cars, while VinFast buys from any brand.

VinFast started delivering its first cars in June last year. The company does not release sales figures, but official data shows that 5,124 VinFast cars were registered in the first quarter. This puts it in the fifth place in sales, behind Hyundai, Toyota, Kia and Honda./.VNE

[Back to top](#)

## LOGISTICS

### Ministry of Transportation proposes road use fee exemption to help transport firms

Minister of Transport Nguyen Van The said the ministry would propose the Ministry of Finance consider the maintenance fee exemption for transport enterprises affected by the COVID-19 pandemic in the past three months.



The move was considered a supportive policy to help enterprises hit hard by the COVID-19 outbreak to overcome financial difficulties and resume operations.

Those who were granted badges and signs by the departments of transport would be eligible for the policy, he said.

The said he has asked the Directorate for Roads of Vietnam and the Vietnam Automobile Transport Association to urgently work with localities and transport enterprises to synthesise data and analyse and assess their losses during the pandemic.

Based on the estimated losses, the two units would propose a plan to reduce road use charges for the three months of March, April and May. The task must be completed and reported to the ministry before May 15. The ministry would consider the plan and propose it to the Ministry of Finance for approval, he said.

Last month, the Vietnam Automobile Transport Association sent a petition to the Government and the Ministry of Transport to ask for supportive measures to exempt road use fees for enterprises forced to halt operations. The association asked commercial banks to support a 50% reduction of loan interest rates for April, May and June, apply a preferential interest rate which did not exceed 6% per year for businesses, reschedule debts within 6-12 months for businesses, and continue to lend with preferential interest rates for enterprises to resume their operation.

It said enterprises and labourers should be exempt from paying social and health insurance and unemployment insurance until June. It also said the road maintenance fees should be exempted until this December. Other additional parking fees at airports and bus stations should be free.

The association proposed to reduce 50% of registration fees for newly registered vehicles, which should be applied until the end of this year. /.VNS

[Back to top](#)

## Quang Tri eyes US \$ 86 Million logistics centre

The People's Committee of Quang Tri province has approved in principle for Dong Nam ICD JSC to develop a logistics centre, expected to cost more than 2 trillion VND (86 million USD), in the East South Quang Tri Economic Zone. The 72ha centre is slated for completion in 2025. That aims to contribute to speeding up the development of the logistics industry in the province and facilitate local enterprises in the economic zone and those in neighbouring areas.



The committee's Vice Chairman Ha Sy Dong told baodautu.vn that the investor will get preferential corporate income and import taxes, land rental exemption and other investment incentives in accordance with regulations. Quang Tri is shaping up to be an attractive destination for domestic and foreign investors thanks to its advantageous natural conditions, synchronous infrastructure, clear mechanisms, and especially the commitment of local authorities to welcome and facilitate investment.

Last year, the province saw construction of nearly 30 key projects commence with a total investment of about 100 trillion VND (4.29 billion USD). This proved a great effort by the locality to attract investment, baochinhphu.vn reported. They included the Thailand-invested BOT Quang Tri 1 Thermal Power Plant, worth above 55 trillion VND, in Hai Khe commune of Hai Lang district. The project, the largest of its kind in the province, has a designed production capacity of 1,320 MW.

Others were the 685ha-My Thuy port area, being constructed in the East South Quang Tri Economic Zone with total investment of over 14 trillion VND; wind power plants Huong Phung 2 and 3 with a combined investment capital of nearly 2.31 trillion VND in Huong Hoa district and a 36ha eco-tourism complex, valued at 1.7 trillion VND in Vinh Linh district.

According to local authorities, many domestic and foreign investors have seen the province's potential, strengths, and aspirations to rise and they are willing to explore investment opportunities. The province will call for investment in areas in which it has advantages. Meanwhile, the province will select investors who produce hi-tech goods or those that facilitate the province's general development./VNA

[Back to top](#)

## INVESTMENT

### South Korean group proposes US \$150 Million technopark in Dong Nai

---

Vietnam-Korea Techno Park has proposed investing \$150 million in a technopark in Dong Nai to lure in \$2-3 billion of high-tech investment in about six-nine years of operation.



This is the first technopark to be built by Vietnamese-Korean co-operation in the country. The park will focus on innovation activities and the commercialisation of high-tech products, including research and development, high-quality human resources training, innovation, manufacturing, and entertainment.

This project will likely attract many high-tech companies from South Korea and developed countries to Dong Nai, bringing with them the winds of Industry 4.0. The developer also asked the provincial government to allocate land for the project not too far from Long Thanh airport and seaports to be able to utilise transport facilities and lure in big corporations.

Apart from Vietnam-Korea Techno Park, Amata City Long Thanh Industrial Park is also under development in Dong Nai by Thailand's Amata Group. This project is in the process of land clearance on an area of 400ha with \$280 million in total investment./ . VIR

[Back to top](#)

## Hanoi seeks investment for 11 farming projects

Hanoi is seeking investment for 11 agricultural projects between now and 2025, according to the municipal Department of Agriculture and Rural Development.



Among them is a 670ha hi-tech farming project in Hoai Duc District's An Thuong and Song Phuong communes, expected to cost VND1 trillion (US\$43 million), a VND350 billion (\$15 million) hi-tech agricultural project covering 120ha in Soc Son District and an eco-agricultural tourism project, worth VND1.3 trillion (\$56 million), in Phuc Tho District.

Others include concentrated livestock slaughtering projects in Quang Lang and Tri Thuy communes of Phu Xuyen District, Dong Thai commune of Ba Vi District, Trach My Loc commune of Phuc Tho District and Minh Phu

commune of Soc Son District. These projects need a combined investment of \$64.4 billion.

In the first four months of 2020, the capital city recorded positive figures in foreign direct investment (FDI) despite the COVID-19 pandemic, according to the municipal Statistics Office.

During the period, the city granted licences to 235 new foreign-invested projects with total registered capital of \$324 million while allowing 35 existing projects to add \$365 million. It also approved foreign firms to contribute capital to and purchase shares in domestic firms to the tune of \$293 million.

The city is striving to attract between \$35 billion and \$45 billion in foreign investment by the end of this year, the city's Department of Planning and Investment said./.VIR

[Back to top](#)

For more information, please contact us:

## **SEIKO IDEAS - 14<sup>th</sup> Anniversary**

*Research & Consulting Division*

<b>Our services</b>	Marketing Research Business Matching Investment Consulting Translation - Interpretation Training (Language & Soft skills)
<b>Our clients</b>	Think tanks, Universities Japanese & Vietnamese Government Organizations Manufacturers, Retail companies Advertisement agencies, Mass media
<b>Head Office</b>	Floor 5 <sup>th</sup> – A Chau Building No.24 Linh Lang Str., Ba Dinh Dist., Hanoi, Vietnam
<b>Rep. Office</b>	〒220-0012, 8F Wework, Ocean Gate Building 3-7-1 Minatomirai, Nishi ward, Yokohama Kanagawa, Japan
<b>Telephone</b>	+84-24-6275-5246 ; +84-24-6273-6989
<b>Fax</b>	+84-24-6273-6988
<b>URL</b>	<a href="http://www.seiko-ideas.com">www.seiko-ideas.com</a>
<b>PIC</b>	Tram Nguyen (Ms.)
<b>Email</b>	<a href="mailto:tram.nguyen@seiko-ideas.com">tram.nguyen@seiko-ideas.com</a>

*\*You are receiving this because you [subscribed](#) to our weekly business newsletter or you gave us your address via name card.*