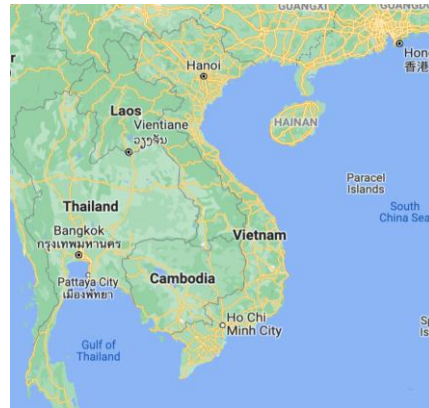


Country Summary – Vietnam



1) Location information

- Vietnam officially the Socialist Republic of Vietnam, is a Southeast Asian country known for its beaches, rivers, Buddhist pagodas and bustling cities. Located at the eastern edge of the Indochinese Peninsula, and is divided into 58 provinces and five municipalities, covering 331,699 square kilometres, with a population of over 96 million inhabitants, making it the world's fifteenth-most populous country
- Vietnam shares borders with China to the north, Laos and Cambodia to the west; whilst maintaining maritime borders with Thailand through the Gulf of Thailand, and the Philippines, Indonesia and Malaysia through the South China Sea
- Time zone - GMT +7
- Hanoi, the capital, pays homage to the nation's iconic Communist-era leader, Ho Chi Minh, via a huge marble mausoleum. Ho Chi Minh City (formerly Saigon) is the largest city, has French colonial landmarks, plus Vietnamese War history museums and the Củ Chi tunnels, used by Viet Cong soldiers
- Lonely Planet describe the country as "A land of staggering natural beauty and cultural complexities, of dynamic megacities and hill-tribe villages, Vietnam is both exotic and compelling."
- Time zone - GMT +7
- The official currency is the Vietnamese đồng.

2) Demographics

- The country is a developing country with a lower-middle-income economy, and high Human Development Index.
- Deep poverty, defined as the percentage of the population living on less than \$1 per day, has declined significantly in Vietnam and the relative poverty rate is now less than that of China, India and the Philippines
- Population below poverty line - 6.7% (2018 est.)
- Labour force - by occupation (2017), is split as Agriculture: 40.3%, Industry: 25.7% and Services: 34%
- Unemployment rate is -3.11% (2018 estimated) v. 2.2% (2017 estimated)

- Country comparison to the world: 42
- The national language of the country is Vietnamese, the French language, a legacy of colonial rule, is spoken by many educated Vietnamese as a second language, especially among the older generation and those educated in the former South Vietnam, where it was a principal language in administration, education and commerce
- New infrastructure has given Vietnamese citizens easy access to the internet and propelled their country across the digital divide. A 2018 report by Google and Singaporean investment company Temasek described Vietnam's digital economy -- which is growing at more than 40% a year -- as "a dragon being unleashed"
- A 2019 report by Google and the Mobile Marketing Association identified Vietnam as a "mobile-first market" with "over 51 million smartphones, representing over 80% of the population aged 15-years and older." Network coverage is extensive, and residents have access to 3G and 4G, even in rural and mountainous areas. Vietnam is one of the earliest countries to successfully pilot 5G technology worldwide.

3) Culture & Religion

- According to a 2007 survey 81% of Vietnamese people did not believe in a god
- The majority of Vietnamese do not follow any organised religion, though many of them observe some form of Vietnamese folk religion
- Confucianism as a system of social and ethical philosophy still has certain influences in modern Vietnam. Mahāyāna is the dominant branch of Buddhism, while Theravāda is practised mostly by the Khmer minority
- Traditionally, Vietnamese cuisine is based around five fundamental taste "elements" (Vietnamese: ngũ vị): spicy (metal), sour (wood), bitter (fire), salty (water) and sweet (earth). Common ingredients include fish sauce, shrimp paste, soy sauce, rice, fresh herbs, fruits and vegetables. Vietnamese recipes use lemongrass, ginger, mint, Vietnamese mint, long coriander, Saigon cinnamon, bird's eye chilli, lime and basil leaves. Traditional Vietnamese cooking is known for its fresh ingredients, minimal use of oil and reliance on herbs and vegetables; it is considered one of the healthiest cuisines worldwide.

4) Business Culture

- Vietnam is part of several major international and intergovernmental institutions or groupings including the United Nations, the ASEAN, the APEC, the CPTPP, the Non-Aligned Movement, the OIF, the RCEP, and the World Trade Organisation, and has also assumed a seat on the United Nations Security Council twice. Vietnam was listed as a developing country by the UN until 2019, and by the US until 2020.
- It is important to develop personal relationships to do business in Vietnam. You should have a local representative for direct exports.
- It is important to be aware of some of the cultural differences, for example, smiles and nods do not mean 'yes' to your proposal. You should also present business cards with both hands and use the correct form of address for people. For example, 'Mr Nguyen Nam Thuy' would be 'Mr Thuy.'

- What is very evident is that technology is reshaping the way people in Vietnam do business, manufacture goods, entertain themselves, shop, organize their finances and communicate.

5) Political Landscape

- Vietnam is a unitary Marxist-Leninist one-party socialist republic, one of the two communist states (the other being Laos) in Southeast Asia. Although Vietnam remains officially committed to socialism as its defining creed, its economic policies have grown increasingly capitalist, with The Economist characterising its leadership as "ardently capitalist communists"
- Under the constitution, the Communist Party of Vietnam (CPV) asserts their role in all branches of the country's politics and society. The president is the elected head of state and the commander-in-chief of the military, serving as the chairman of the Council of Supreme Defence and Security, and holds the second highest office in Vietnam as well as performing executive functions and state appointments and setting policy. The prime minister is the head of government, presiding over a council of ministers composed of five deputy prime ministers and the heads of 26 ministries and commissions
- The National Assembly of Vietnam is the unicameral state legislature (single chamber) composed of 498 members. Headed by a chairman, it is superior to both the executive and judicial branches, with all government ministers being appointed from members of the National Assembly
- The Supreme People's Court of Vietnam, headed by a chief justice, is the country's highest court of appeal, though it is also answerable to the National Assembly
- Beneath the Supreme People's Court stand the provincial municipal courts and many local courts. Military courts possess special jurisdiction in matters of state security. Vietnam maintains the death penalty for numerous offences

6) Economic

- After North and South Vietnam were reunified as a communist state under a unitary socialist government in 1976, Vietnam's economy continued to be plagued by inefficiency, corruption in state-owned enterprises, poor quality and underproduction. With the decline in economic aid from its main trading partner, the Soviet Union, following the erosion of the Eastern bloc in the late 1980s, and the subsequent collapse of the Soviet Union, as well as the negative impacts of the post-war trade embargo imposed by the United States, Vietnam began to liberalise its trade by devaluing its exchange rate to increase exports and embarked on a policy of economic development
- As a result, the country became economically and politically isolated until 1986, when the Communist Party initiated a series of economic and political reforms that facilitated Vietnamese integration into world politics and the global economy
- As a result of the successful reforms, Vietnam has enjoyed high economic growth rate, consistently ranked amongst the fastest growing economies of the world, the Sixth National Congress of the CPV introduced socialist-oriented market economic reforms, private ownership began to be encouraged in industry, commerce and

agriculture and state enterprises were restructured to operate under market constraints

- Vietnam achieved approximately 8% annual gross domestic product (GDP) growth between 1990 and 1997. The United States ended its economic embargo against Vietnam in early 1994
- As a result of several land reform measures, Vietnam has become a major exporter of agricultural products. It is now the world's largest producer of cashew nuts, with a one-third global share; the largest producer of black pepper, accounting for one-third of the world's market; and the second-largest rice exporter in the world after Thailand since the 1990s. Subsequently, Vietnam is also the world's second largest exporter of coffee. Other primary exports include tea, rubber and fishery products. Agriculture's share of Vietnam's GDP has fallen in recent decades, declining from 42% in 1989 to 20% in 2006 as production in other sectors of the economy has risen
- Manufacturing, information technology and high-tech industries now form a large and fast-growing part of the national economy. Though Vietnam is a relative newcomer to the oil industry, it is currently the third-largest oil producer in Southeast Asia with a total 2011 output of 318,000 barrels per day
- The United States purchased the highest amount of Vietnam's exports, while goods from China were the most popular Vietnamese import
- Vietnam is now the 28th largest market for eCommerce with a revenue of US\$6 billion in 2020, placing it ahead of Denmark and behind Finland. With an increase of 51%, the Vietnamese eCommerce market contributed to the worldwide growth rate of 29% in 2020
- Corruption in Vietnam, including rampant bribery, is a major issue. Surveys of Vietnamese urban citizens rated Vietnam's corruption transparency as poor in surveys conducted in 2005 and 2010, and the bribing of officials, health workers, and civil servants was highly prevalent. The practice of red envelope payments, normally a practice of informal payment reserved for festivities, became common in the health sector when the country was attempting to transition to a market economy in 1986. Anti-corruption measures have been implemented and whilst there have been improvements, control of corruption was still rated poorly in 2015–2017. Plans made for anti-corruption drive continue for 2021–2025
- Tourism is an important element of economic activity in the nation, contributing 7.5% of the total GDP. Vietnam hosted roughly 13 million tourists in 2017, an increase of 29.1% over the previous year, making it one of the fastest growing tourist destinations in the world.
- Some 9.7 million of the tourists reside from Asia; namely China (4 million), South Korea (2.6 million), and Japan (798,119). Vietnam also attracts large numbers of visitors from Europe, with almost 1.9 million visitors in 2017; most European visitors came from Russia (574,164), followed by the United Kingdom (283,537), France (255,396), and Germany (199,872). Other significant international arrivals by nationality include the United States (614,117) and Australia (370,438).

7) Social

- Vietnam's government has been widely criticised for its surveillance of citizens and restrictions. Under the current constitution, the CPV is the only party allowed to rule,

the operation of all other political parties being outlawed. Other human rights issues concern freedom of association, speech, and the press.

- In 2009, Vietnamese lawyer Lê Công Định was arrested and charged with the capital crime of subversion; several of his associates were also arrested. Amnesty International described him and his arrested associates as prisoners of conscience. Vietnam has also suffered from human trafficking and related issues.

8) Technology

- Vietnam does not have an exceptional Internet penetration rate. However, most of the country's Internet users are young and enjoy shopping online. Cash is king in Vietnam, where the credit card penetration rate is remarkably low. More than half of Vietnam's online payments are mobile payments (direct carrier billing), prepaid or debit cards
- Vietnam barely had any IT companies 21 years ago, but now there are close to 14,000 IT businesses spanning hardware, software, and digital content. The Vietnamese government sees the tech sector as the linchpin of the country's economic growth
- From Vietnam's northern capital of Hanoi to the coastal city of Da Nang to Ho Chi Minh City in the south, regional universities educate well-trained IT and software engineering graduates each year. Many are recruited right out of school by companies like Cisco, Fujitsu, HP, IBM, Intel, LG, Samsung, Sony, and Toshiba. More and more graduates also choose to seek venture capital (VC) funding to launch start-ups.

9) Payments Network

- In Vietnam, the State Bank of Vietnam (SBV) is the regulatory authority responsible for managing all monetary, banking and payment activities. In addition to the SBV, the Ministry of Information and Telecommunication also has certain authority on electronic payment services
- Vietnam, payment services can be classified either as: payment services via payment accounts, which are carried out by licensed banks; or payment services not via payment accounts, which consist of money transfer, receipts and disbursements on behalf of others
- Payment services providers in Vietnam are required to obtain either a Banking License, or an Intermediary Payment Services (IPS) License, to offer services including e-wallet and e-payment infrastructure services
- In the case of cryptocurrencies, the issuance, distribution and use of cryptocurrencies are illegal in Vietnam, though regulators are currently working on a new regulatory framework for cryptocurrencies.

Fintech Vietnam Startup Map 2020



- Fintech has been transforming a wide range of financial services, through a growing number of adopters and attracting hundreds of billions of USD in global investment value in recent years
- As at 30 September 2019, from only 0.4% in 2018, Vietnam rose to rank second in ASEAN in terms of fintech funding, attracting 36% of the regional investment, second only to Singapore with 51%. However, the financial areas transformed by fintech are quite limited, with 98% of the funding concentrated in the payment sector and 1% in blockchain tech related, according to a joint report by United Overseas Bank (UOB), PricewaterhouseCoopers (PwC) and (Singapore FinTech Association) SFA
- Vietnam is still considered as having limited fintech activities and remains an unlikely home base of choice for fintech firms. One of the factors largely impacting the local fintech growth include an unprepared regulatory framework where regulations mostly evolve around fintech in the payment industry
- Whilst Vietnam went through much economic turbulence in 2020 because of the COVID-19 pandemic, for the fintech sector, the pandemic presented an opportunity as the increase in distance commerce came hand in hand with an increase in the use of cashless payments and e-finance
- To meet demands, the SBV has proposed policies on five fintech-related key issues to create a legal framework for fintech companies in Vietnam, including:

- Project "Application of Blockchain technology in the field of finance – banking in Vietnam";
 - Project "Managing Bitcoin and other crypto currencies in Vietnam";
 - Project "Research and management of mobilisation and P2P lending based on high technology";
 - Project "Solutions for developing electronic customer identifiers (eKYC) in financial-banking services in Vietnam" (specifically, eKYC is acting as the first step for digital banks in Vietnam); and
 - Project "Researching open application interfaces (Open API) to apply in the field of finance – banking in Vietnam."
- Due to the increasing demand for acquiring an IPS license by organisations in Vietnam, the government of Vietnam has approved cashless payments as legal payment instruments. Under this regulation, foreign investors are permitted to own a maximum of 50% of Vietnamese ISP's shares.