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FINANCE

Deposit interest rates fall, deposits drop to 10-year low

Commercial banks continued easing deposit interest rates in late August, causing deposits at banks to fall to a 10-year low. Sacombank's interest rates, applied since August 19, are 0.2-0.4 percent lower than previous ones.



The one-month deposit interest rate of the bank fell by 0.2 percent to 2.9 percent per annum, 3-month by 0.3 percent to 3 percent, 6-month 0.3 percent to 4.3 percent, 9-month 0.4 percent to 4.5 percent, and 12-month 0.2 percent to 5.3 percent.

TPBank cut the interest rate by up to 0.8 percent to 6 percent. For 9-month deposit, the currently applied interest rate is 5.7 percent, down by 0.5 percent. At Eximbank, the deposit interest rates have decreased by 0.2-0.4 percent since August 26.

Short-term deposit interest rates of the 'big four' banks remain unchanged since early August, but long-term deposit interest rates (12-36 month) of Agribank and BIDV have decreased by 0.1 percent to 5.5 percent per annum. The big four banks always set deposit interest rates lower than joint stock banks. Their current interest rates are 0.1-0.2 percent per annum for demand and less-than-1-month deposits; 2.5-4 percent for 1-month deposit; 3.2-4 percent for 3-month; 4-6.25 percent for 6-month; 4-6.4 percent for 9-month; and 4.85-6.8 percent for 12-month deposits.

Analysts have estimated that bank deposit interest rates have decreased by 1.5-2.5 percent over the last year. The current interest rates of some deposit products are at their deepest lows in many years. The low deposit interest rates explain why deposits at commercial banks are so low. Cash flow has been heading toward other investment channels, including securities, gold, real estate and corporate bonds. According to State Bank of Vietnam, in the first half of the year, people's additional net deposits reached VND151.2 trillion, while deposits from institutional clients and businesses was VND233.2 trillion.

However, the growth rate from July 2020 to the end of June 2021 was the lowest compared with the same period of the last 10 years. In 2016-2020, the net growth rate of people's deposits at banks reached VND330 trillion. Analysts warn that the low interest rates will prompt people to withdraw money from banks and pour money into other investment channels, causing uncertainties to the economy. The banking system may be in the state of lacking liquidity, and lacking capital for production and business. As customers have to compete with each other to borrow capital, the lending interest rates will be pushed up and the Government would fail to implement the low-interest rate policy. In HCMC, mobilized capital in the first seven months was VND3.029 quadrillion, a slight increase of 0.5 percent compared with the previous month and 3 percent compared with the same period last year.

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Finance Ministry urges stricter control over risky corporate bonds in Vietnam

The MoF has published a document requesting the State Securities Commission (SSC), the Finance and Banking Department under the MoF, and the Vietnam Stock Exchange to strengthen inspection of the corporate bond market.

In recent years, corporate bonds have emerged as one of the most crucial elements in capital mobilisation but have also exposed retail and institutional investors to higher risks.



Finance Minister Ho Duc Phoc also urged the Finance and Banking Department to coordinate with relevant parties in implementing new regulations on corporate bond issuance while at the same time completing regulations on market management and supervision. One of the priorities

is to tighten the issuance of private corporate bonds with no or low-quality collaterals.

The SSC was also assigned to strengthen inspection and examination of individual corporate bonds issuances. The market regulator will focus on monitoring the issuance of small- and medium-sized businesses, startups, or enterprises operating in high-risk sectors.

The SSC shall report more serious instances of fraud or inappropriate actions to the police. The MoF is tightening the inspection of the corporate bond market as the volume of private corporate bond issuances continued to increase in the first six months of 2021.

In general, in H1/2021, businesses conducted 306 bond issuances, including 293 private placements with a total value of VND176.828 trillion (\$7.7 billion), a more than 8 per cent jump compared to the same period last year, and 13 issuances to the public valued at VND15.375 trillion (\$668.5 million), equivalent to 50.3 per cent of the public issuance volume in 2020 (not including the issuance of international bonds by some major players like Vingroup or BIM Group). VIR

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E-COMMERCE

E-commerce platforms cater to large groceries demand in Vietnam

Leading e-commerce platforms in Vietnam saw bigger demand for groceries, including fresh foodstuffs and beverages, in the second quarter of this year, a market research firm says.



Google searches for keywords relating to online grocery stores in the second quarter of this year surged 223 percent against the first quarter, Malaysia-based market research firm iPrice Group said. Searches for fresh foodstuff, drinks, pre-packaged items, and fruits and vegetables rose 99 percent, 51 percent, 30 percent and 11 percent, respectively.

According to a second quarter e-commerce report by, online grocery has been the only goods segment with continuous growth since the pandemic broke out.

When HCMC started applying social distancing rules in early July, demand for buying groceries online increased sharply. E-commerce platform Lazada Vietnam sold 120,000 fresh milk cartons in the first three hours of July 7, and 10,000 poultry eggs in the first 12 hours of the day.

According to iPrice researchers, the surge in searches for online grocery stores and supermarkets is linked to the social distancing regulations imposed by municipal and provincial authorities. Retail sales of essential goods will also go online rapidly, they said.

The higher demand for groceries prompted e-commerce platform Tiki to open fresh groceries stalls (September 2) that would deliver the products within three hours in Hanoi.

To lure more customers, online shopping platforms have held shoppertainment (shopping in combination with entertainment) activities since early July. Lazada and Shopee have launched online mini-game contests and music shows, and conducted more livestream sales in combination with recreational activities.

Lazada's livestream channel reported that its daily views in the second quarter of this year rose 2.5 times over the same period last year. Shopee said the number of Shopee Live users in the first half of this year surged over 200 percent on-year.

Online payment and shopping platform MoMo attracted eight million players in one month after organizing a game contest with prizes totaling VND10 billion (nearly \$435,000). "We will continue to organize similar programs," said co-founder and vice chairman Nguyen Ba Diep.

According to rankings compiled by iPrice Group and Israel-based digital intelligence provider SimilarWeb, Lazada Vietnam saw its website visits in the second quarter of this year increase 14 percent

against the first quarter to 20.4 million, ranking second after Shopee. Shopee ranked the first for the 12 quarters, with 73 million web visits in the second quarter, up 9.2 million visits against the previous one.

Among e-commerce platforms in Vietnam, Lazada and Shopee have been the most active in terms of shoppertainment events in recent months. They are expected to host more such programs on September 9, the super shopping day.

The visits to top 50 shopping websites in Vietnam in the first half of this year totaled over 1.3 billion, the highest number so far. Specifically, web visits in the second quarter rose 10 percent over the first.

According to Facebook and Bain & Company's annual Southeast Asia report, Vietnam's e-commerce sales is expected to increase from an estimated \$12 billion in 2021 to \$56 billion in 2026, ranking second in the region after Indonesia. VNE

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ENERGY

Three more wind power projects allowed to operate commercially

Three wind power plants with specific capacity were recognised for commercial operation last month, said Việt Nam Electricity (EVN).



Accordingly, Hòa Bình 1 wind power plant - phase 2 with a total capacity of 15.2 MW was recognised.

The others are wind power plant No 5 Ninh Thuận with a total capacity of 21MW; and wind power plant 7A with a capacity of 12.6MW.

Thus, there have been 24 wind power plants with a total capacity of 963MW in commercial operation by the end of last month.

Previously, by the beginning of August 2021, a total of 106 wind power plants had submitted application documents for registration in the programme of energising and connecting to the grid, testing, and requesting recognition of commercial operation.

The total registered capacity for commercial operation testing of these 106 wind power plants is 5,655.5MW.

EVN will continue to update and inform about the progress of recognition of commercial operation of wind power projects before October 31 this year. — VNS

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Vietnam, Austria eye cooperation in renewable energy development

Vietnam wishes to promote cooperation with Austria in the field of energy, especially renewable energy and sustainable development. The statement was made by Minister of Industry and Trade Nguyen



Hong Dien while receiving State Secretary in the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology Magnus Brunner on September 7.

Minister Dien is accompanying Chairman of the National Assembly (NA) Vuong Dinh Hue to attend the 5th World Conference of Speakers of Parliaments (WCSP5) in Vienna, Austria.

During a working session with the Austrian official, Minister Dien highlighted the fruitful and flourishing development of friendship and multifaceted cooperation between Vietnam and Austria in recent years, especially in political, economic and cultural fields, while affirming that the European Union (EU) - Vietnam Free Trade Agreement (EVFTA) is an opportunity to further expand economic cooperation between Vietnam and the EU in general, and Austria in particular.

He expected that Brunner will support the ratification of the EU-Vietnam Investment Protection Agreement (EVIPA) as soon as possible. The entry into force of the EVIPA, together with the EVFTA, will create a great competitive advantage for European businesses in general and those from Austria in particular to invest in Vietnam, opening up opportunities to increase trade between the two countries, Dien said. Austria will become a bridge to help Vietnam make inroads into the EU market, while Vietnam will help Austrian businesses access the ASEAN market with more than 650 million people, and a larger market with 800 million people when the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with 11 members, including Vietnam, has come into effect.

Energy is one of Austria's important industries and a number of Austrian companies have participated in hydropower projects in Vietnam, and they are looking forward to joining solar power projects in the Southeast Asian nation. Vietnam is interested in and wishes to receive Austria's support and cooperation in sharing experience, information, technology solutions and implementation plans in electricity transmission, building a comprehensive strategy on human resources development training for energy enterprises, Dien said.

For his part, Brunner agreed with Dien's proposal on cooperation contents, and affirmed his support for accelerating the ratification of the EVIPA. Austria and Vietnam have a lot of potential for cooperation in energy, especially in electricity transmission, electricity storage and hydropower development, he said.

Dien took the occasion to suggest Brunner, as a member of the cabinet, help lobby the Austrian government to consider supplying COVID-19 vaccines and medical supplies for Vietnam to help the country effectively respond to the pandemic. VNA

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RETAIL

Authority warns about consumer lending amid pandemic

Concerned about a surge in consumer credit due to the COVID-19 pandemic, the department said consumers should be aware of current regulations on consumer lending to protect their interests and avoid undesirable consequences.

According to the department, consumer lending in Việt Nam is showing signs of becoming a new trend and strongly developing to meet the needs of people due to long-term difficulties caused by the pandemic.



Consumer credit is often used to describe an unsecured or collateralised loan to support financial resources to meet consumers' needs such as housing, transportation, living facilities, study, travel and healthcare before they can afford it. The credit helps to improve the financial access of the majority of people besides stimulating consumption demand and supporting economic growth.

According to economist Vũ Đình Ánh, in the context of declining incomes due to the pandemic, consumer lending is an important factor to stimulate the increase in domestic aggregate demand through a rise in goods retail and consumption. There will be a large number of people who need this type of consumer finance to enable them to meet necessary needs and stabilise their lives. According to the department, compared with usury from unreliable sources, consumer loans from credit institutions will be a better and safer choice for consumers. However, it noted when having access to the credit, consumers need a written consumer loan contract, the form and minimum contents of which are specified in the State Bank of Vietnam's Circular 43/2016/TT-NHNN dated December 30, 2016.

When receiving a draft contract provided by a credit institution, consumers need to carefully read and study the entire contract before deciding to sign, especially provisions that may affect their rights such as loan term, interest rate and its determination time, interest calculation method, cases of applying penalty interest, and other additional fees. The department advised consumers to pay attention to provisions on debt payment extension and interest and fee calculation in this case, as well as fines for breach of contract.

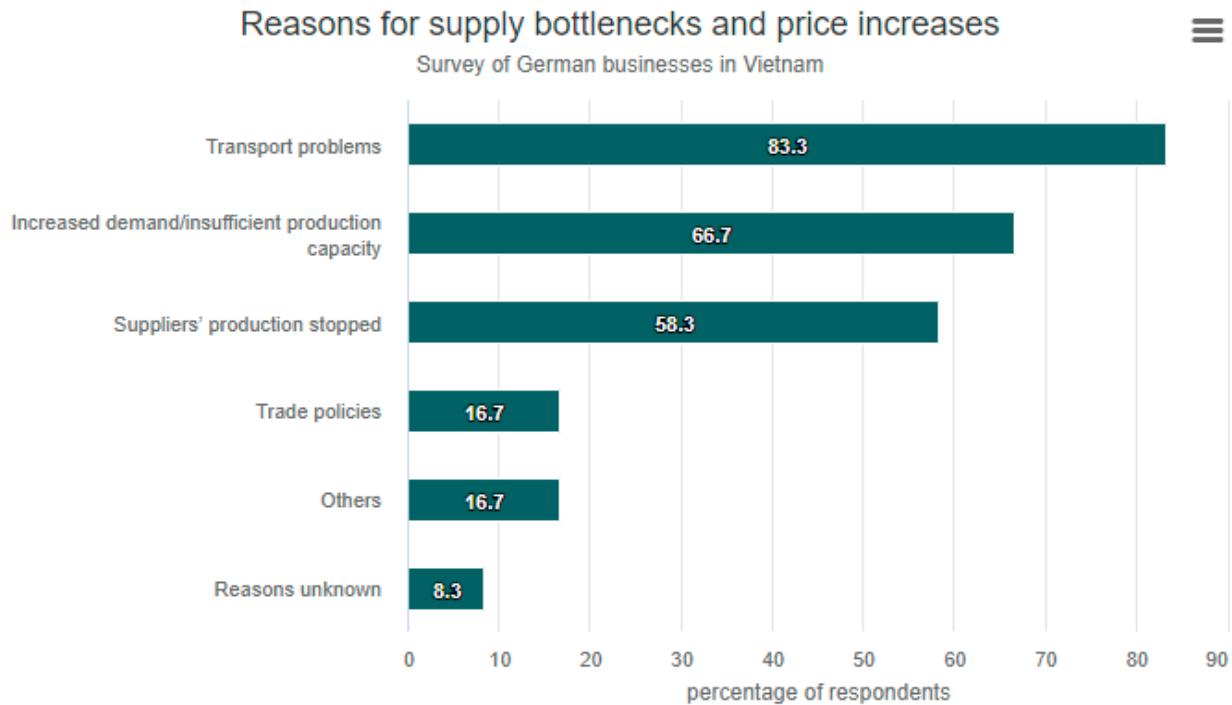
Banking expert Cấn Văn Lực said Việt Nam's consumer credit market had significant potential for development. Consumer loans are estimated to account for around 18-20 per cent of the total outstanding loans in the economy. In the country, 16 finance companies are licensed to provide consumer lending with their total charter capital worth more than VNĐ22 trillion (US\$948 million) as of the end of 2020. VNS

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LOGISTICS

German companies in Vietnam look to diversify supply chain due to Covid

Ninety percent of German companies in Vietnam are seeking new or additional suppliers in Asia Pacific due to mobility restrictions in the country.



The majority of respondents, 83 percent, reported supply bottlenecks and price increases caused by transport problems, according to a survey by the Association of German Chambers of Industry and Commerce (DIHK).

What has led to the current transport problems are a lack of freight capacity and containers.

Other issues that caused supply bottlenecks are increased demand or insufficient production capacity (67 percent) and halted supplier production (58 percent). The impacts of supply bottlenecks on German companies are longer waiting times, higher purchase prices and production halts or downsizing, according to 58 percent of respondents.

Half of respondents have no choice but to either increase or plan to increase the manufacturing prices of their products. Two-thirds of German companies are also considering relocating their production to the E.U.

The Vietnam survey is part of the global enquiry by DIHK, which polled 3,000 business leaders from Jul. 22 to Aug 9 2021. VNE

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Vietnam plans to reopen domestic flight routes

Twenty-two airports in Vietnam will be categorized into three groups. The first group includes airports located in green provinces and cities that are marked as Covid-free zones. The second group is the airports located in yellow provinces and cities that have one or several parts under lockdown. The last group are airports located in red provinces and cities that are implementing strict social distancing rules.

According to the CAAV, the number of passengers from green to other zones will not be limited. Flights from yellow and red zones to other zones will only serve state employees and frontline workers. All passengers must be tested negative for Covid-19 at least 72 hours before departure. They must also have been fully vaccinated and quarantined.

If approved by the Ministry of Transport, airlines will prepare their own reopening plans based on the regulations and the social distancing state of each province and city. Airlines were asked to check and review their vehicles and equipment.

As of now, most domestic routes have been halted. Only one return flight is maintained for the Hanoi-HCM City route by Vietnam Airlines. However, due to Covid-19 outbreak and social distancing rules in both Hanoi and HCM City, the flight is nearly closed. There are only freight flights, return flights and flights for frontline workers or special cases, the Dan Tri Newspaper reported. VNI

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INVESTMENT

Sumitomo to invest in Vietnam's Insmart to offer digital healthcare services

Sumitomo Corporation, a Japanese trading firm, will invest in a major healthcare intermediary in Vietnam with the goal of launching new digital services in a region where costs are growing and there is uneven access to doctors.



According to a report by Nikkei Asia, Sumitomo is expected to invest tens of millions of dollars in Vietnam's Insmart to capitalise on the region's growing managed-care industry.

In Southeast Asian countries with underdeveloped public healthcare systems, private health insurance is the norm. Managed-care organisations act as go-betweens for insurers and medical institutions, as well as offering services to patients. With 1.5 million customers, Insmart controls 60 per cent of the managed-care market in Vietnam.

Demand for managed-care services to help contain rising medical expenses is predicted to expand substantially as Southeast Asia's population grows. In Vietnam, the market is expected to grow by more than 20 per cent a year while in Malaysia it will grow by more than 10 per cent.

Managed-care organisations assist insurers with duties such as determining whether medical expenses are reasonable.

Sumitomo intends to enhance the app's capabilities to include telemedicine, medication counselling, and drug delivery. Sumitomo intends to purchase shares from Insmart's founder as well as additional stock, and will consider changing the company from an affiliate to a subsidiary in the future.

According to a report by KPMG Vietnam, Vietnam is well-positioned to adopt digital health solutions. Some of the most notable examples include consumer health electronics like high-tech wearables and telehealth such as remote health diagnostics, monitoring, intervention, and education.

The application of telehealth will play an important role in supporting the diagnosis and treatment of non-communicable diseases across the population. However, this poses a challenge for the lower income groups with less access to technological advances, particularly those in remote, underdeveloped, or rural areas. To attain universal health coverage for the entire population, further government support and policy incentives will be required.

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Nishi Nippon Railroad joins construction of Nam Long Dai Phuoc township

Nam Long Group has officially announced that its strategic Japanese investor Nishi Nippon Railroad will join the development of the Nam Long Dai Phuoc township in Dong Nai province.



This is the eighth time that Nishi Nippon Railroad cooperates with Nam Long in developing affordable, high-end, and integrated townships in Vietnam.

As agreed, Nam Long Group will transfer part of its capital contribution at Paragon Dai Phuoc One Member LLC to Nishi Nippon Railroad for the joint development of the Nam Long Dai Phuoc urban project with the total land area of 45 hectares.

The project is located in Dong Nai province, adjacent to the eastern area of Ho Chi Minh City. According to Kouichi Hayashida, representative of Nishi Nippon Railroad, with its population of about three million people and fast-paced economic development, the province has been selected as an investment destination by many experienced Japanese companies.

“Housing development has been rapid recently, along with the development of transport and social infrastructure, making us very confident in the future development of the real estate industry in Dong Nai in general and Nam Long-Dai Phuoc project in particular,” said Hayashida.

Meanwhile, Tran Xuan Ngoc, group CEO of Nam Long Investment Corporation said that a month ago, Nishi Nippon Railroad announced investing with them in the Ehome affordable housing product line with units priced below VND1 billion (\$43,480).

“And today, they once again join Nam Long in a high-class urban project. This shows the Japanese partner’s trust in Nam Long’s products. I hope, like our previous cooperation on the 165ha Waterpoint

project in the west, Nam Long Dai Phuoc will soon become one of the most livable urban areas in the east of the city,” Ngoc said.

Nam Long Dai Phuoc will be officially introduced to the market in 2022. It is located on Dai Phuoc island, surrounded by the Saigon River.

With a prime location adjacent to District 2 and District 9 (now Thu Duc City) of Ho Chi Minh City, Paragon Dai Phuoc is easily accessible through important traffic routes such as National Highway 51, Ho Chi Minh City-Long Thanh-Dau Giay Expressway, Ben Luc-Long Thanh Expressway and Long Thanh airport in the future.

Especially, when Cat Lai Bridge and Ring Road No.3 are completed, the project will be within easy reach of the central business District 1.

Additionally, Nam Long Dai Phuoc is located along an 1,200m stretch of the Cai River and integrates outstanding facilities due to its proximity to the central park, Teakwang Jeongsan golf course, as well as internal facilities such as riverside landscape parks, community clubs, marinas, and educational and medical facilities.

Currently, the project has fully completed land compensation for site clearance, paid land use fees, received approval for its 1/500 master plan, and has been issued a land use right certificate.

According to the plan, the project will be developed by Nam Long and Nishi Nippon Railroad with mainly high-class semi-detached houses and villas. In a similar location, villa products in other projects are selling at around VND6.5 billion to VND60 billion (\$282,600 to \$2.6 million) per unit. VIR

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