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Vietnam’s banking sector is expected to maintain a stable outlook in 2025

Vietnam’s banking sector is expected to maintain a stable outlook in 2025, driven by macroeconomic recovery, digital transformation, and improved asset quality—but challenges persist, particularly from real estate exposure and liquidity pressure at some smaller banks.

Speaking at the “Vietnam Banking Outlook: Credit Ratings and the Path to Sustainable Finance” conference on June 11, Dr. Nguyen Quoc Hung of the Vietnam Banks Association noted that credit growth could reach 15–16% in 2025, spurred by demand in manufacturing, trade, construction, and real estate. Net interest margins (NIM) are forecast to rise to 3.5%, supported by more effective funding cost control.

A key highlight is improving asset quality. Non-performing loan (NPL) ratios are expected to decline, driven by stronger portfolio management and legal reforms easing debt recovery. However, small and mid-sized banks with high exposure to real estate developers face heightened risks.

State-owned and large commercial banks are likely to lead improvements in profitability, with ROA forecast to edge up from 1.55% to 1.60%. Non-interest income—fueled by insurance, bond trading, and debt recovery—may grow 5–7% year-on-year.

Digital banking is becoming a core pillar, with over 70% of transactions expected to be conducted digitally by year-end 2025. Investments in digital platforms aim to enhance customer access and operational efficiency.

Moody’s Ratings maintains a stable outlook for Vietnamese banks but flags real estate as the key asset risk. While GDP growth may slow to around 5.5% in 2025 amid global uncertainties and trade tensions, strong FDI inflows and tourism will help cushion the economy and support financial sector stability. VNS/ VNA

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Da Nang launches free trade zone to transform central Vietnam into logistics powerhouse

Vietnam has approved the establishment of the Da Nang Free Trade Zone, a landmark decision that positions the central city as a new strategic logistics and innovation hub. Spanning 1,881 hectares and directly connected to Lien Chieu Port, the zone will integrate advanced infrastructure across manufacturing, logistics, trade, digital technology, and innovation.

The zone is envisioned as a pilot model for institutional reforms, allowing Vietnam to test and scale new policies in investment, customs, taxation, finance, science and technology, and digital transformation. It is also designed to attract global manufacturers and logistics providers seeking efficient access to both Vietnam's central region and regional trade corridors.

Strategically located, the zone will be fully connected to Lien Chieu deep-sea port, Da Nang International Airport, and the East–West Economic Corridor, strengthening Vietnam's role in regional and global supply chains. The integration of the upcoming Da Nang International Financial Center further supports ambitions to create a smart, modern, and competitive economic ecosystem.

With modern and synchronized infrastructure, the Da Nang Free Trade Zone is expected to become a major production and transit center, accelerating economic restructuring and development in both Da Nang and neighboring Quang Nam province.

For logistics and supply chain operators, this initiative opens up new opportunities to invest, expand regional operations, and participate in shaping Vietnam's next-generation economic growth model. VOV

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Vietnam advances E-commerce legislation to power digital economy growth

On June 17, Prime Minister Pham Minh Chinh chaired a high-level government meeting focused on legislative preparations, placing the spotlight on the draft Law on E-Commerce. This law is positioned as a strategic pillar in Vietnam's broader digital transformation agenda.

The Ministry of Industry and Trade, the lead drafting body, presented a comprehensive report, sparking deep discussions on reform priorities. Central themes included simplifying administrative procedures, enhancing decentralisation, and removing legal barriers that currently hinder innovation and business growth in the e-commerce sector.

The Prime Minister underscored the law's role in institutionalizing key policies on the digital economy, society, and citizenship—aligned with recent Politburo resolutions. He called for a legal framework that not only ensures effective state oversight but also nurtures a competitive, inclusive, and innovation-friendly digital market.

Key priorities of the proposed legislation include:

- Fair competition and market access for all players, especially household and small businesses;
- Tax compliance mechanisms and safeguards against counterfeit goods and smuggling;
- Clear agency responsibilities and stronger enforcement capacity at grassroots levels;
- Wider adoption of digital tools in regulatory management and oversight.

The law aims to foster sustainable e-commerce development, support private sector innovation, and strengthen consumer trust. With Vietnam's digital economy growing rapidly, this bill is expected to provide a modern legal foundation that balances regulation with growth and opportunity. VOV

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SK Group unveils $10 billion LNG investment blueprint to power Vietnam's energy future

South Korea's SK Group has proposed over $10 billion in energy infrastructure investments to transform Vietnam into a regional hub for power and logistics, focusing on liquefied natural gas (LNG) and integrated energy solutions.

In a meeting with Vietnam's Deputy Prime Minister Nguyen Chi Dung during the Future of Asia Conference in Tokyo, SK chairman Chey Tae-Won detailed plans to develop three special energy-industrial clusters (SEICs), anchored by LNG-fired power projects.

Key Investment Highlights:

1. North Central AI Energy-Industrial Complex (Nghe An & Thanh Hoa)
    - Flagship Project: Nghi Son–Quynh Lap LNG Power Complex ($4.1B)
    - Capacity: Two 1,500MW plants; shared 2.4 million-ton LNG terminal
    - Future Expansion: A third 1,500MW plant in Thanh Hoa
    - Innovation Add-on: 10,000m² AI Data Center and distributed energy resource (DER) system
2. South Central 'E-Logistics' Cluster (Ninh Thuan)
    - Ca Na LNG Power Plant (1,500MW), LNG terminal (240,000m³) – Phase 1 ($2.4B)
    - Phase 2: Additional 1,500MW plant – total investment ~$4B
    - Strategic Role: LNG logistics hub, cold-chain for agri/seafood, LNG trucking, and nuclear energy exploration via small modular reactors
3. Mekong Delta Energy-Agriculture Cluster (Ca Mau)
    - Ca Mau 3 LNG Plant (1,500MW) and FSRU at Hon Chuoi Island (180,000m³)
    - Planned Expansion: Additional 1,500MW plant – total ~$2.5B
    - Objective: Balance energy supply with agricultural development

SK seeks lead investor status for six major LNG projects, including those in Nghi Son, Quynh Lap, Thanh Hoa, Ca Na, and Ca Mau. VIR

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Sugar-sweetened beverages will be subject to an 8% excise tax

Vietnam's retail landscape is set to change following the National Assembly's recent approval of a revised Special Consumption Tax (SCT) Law, passed on June 14, 2025. The new legislation, which comes into effect from January 1, 2026, introduces several tax changes targeting specific product categories. For foreign retailers operating in or planning to enter Vietnam, this marks a significant regulatory shift with both risks and opportunities.

One of the most notable changes is the introduction of a sugar-sweetened beverage (SSB) tax. From January 2027, non-alcoholic drinks containing more than 5 grams of sugar per 100ml will be subject to an 8% excise tax, rising to 10% in 2028. Products such as milk, 100% fruit or vegetable juice, and bottled water are exempt. This policy aims to promote healthier consumption habits and is likely to influence consumer behavior. Retailers should anticipate shifts in demand toward low-sugar or reformulated options, and may need to adjust pricing strategies and promotional campaigns accordingly.

In addition, the SCT on alcoholic beverages will increase incrementally each year through 2031. Beer and spirits with high alcohol content will face rising tax rates, starting at 65% in 2026 and reaching 90% by 2031. Meanwhile, tobacco products will be subject to both percentage-based and absolute taxes, with cigarette packs taxed an additional VND2,000 in 2027, gradually rising to VND10,000 by 2031. These increases are expected to reduce consumption and may lead to lower volumes and thinner margins, particularly in the premium segment. Retailers may need to shift their focus toward lower-ABV products or non-taxed categories.

The law also introduces a 10% tax on mid-range air conditioners (24,000–90,000 BTU) starting in 2026. While entry-level and large-capacity units remain untaxed, this change could influence consumer preferences and drive retailers to revise inventory and sales strategies in the electronics sector.

Overall, Vietnam's revised SCT law represents a move toward aligning with global health and environmental standards while broadening the country's tax base. For foreign retailers, this creates a clear call to action: review your product portfolio, optimize pricing and supply chains, and plan your entry or expansion strategy ahead of the 2027 implementation timeline. By adapting early, retailers can stay competitive and tap into Vietnam's fast-growing but evolving consumer market. VIR

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Tech giants eye Binh Duong as Viet Nam's emerging high-tech hub

Binh Duong province, long recognized as one of Viet Nam's leading industrial hubs, is entering a new phase of strategic transformation by embracing high-tech industries such as artificial intelligence (AI), semiconductors, and the digital economy. With over 30 operational industrial parks and an occupancy rate above 90%, the province is now positioning itself to attract investment aligned with global technology trends.

Recent high-level meetings with major international corporations such as AMD (USA) and MiTAC (Taiwan, China) reflect this shift. AMD expressed strong interest in building partnerships in semiconductor ecosystem development and workforce training, while MiTAC highlighted alignment between its smart city solutions and Binh Duong's urban development goals.

As global supply chains evolve, Việt Nam is gaining prominence as a tech manufacturing destination. Binh Duong stands out due to its integrated infrastructure, stable governance, and forward-thinking leadership. The province has already attracted over 4,500 FDI projects from 65 countries and territories, totaling more than US$42.7 billion in registered capital.

Looking ahead, Binh Duong's 2030 development plan—with a vision to 2050—includes the establishment of 10 additional industrial parks focused on high-tech and eco-friendly industries. Local leaders emphasize a new investment approach: moving away from low-cost mass manufacturing toward high value-added, knowledge-driven sectors.

With its strategic orientation and ongoing engagement with global tech giants, Binh Duong is poised to become a key player in the regional and global semiconductor and AI value chains. VNS

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