



## Highlight

Vietnam's fintech landscape poised for significant growth

# VIETNAM BUSINESS REVIEW

### What's in it today?

Vol 33, Aug 23<sup>rd</sup> 2023



#### **FINANCE**

Vietnam government plans to borrow US\$ 52 billion in 2024-2025

Vietnam's fintech landscape poised for significant growth



#### **INVESTMENT**

Bright future for Vietnam's foreign investment attraction

Chinese battery firm Gotion invests US\$150 million in VinFast



#### **RETAIL**

Foreign food seeks to win over tastes of Vietnamese people



#### **E-COMMERCE**

Tax agency launches probes into e-commerce platforms



#### **ENERGY**

Japan's Eurus Energy establishes regional base in Vietnam

Vietnamese and Canadian firms step up clean energy development partnership



#### **LOGISTICS**

Plan on inland container depot development approved

## FINANCE

### Vietnam government plans to borrow US\$ 52 billion in 2024-2025

Since the beginning of the third quarter of this year, Vietnam's economy has started to regain momentum, instilling greater confidence among businesses and investors, as indicated by experts.



The Ministry of Finance has completed a draft report on mid-term assessment of the public debt payment and borrowing plan for the 2021-2025 period.

According to the draft, the government plans to borrow nearly US\$52 billion in 2024-2025. Of the number, VND750 trillion (\$31.2 billion) will be used to offset the central budget deficit and VND465.8 trillion (\$19.4 billion) will be used to pay the due principal, including VND313 trillion

(\$13 billion) of domestic principal debts and VND 152.8 trillion (\$6.3 billion) of foreign principal.

About VND33.4 trillion (\$1.4 billion) will come from ODA sources and preferential foreign loans, which will be allocated to provincial and municipal governments, public organizations, and enterprises.

In the coming period, the Vietnamese Government will continue to prioritize capital mobilization from the issuance of Government bonds and make the most of the remaining ODA loans, preferential loans and other channels.

Specifically, the Government plans to mobilize about \$47.08 billion from issuing domestic government bonds, state budget loans, and other sources as prescribed by the law.

It is calculated that the total direct debt repayment obligation of the Government in 2025 is nearly \$30 billion, including VND 465.8 trillion (\$19.4 billion) of principal and interest payment obligation of VND 249.2 trillion (\$10.3 billion).

Of this, domestic debt repayment is VND313 trillion (\$13 billion), accounting for 67.2%, and foreign debt repayment is VND152.8 trillion (\$6.3 billion), accounting for 32.8% of total debt repayment.

The annual debt safety targets for the 2021-2023 period are guaranteed within the ceilings and safety thresholds approved by the National Assembly. By the end of 2023, public debt/GDP is estimated to be about 40-41%, government debt/GDP about 37-38%, foreign debt/GDP about 40-41%.

The country's foreign debt repayment obligation (excluding short-term principal repayment obligations) of total export turnover of goods and services is about 8-9%. Vietnamnet

[Back to top](#)

## Vietnam's fintech landscape poised for significant growth

---

Despite a drop in funding, Vietnam will continue to breed upcoming fintech unicorns in the long term thanks to its burgeoning fintech sector.

According to an industry report by Acclime Vietnam and supported by Decision Lab, the fintech landscape in Vietnam is poised for significant growth, mainly driven by the vibrant economy, growing middle class, strong regulatory support and increasing smartphone penetration.



Investors should also consider the large unbanked population and cash-based businesses, offering a significant opportunity for fintech solutions to penetrate the market.

Additionally, the rise of fintech startups in the country signifies a shift towards a more inclusive and accessible financial ecosystem. According to the State Bank of Vietnam, the number of fintech companies in the country has quadrupled in the last few years, from 39 companies at the end of 2015 to more than 150 firms in 2021.

The growth of fintech in Vietnam has not gone unnoticed by international investors. The country has become an attractive destination for venture capital firms, who recognise the vast opportunities and the untapped potential of the market.

However, this influx of investment saw a drop amid global headwinds. According to UOB, in 2022, Vietnam saw a reduction in their share of investments as the number of deals decreased compared with 2021.

Vlad Savin, head of Business Development at Acclime Vietnam said that the funding of startups (particularly late stage) was difficult currently as there was more emphasis on sound business models and unit economics vs top line and user growth.

However, from a midterm and earlier stage perspective, the regional and Vietnamese fintech market was attractive as many segments are not saturated yet.

He added that many fintech firms lack scalability. 99 per cent of the time ambitions and capabilities of local startups do not go beyond country borders.

However, from a long-term investor perspective, Binh Tran, co-founder of Ascend Vietnam Ventures believes Vietnam will continue to breed fintech unicorns with regional and global competencies.

The goal for Vietnamese fintech is to either solve fintech issues specific to emerging Asian markets or to penetrate developed markets like the United States. Companies like Trusting Social and Anduin Transactions have already demonstrated this dual approach capability.

Recently, several Vietnamese entrepreneurs have continued to raise money effectively in the middle of the 2022-2023 global monetary crisis, closing a total of nine deals, including Finhay at \$25 million), Timo for \$20 million), and VUIAPP with \$6.4 million. The statistical data illustrates the optimistic attitude of investors towards the potential for fintech development in Vietnam.

Following the trend of Gamefi across blockchain community, in 2022, Sky Mavis which is a blockchain game publisher, received \$150 million in the Series C round in April 2022. Moreover, Fundiin, the leading Buy Now Pay Later fintech company in Vietnam, successfully raised \$5 million in a Series A funding round co-led by Trihill Capital and ThinkZone Ventures.

MoMo purchased a 49 per cent share in the domestic securities firm Tin Viet Securities (CVS) in mid-2022. The payment giant also purchased Nhanh.vn, a company that provides sales channel management solutions on a cloud-based system.

According to Robocash Group, Vietnam's fintech is witnessing the highest growth rate in ASEAN after Singapore and is predicted to reach a staggering \$18 billion by 2024. VIR

[Back to top](#)

## E-COMMERCE

### Tax agency launches probes into e-commerce platforms

---

The General Department of Taxation (GDT) has announced probes into e-commerce platforms after their tax declarations were found not to add up.



Via the national tax portal, 58 foreign and 334 domestic platforms have handed in their tax reports by mid-July. However, the taxman has found some inconsistencies in what has been filed.

For instance, vendors on the platforms were reported to decrease in number by between 30 and 60 per cent in Q1/2023, yet the number of transactions on the platforms increased by an unusual 17.8 per cent.

What is more questionable is that their average transaction value was reported to fall by nearly 99.6 per cent. Information disclosure was another factor fuelling the tax agency's suspicion.

Sixteen platforms disclosed insufficient information about their vendors in Q1, whereas 162 said they had no information about their number of transactions. Worse still, 115 platforms failed to provide the tax codes of their vendors to the tax agency, posing more difficulties for tax collection.

The tax agency is urging its municipal subordinates to take measures to ensure e-commerce platforms make full disclosure of tax information related to their vendors and their transactions. The taxman is also urging its subordinates to look into their tax reports and hold them accountable for the discrepancies in question.

"Taxpayers refusing to play the ball will be put on a blacklist and get penalties in accordance with the tax law," said a GDT representative. E-commerce platforms are obliged to disclose their tax information to the tax authority via the national tax portal, which came into operation on December 15, 2022.

By mid-July, foreign platforms have paid VNĐ3.4 trillion (US\$142 million) of tax to the State budget via the portal. Vietnamnet

[Back to top](#)

## ENERGY

### Japan's Eurus Energy establishes regional base in Vietnam

---

Japanese wind power company Eurus Energy Holdings Corporation has established a new business entity in Vietnam, marking its first base for new development and investment in Southeast Asia.



Located in the capital city of Hanoi, the new subsidiary Eurus Energy Vietnam LLC specialises in the development and operation of wind power plants and solar parks.

The company deems Vietnam as one of the regional markets in which the expansion of renewable energy is set to be vibrant.

The demand for electricity in Vietnam is expected to continue increasing due to economic and population growth, and the country is promoting the construction and expansion of power plants to secure new sources.

In particular, wind power generation is attracting attention across the nation as it benefits from favourable conditions. The government has set lofty goals for wind generation, namely introducing 17GW of onshore capacity by 2030 and 39GW by 2045.

With its new base in Vietnam, Eurus Energy will contribute to the stabilisation of the electricity supply and the development of a low-carbon infrastructure in the country by leveraging its knowledge and experience in the renewable energy business.

Eurus Energy has been engaged in the renewable energy generation business globally for more than 30 years, beginning with the establishment of its wind power business in the United States in 1987. Currently, it maintains operations in 15 countries, with a concentration within the US, Europe, and Asia-Pacific regions. VIR

[Back to top](#)

## Vietnamese and Canadian firms step up clean energy development partnership

The Canada-Vietnam Clean Energy Partnership forum took place in Ho Chi Minh City on August 21, aiming to connect the sides' private sectors and, through such links, enable Canadian contributions to the Just Energy Transition Partnership (JETP), helping Vietnam achieve its net-zero emissions goal by 2050.



At the event, jointly held by the Canadian Consulate General in the southern economic hub and Canada-ASEAN Business Council (CABC), experts introduced numerous collaboration solutions.

Ranjith Narayanasamy, President and CEO of the Petroleum Technology Research Centre (PTRC), stated that carbon capture, utilisation, and storage (CCUS) play a crucial role in reducing greenhouse gas emissions and developing clean energy. The PTRC has been involved in a research project sponsored by the Asian Development Bank (ADB) to test related technologies in Vietnam.

However, many participants, including representatives of domestic businesses, expressed concerns. They highlighted that the development and application of CCUS technologies in Vietnam are facing numerous challenges, as they require large-scale testing and experimentation, and substantial investment.

Michael Smart, Export Development Canada (EDC)'s business development lead for Asia and Indo-Pacific, stated that EDC has specific financial solutions for climate-related projects. Since 2012, the state-owned enterprise has provided over CAD35 billion for clean technology application projects.

Boris Jacouty, Director of Business Development – Infrastructure at the Canadian Commercial Corporation (CCC), mentioned that CCC assists foreign partners in seeking opportunities for joint works with Canadian firms and in benefiting from the Canadian government's contract guarantee mechanism. In the 2021-2022 period, the value of contracts supported by CCC amounted to US\$6.5 billion.

According to the Canadian Consulate General, as part of JETP, which Vietnam signed with the G7 countries, Canada will mobilise US\$15.5 billion from private sector and government sources in the next three to five years to aid Vietnam's green transition process. VNA

[Back to top](#)

## RETAIL

### Foreign food seeks to win over tastes of Vietnamese people

Through large distribution and retail systems in HCM City, industry associations have launched many typical products from foreign countries to promote and expand the consumption of goods in Vietnam.



Recently, the USA Poultry and Egg Export Council (USAPEEC) has co-ordinated with MM Mega Market Vietnam to organise a cooking contest with American chicken, because the demand for American chicken in Vietnam is increasing every year.

Đặng Đông Phương, the representative of USAPEEC, said that currently, American chickens exported to Vietnam mainly go to service chains such as industrial kitchens, restaurants, and school canteens.

Vietnamese chickens are fresh, serving daily Vietnamese meals. Therefore, American businesses want to promote their products and chicken exports to the Vietnamese market. The central system of MM Mega Market currently mainly distributes frozen American chicken thighs, with prices ranging from VNĐ40,000 to 45,000 per kilo.

In addition, the US is the second largest soybean supplier to Vietnam, accounting for 32.3 per cent, mainly serving the animal feed and raw materials processing industry in Vietnam.

Besides, Korean cuisine is no longer strange to Vietnamese people. Taking advantage of this, CJ Foods Vietnam Company, with the brand name Bibigo, has launched the campaign "Korean" bus to introduce the taste of Korean cuisine to young people in Vietnam.

Accordingly, the programme went through 162 points in 11 provinces and cities across the country in three months, until November 10, with the destinations being traditional markets, night markets, residential areas and universities.

At the stops, consumers will have the opportunity to enjoy mandu, kimchi, tokbokki, seaweed, which helps users fully enjoy the taste of South Korea.

Roh Woong Ho, General Director of CJ Foods Vietnam, said that CJ Foods Vietnam would continue to invest in improving technology, closely following the needs of enjoying food such as eating style, taste and suitable price to the conditions of Vietnamese consumers.

Not to be left out, the high-end supermarket Finelife, a retail brand belonging to the Saigon Co.op, is also organising an "Imported Fair at Finelife Urban Hill Supermarket" until August 23.



The festival introduces to customers more than 1,000 items of fruit, seafood, pork, beef, canned food, cold meat, and wine imported from many countries around the world, such as the US, New Zealand, Norway, South Korea, Japan, and Thailand.

Ngô Triều Dương, Director of Finelife supermarket, shared with Tạp chí Kinh tế Vietnam (VnEconomy - Vietnam Economic Times) that consumers would experience "unique" Asian and European dishes.

Commercial and service activities in HCM City continue to be bustling with a series of promotional programmes.

This has contributed to an increase in aggregate demand in the retail market. Along with that, the concentrated promotion programme Shopping Season 2023 also contributes to stimulating the purchasing power of people and visitors to the city.

Data from the General Statistics Office of HCM City shows that the total retail sales of consumer goods and services in the city last month reached VNĐ103.8 trillion (\$4.3 billion), up 4.3 per cent over the previous month and increasing 11.7 per cent year-on-year.

Total retail sales of consumer goods and services reached VNĐ660 trillion in the seven months, up 6.9 per cent year-on-year. VNS

[Back to top](#)

## LOGISTICS

### Plan on inland container depot development approved

---

A plan on inland container depot development in Vietnam for the 2021 - 2030 period, with a vision to 2050, has been approved.



The overall goal of the plan, signed off by Deputy Prime Minister Tran Hong Ha, is to gradually form and develop a system of such facilities nationwide to meet the export and import transportation demand, improve the goods handling capacity of seaports, and reasonably organise container transportation, thus cutting transportation costs, reducing the goods storage duration at seaports, and ensuring goods safety.

The plan is also meant to help ease traffic congestion and protect the environment, especially in big cities and the areas housing major seaports. Under the plan, inland container depots will be developed into centres of goods transportation, transit and distribution along with logistics services.

Among the concrete targets for 2030, the depot system will have a total capacity of 11.9 - 17.1 million twenty-foot equivalent units (TEUs) per year and be capable of handling about 25 - 35% of the demand for container goods export and import shipment along transport corridors. The depots and depot clusters in the northern region will have a combined annual capacity of 4.29 - 6.2 million TEUs, the central and Central Highlands regions 0.9 - 1.4 million TEUs, and the southern region 6.8 - 9.5 million TEUs.

By 2050, the depots nationwide are expected to be capable of handling 30 - 35% of the demand for container goods export and import shipment along transport corridors, and meet logistics demand in localities.

Priority will also be given to the development of some depots on the transport corridors connecting with major seaports in the north (such as Hai Phong seaport) and the south (such as the seaports of Ho Chi Minh City and Ba Ria - Vung Tau).

About 24.7 - 42.38 trillion VND (1 - 1.8 billion USD) is needed to develop the inland container depot system by 2030, according to the plan which also outlines some solutions in terms of mechanisms, policies, capital mobilisation, international cooperation, science - technology, environment, and human resources for implementation. VNA

[Back to top](#)

## INVESTMENT

### Bright future for Vietnam's foreign investment attraction

---

Vietnam's foreign direct investment (FDI) attraction has seen signs of recovery after continuous declines over the past six months, becoming a driving force for the country's economic growth in the medium and long term, said insiders.



According to the General Statistics Office (GSO), the total registered foreign investment capital in Vietnam from the beginning of this year to July 20 reached 16.24 billion USD, up 4.5 per cent year-on-year. Of the total, 11.58 billion USD had been disbursed, a rise of 0.8 per cent over the same period last year.

Between January and July, there were 1,293 newly-registered FDI projects with a combined capital of 7.94 billion USD, up 75.5 per cent in the number of projects and 38.6 per cent in capital compared to the same period last year.

Vietnam's attractiveness remained in the eyes of international investors, despite a wave of strategic adjustments as well as a reduction in investment activities on a global scale, according to experts. It reflects the Government's efforts to promote cooperation, support FDI enterprises and improve the investment environment, experts said, adding that the country's participation in many free trade agreements also creates advantages for goods produced in Vietnam, especially when the tax rate has become a strength, helping maintain the country's competitiveness in the race to lure foreign capital.

According to Vice Chairman of LG Innotek Group Cho Ji Tae, the efforts of Vietnam in general and localities in particular in improving the business environment is one of the main reasons to retain investors. Meanwhile, a representative of the European Chamber of Commerce in Vietnam (EuroCham) said that European investors' confidence has increased again thanks to the good inflation control and the macroeconomic stability of the Southeast Asian nation.

It is noteworthy that a lot of localities are proactively clearing bottlenecks, promoting potential and investment as well as creating the most favourable conditions for investors to attract new projects. For example, the northern province of Thai Nguyen has launched a "campaign" in this regard.

According to Chairman of the provincial People's Committee Trinh Viet Hung, the province boasts favourable conditions to welcome investors, with appropriate policies, including financial support in vocational training for workers. This is a solution that contributes to accelerating the implementation and improving the feasibility of projects, he said.

At the macro level, the Government continues to focus on speeding up reforms and perfecting institutions and regulations related to FDI; actively promotes investment on the international scale, focusing on large and potential partners in terms of capital and technology such as the Republic of Korea, Japan, Europe and the US.

The most significant effort in attracting FDI is that Vietnam always stabilises its macro economy, along with socio-political stability, said Director of the Ministry of Planning and Investment's Foreign Investment Agency Do Nhat Hoang.

Besides, it is paying attention to improving the investment environment as well as creating conditions for production and business activities, he added.

A survey of Japanese enterprises in Vietnam conducted by the Japan Trade Promotion Organisation (JETRO) in 2022 showed that 60 per cent of the surveyed enterprises said they will expand their business in Vietnam in the next one or two years.

They also said Vietnam has the advantage of high growth potential, and businesses can increase revenue by expanding markets and increasing exports. VNA

[Back to top](#)

## Chinese battery firm Gotion invests US\$150 million in VinFast

Chinese battery manufacturer Gotion Inc. has agreed to acquire 15 million ordinary shares of VinFast through a private issuance valuing the shares at \$10 apiece, with an investment totalling \$150 million, representing 0.7 per cent of VinFast's total equity.



The completion of this transaction was contingent upon the conclusion of VinFast's merger with Black Spade, which was completed on August 14, and on Gotion obtaining the requisite approval from the relevant regulatory bodies. VinFast's common shares were listed and commenced trading on the Nasdaq stock exchange on August 15.

Gotion is a collaborative partner with VinES Energy Solutions Corporation, a comprehensive energy solutions provider under Vingroup, in a joint venture to manufacture lithium batteries within the Vung Ang Economic Zone in Ha Tinh province, with the project representing a substantial investment of \$275 million. The designed production capacity of the plant is 5 GWh per annum. VinES holds a 49 per cent stake in the venture, while Gotion holds the remaining 51 per cent. The venture's primary objective is to develop and produce rechargeable batteries, predominantly used in electric vehicles (EVs) and energy storage systems.

VinES announced a collaborative product development agreement last April with StoreDot, an Israeli company specialising in ultra-fast charging battery (XFC) technology for EVs. VinES and StoreDot are collaborating on the research and development of various cell types for these XFCs, preparing for their future production and supply. StoreDot will license and share its ultra-fast charging technology, while VinES will contribute its experience in developing different cell types, oversee production, evaluation, certification, and manage global supply chains.

The first generation of these ultra-fast charging batteries is expected to enter mass production in 2025 and will be immediately applied to VinFast's EVs. VinFast's previous collaborations with battery manufacturers include a strategic cooperation agreement with ProLogium Technology, a Taiwanese firm specialising in solid-state batteries, in March 2021. In October 2022, VinFast also signed an MoU with Contemporary Amperex Technology Co. Limited, (CATL) for global strategic collaboration. This collaboration focuses on enhancing the development of EVs, including integrating CATL's Cell to Chassis battery technology.

Gotion, a subsidiary of Hefei Guoxuan High-Tech Power Energy, is a major battery manufacturer in China. The company specialises in designing energy solutions with the aim of innovating and creating the next generation of battery technologies. Headquartered in Silicon Valley, California, Gotion maintains research and development centres in the US, China, Japan, Singapore, and Europe. Gotion High Tech is involved in producing battery components, including cathode materials, cell cores, and battery management systems. The company also manufactures lithium-ion batteries. VIR

[Back to top](#)

For more information, please contact us:

## **SEIKO IDEAS**

### *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>Email</b>	<a href="mailto:newsletter@seiko-ideas.com">newsletter@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.*

---