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FINANCE

VinaCapital's Managing director supports the new exchange rate regime

TTVN

The State Bank of Vietnam (SBV) started to apply daily reference exchange rates from the beginning of 2016. According to many experts, this new exchange rate mechanism will significantly influence the securities investment funds and enterprises. Andy Ho, Managing director and Chief Investment Executive of VinaCapital had a talk with TTVN regarding the impact of this new exchange rate policy.

Andy believed that the investment of VinaCapital will not be much affected as the firm has experience in handling exchange rate fluctuations over the years. According to Andy, with the current managed float regime, investors will have more information on the operating direction of SBV through the small daily exchange rate fluctuation and they thus have more time to proactively adapt. For VinaCapital and investors, this is a positive and laudable step in managing monetary policy.

Regarding the trend of foreign capital flows in relation with the application of the new exchange rate mechanism, Andy said that the daily changes of the exchange rate will make investors more confident than the sudden currency devaluations in the past, and investors can actively adjust their investment strategies. VinaCapital believed that the foreign investment flows will not be negatively affected from the new exchange rate policy.

According to Andy, Vietnam has an attractive investment environment, seen through the 6.1 percent growth of the stock market in 2015, much more positive than other regional markets such as Indonesia (-12.1 percent), Malaysia (-3.9 percent), Singapore (-14.3 percent), and Thailand (-14 percent). In addition, the macroeconomic situation of Vietnam remains favourable with GDP growth of 6.7 percent in 2015, the highest level in the last five years; very low inflation of under one percent; fairly stable exchange rate as the dong devaluation rate was only five percent while other currencies of the Southeast Asian countries recorded eight to 12 percent devaluation. Overall, the macroeconomic statistics show that the economic conditions of Vietnam have been much improved and will probably be more positive in 2016, creating favourable foundation for the market development in the future.

Concerning the strategy to cope with the inevitable trend of dong devaluation, Andy said that VinaCapital always considers carefully the exchange rate factor when drawing up investment strategy. With the new exchange rate policy, Andy thought that SBV has given clearer indication of the fluctuation of dong as well as the roadmap to step by step accomplish this. The transparency of the new exchange rate regime will help stabilise the market as it relieves the instable psychology due to sudden changes of exchange rate in the future. Moreover, the firm has been using forward exchange rate trading and some other measures to minimise risk and protect capital flows.

SBV is encouraging enterprises and investors to exploit the future contracts in order to meet the foreign currency needs, with the aim of converting the borrowing-lending relations to buying-selling relations. Andy considered this as a constructive step and this

type of transaction should be promoted to a comprehensive mechanism to help reduce risks for enterprises, investors and individuals. Furthermore, when the trading volume increases, the concern of enterprises on the high costs will gradually be lowered accordingly and the units involved in the transaction will all be benefited.

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VN dong firmer against dollar

TBKTSG

The dong currency has strengthened against the US dollar on the domestic market this week despite a higher daily average inter-bank exchange rate announced by the State Bank of Vietnam (SBV).

Commercial banks on January 12 afternoon quoted the selling price of the dollar at VND22,440-22,450, falling by VND40-50 against the previous day and VND60-95 over last Friday, while adjusting down the buying price to VND22,300-22,380. Dollar prices were also low in the morning, at VND22,310 for buying and VND22,430 for selling.

On the informal market, the greenback kept sliding, with buying and selling prices hovering around VND22,530 and VND22,570.

The central bank on January 12 set the average inter-bank exchange rate at VND21,913 per dollar, a slight rise compared to the previous day. With the trading band of 3 percent on either side, banks could quote the ceiling price at VND22,570.

The central bank launched the new foreign exchange management mechanism on January 4 permitting banks to raise the ceiling exchange rate steadily. However, the dollar price has kept falling.

A banker told the Daily that banks have seen foreign currency supplies rising thanks to direct and indirect investment capital inflows. The supply from merger and acquisition

(M&A) deals was also huge. The dong-dollar exchange rate is expected to stay at VND22,400-22,500 next week.

A deputy general director of a HCM City-based bank said foreign currency demand has been low. Meanwhile, supply has improved due to high investment disbursements and incoming remittances.

According to a recent survey by the SBV's Monetary Policy Department and Monetary Forecasting and Statistics Department, banks have reported high dong and foreign currency liquidity.

Some 55 percent of banks taking part in the survey said liquidity could remain high in the first quarter of 2016 despite rising cash demand ahead of the Lunar New Year holiday, or Tet.

Besides, 41 percent of respondents expected liquidity to improve further.

HSBC Bank said in a report last week that in the final quarter of last year, the SBV kept its promise to refrain from devaluing the dong further.

However, as the nation's foreign exchange reserves are falling with import cover down to 2.1 months as of the third quarter of 2015, the central bank might let the domestic currency fall further in the months ahead.

Since January 4, the central bank has introduced the new fixing mechanism that would allow for a more market-based setting of the reference rate for the dong and the dollar, HSBC said.

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ECONOMY

Post TPP outlook bright for Vietnamese economy: experts

Bizhub

A brighter outlook is forecast for the Vietnamese economy this year and the following years amid difficulties and challenges, according to economic expert Nguyen Quynh Nga.

Nga, deputy Head of the Multilateral Trade Policy Department under the Ministry of Industry and Trade, told participants at a seminar on Vietnam's Socio Economy in 2015 and Opportunity – Challenges held on January 13 in Hanoi, that the Trans-Pacific Partnership (TPP) was expected to be signed on February 4, 2016, in New Zealand, and added that the relevant Vietnamese agencies were preparing a document for the occasion.

Nga said signing free trade agreements with big partners including the US, Japan, the European Union would help Vietnam to expand its trade relations with countries and boost exports as well as enhance participating regional value chains and service development.

Vietnam has renewed its economic mechanism, boosted renovation and improved the business climate with a view to attracting more foreign investors.

In addition, challenges facing the country include the reduction in the State budget from import tax and the pressure on competition from foreign service and goods, even as human resource and high-tech quality remain poor.

Can Van Luc, director of BIDV Training School at the Bank for Investment and Development of Vietnam (BIDV) said Vietnam would enjoy much more benefits from the TPP once it become effective after two years. The World Bank predicted that Vietnam's economic growth may increase a further 10 percent after it joins the TPP.

Luc said Vietnam and Cambodia would become the largest beneficiaries after the establishment of the Asean Economic Community (AEC) in 2015. The country's GDP would grow a further 3.5 percent thanks to the AEC and it could increase a further 10 percent after Vietnam joins the TPP.

According to Luc, all sectors can benefit from the TPP such as textiles, fisheries, infrastructure, and logistics, apart from real estate, steel and timber products, and drugs. Meanwhile, the sectors facing difficulties are automobile, ports, beef, and sugar, in addition to consumer goods, processed foods, and foodstuff and alcohol.

Concerning the outlook for 2016, Associate Professor Trung Thanh of the National Economic University said world economic growth tended to improve thanks to the developed countries such as the US.

This year, Vietnam's economy will continue to recover as the world economy bounces back stronger than before in which foreign direct investment (FDI) plays an important role, Thanh said.

Vietnam will participate in the global value chain and receive numerous opportunities from the free trade agreements so as to increase exports and attract more investment capital.

Thanh predicted that in 2016, monetary policy would be narrowed and the exchange rate can be adjusted.

Prices of some commodities would become higher. The increased pressure on public debt and limited participation of private companies due to their poor finance and abilities would influence the country's economy.

Moreover, Vietnam lacks a long-term motivation for growth, so it needs to renew its growth model and restructure the economy by focussing on important industries.

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Vietnam among 2016's best economic performers: survey

VNA

Vietnam was forecast to reach an economic growth rate of 6.6 percent in 2016 just behind India with 7.4-percent growth, said economists in the survey on the world's worst-performing economies in 2016 carried out by Bloomberg.

With such a growth rate, Vietnam will be the best economic performer in Southeast Asia, followed by the Philippines (6 percent), the Nhan Dan newspaper cited Bloomberg's forecast.

A growth rate of 5.2 percent is predicted for Indonesia, while a 4.5-percent growth rate is forecast for Malaysia; 3.2 percent for Thailand; and 2.3 percent for Singapore.

The top ten performers for 2016 also included Bangladesh (6.6 percent), China (6.5 percent), Sri Lanka (6.4 percent), Kenya (6.1 percent), Panama (6.1 percent), the Philippines (6 percent), Uganda (5.6 percent) and Dominica (5.4 percent).

In the Bloomberg analysis, 2016 will only bring more disappointment with Venezuela being the worst performers of any of the 93 surveyed countries, followed by Brazil, Greece and Russia.

In the meantime, many powerful economies were predicted to have a low economic growth rate including the US (2.5 percent), the UK (2.3 percent), Germany (1.8 percent), France (1.4 percent), Japan (1 percent) and the Republic of Korea (2.9 percent) among others.

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INVESTMENT

FTA to bring RoK's investment in third FDI wave

VNN

A survey conducted by the Korea International Trade Association (KITA) has found that the majority of Korean investors who plan to scale up their outward investment plan plan to come to Vietnam.

The third wave

The Republic of Korea (RoK) has been recognised as one of the biggest foreign direct investors in Vietnam. According to the Ministry of Planning and Investment, the RoK committed the highest investment capital of \$43.63 billion for 4,777 projects last November.

The figure proves to come in line with KITA's survey which showed that 49 percent of 540 businesses which were asked about the investment environment in 32 countries affirmed they would expand their business in Vietnam.

While Kumho Asiana, Posco, Daewoo and Samsung are listed as the first-generation Korean investors in Vietnam, Samsung, LG, Lotte and CJ are considered the representatives of the second-generation wave.

And now analysts talk about the third wave investment which will come when the Vietnam-RoK FTA takes effect.

Analysts believe that the third-generation investors would mostly pour money into agriculture, education, transport infrastructure, energy, environment, healthcare, finance, processing and manufacturing.

“Textiles & garments is the field which specially attracts Korean businesses,” commented Park Sag Hyup, director of the Korean Trade Promotion Agency in HCM City.

Meanwhile, according to Kim Su Ho from the Republic of Korea’s Consulate general in HCM City, the RoK believes Vietnam’s economic development potential is very high compared with other regional countries. Therefore, they are interested in pouring capital into the finance & credit sector.

In fact, Korean first-generation investors have expanded their business in Vietnam. Samsung has committed to inject \$14.2 billion into Vietnam, planning to invest in some other business fields including energy, shipbuilding and airports.

Lotte, which has developed a series of projects in Vietnam, has recently proposed a \$2 billion project in HCM City named Eco Smart City. Meanwhile, CJ, which runs projects in the entertainment sector, has shown its interest in agriculture projects.

FTA to serve as jumping board

Samsung Electronics has relocated its production lines from China to Vietnam. LG Electronics, another giant, has spent \$1.5 billion on a smartphone & household electronics assembling factory in Hai Phong City earlier this year.

Meanwhile, according to Nikkei, Doosan Engine, the RoK’s leading heavy industry group, considers Vietnam the ideal destination for the time to come.

The Vietnam-ROK FTA is believed to be the ‘jumping board’ for South Korean investors to enter the Vietnamese market.

In the textile & garment sector, for example, the tariff will be cut from 3-18 percent to zero percent as soon as the FTA takes effect.

These include the \$660 million Hyosung project in Dong Nai province, the \$30 million Panko in Quang Nam province and \$8.5 million Viet Pan Pacific in Thanh Hoa.

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Experts: FDI drives growth

TBKTSG

Growth in pledged and realised foreign direct investment (FDI) capital in 2015 will serve as a catalyst for Vietnam to achieve higher economic growth in the coming years, experts said.

Do Nhat Hoang, director general of the Foreign Investment Agency (FIA), was quoted by the Vietnam News Agency as saying that the FDI sector has continued contributing greatly to the country in terms of capital, gross domestic product (GDP) and export.

Last year, foreign investors disbursed \$14.5 billion for their projects in Vietnam, increasing 17.4 percent year-on-year, according to the FIA under the Ministry of Planning and Investment.

Data of the FIA showed 2,013 new projects were approved last year with total registered capital of nearly \$15.58 billion. Besides, foreign investors registered to increase investment capital of 814 projects by \$7.18 billion, up 56.5 percent over 2014.

In all, fresh and additional FDI approvals in 2015 totalled more than \$22.7 billion, a 12.5 percent year-on-year rise.

A number of big FDI projects approved last year were Samsung Display Vietnam with additional capital of \$3 billion in the north, Duyen Hai 2 thermal power plant with an investment of \$2.4 billion in the Mekong Delta and the Empire City property complex worth \$1.2 billion in HCM City.

As many as 19 sectors in Vietnam got foreign investments. Of these, the processing-manufacturing industry attracted more FDI with 955 new projects and 517 adjusted ones with \$15.23 billion in total (66.9 percent).

Vietnam attracted investments from 62 countries and territories last year. South Korea was the leader with fresh and extra capital totalling \$6.72 billion (29.6 percent of the total). The second, third and fourth positions went to Malaysia with \$2.47 billion (10.9 percent), Japan with \$1.84 billion (8.1 percent) and Taiwan with \$1.39 billion (6.1 percent).

Last year's exports of the FDI sector, inclusive of crude oil, reached \$115.1 billion, up 13.8 percent and accounting for 70.9 percent of the country's total export turnover.

In addition, the sector employed around three million labourers and made up over 20 percent of the economy's total capital.

Vietnam has favourable conditions to become the strategic investment destination for multinational companies as well as small and medium enterprises, as more than 90 percent of tariff lines are being cut to zero.

Economic experts said the FDI sector has become an important driver for economic growth.

"Only two projects of Samsung in Bac Ninh and Thai Nguyen provinces have fueled growth of northern localities," said Nguyen Mai, chair of the Vietnam Association of Foreign-Invested Enterprises.

According to minister of Planning and Investment Bui Quang Vinh, FDI is a crucial part of Vietnam's economy and it is important to select quality foreign-invested projects to help improve growth quality.

First major FDI project licensed in Bac Ninh this year

A multi million-dollar apparel project of Maple Co Ltd is the first foreign direct investment (FDI) approval in the northern province of Bac Ninh this year, according to the Bac Ninh Industrial Zone Management Board.

The Singapore-based firm has got an investment certificate to develop a \$110 million apparel factory on 11.1 hectares at the Vietnam-Singapore Industrial Park.

The facility will produce 22 million products per year for export when it is put into operation in January 2018.

Bac Ninh Province took the lead in FDI attraction last year when foreign companies pledged a combined \$3.65 billion for 133 new and 103 operational projects, according to the FIA.

Bac Ninh Province has attracted nearly 720 FDI projects capitalised at \$11.5 billion. Samsung, Canon, Microsoft, and Sumitomo are among the major investors in the province.

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REAL ESTATE

Remittances revive real estate

VIR

Real estate attracted one-fifth of remittances to Ho Chi Minh City in 2015, signalling a steady revival of the sector.

According to reports by the State Bank of Vietnam (SBV), banks in Ho Chi Minh City have received \$4.76 billion in remittances over the past eleven months. This figure is expected to reach \$5.5 billion after the upcoming Lunar New Year.

“Our statistics show that 21.6 per cent of remittances in 2015 have been spent on real estate projects, equalling a 0.8 per cent increase year-on-year. With the \$5.5 billion forecast, we expect to see at least \$1.2 billion of overseas money flowing into the property sector,” said Nguyen Hoang Minh, deputy head of the SBV’s Ho Chi Minh City branch.

Minh noted that this percentage was still small compared to the heyday of real estate in 2011, when realty accounted for a staggering 42 per cent of remittances. He recalled that after this frenzy cooled down, the property market suffered from a supply glut and its appeal to remittances’ owners was dampened. However, as the industry slowly recovered in 2015, Vietnamese citizens have once again invested their remittances in realty projects.

Economics expert Nguyen Tri Hieu was also upbeat about the flow of overseas money into real estate. According to Hieu, there is a trend among Vietnamese people living abroad to purchase homes in Vietnam as the year draws to a close, thus prompting a higher property demand at this time. Many locals now also regard real estate as an attractive investment channel and use remittances as their capital.

Vo Kim Khanh, a Ho Chi Minh City resident living in Phu Nhuan district, agreed with this observation. For the past ten years, Khanh has received monthly remittances from her two sons who are working in France, and a daughter living in the US.

“In the past, I used to invest some of my remittances in a Vung Tau-based housing project and unfortunately, I made a great loss when the market collapsed. Afterwards, scared of wasting more of my children’s money, I shied away from any property investments,” Khanh told VIR.

However, as the property sector warms up again in 2016, Khanh revealed that she would consider returning to the realty market. This time, however, she will be more careful when selecting projects to invest in.

According to the latest reports by the Ministry of Construction, there were 1,650 successful property deals in Ho Chi Minh City last December – a 20 per cent rise year-on-year. For the whole year of 2015, the city recorded 18,700 completed transactions, equivalent to an 82 per cent increase compared to 2014.

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Residential market soars in 2015

VIR

The year 2015 showed a remarkable recovery in the residential market with strong launches, positive sales volume, and improved prices, particularly for mid- to high-end properties in both Hanoi and Ho Chi Minh City.

According to Lim Hua-Tiong, general manager of CapitaLand Vietnam's North Office, despite a huge number of new units launched to the market in 2015, CapitaLand Vietnam sold more than 1,300 units from projects in both Hanoi and Ho Chi Minh City.

"This number is a solid result, and we are happy with it," Hua-Tiong told VIR.

In mid-December of last year, CapitaLand announced that 100 units of its latest project, Seasons Avenue in Hanoi, were sold in only one day.

"The Vietnam real estate market has bounced back due to a stable economy, good control of inflation, favourable laws, including the allowance for foreigners to purchase properties in Vietnam. Our sales result could not be achieved without the CapitaLand team's perseverance and effort in the past year, and we will continue to strive for future success moving forward," Hua-Tiong said.

The owner of City Garden, another residential project located in Ho Chi Minh City, announced that the project reported more than 200 transactions for its Promenade, the second phase of the project. This figure is equivalent to 75 per cent of the total apartments for sale.

William Towne Baker, general director of City Garden, was also happy with recently-revised laws that encourage foreigners and Viet Kieu to buy properties in Vietnam.

According to Baker, a large number of buyers are foreigners taking advantage of Vietnam's reformed regulations on foreigners' property ownership.

Baker also noted that people saw a real advantage to investing in a growth area, particularly one that was the focus of so much infrastructure development.

Stephen Wyatt, country head of Jones Lang LaSalle Vietnam, commented that 2015 had some turning points in the real estate market.

"We have had a number of years of very soft market conditions. This year saw a lot of changes and more activity, and we expect that to continue in 2016. I think a number of factors need to be considered, especially in the banking sector," he told VIR.

Wyatt added that the market really depended on how banks perform and continue to lend going forward. But credit has increased significantly, so developers have had more money to spend.

According to CBRE Vietnam, the residential sector shot up in 2015, with record figures, including the highest number of units on the market, and the highest number of units sold.

In Ho Chi Minh City, 2015 saw more than 41,900 units put on the market from 78 projects, mostly in the east and the south, an increase of 122 per cent year-on-year.

In Hanoi, more than 28,300 units were up for sale in 2015, an increase of 70 per cent compared to 2014, mostly in Hai Ba Trung and Hoang Mai districts, and the west of Hanoi.

According to CBRE's figures, this year saw the highest ever number of units put on the market in a single year. This record is due to the introduction of the largest-ever project in Ho Chi Minh City, Vinhomes Central Park in Binh Thanh district, with over 7,500 units released for sale to date, and the second largest, Masteri Thao Dien in District 2, with over 3,700 units.

"The positive market momentum has boosted confidence for developers, with some even reformulating long-delayed projects and relaunching them back into the market with more capital, mixed-use integration, new unit layouts and sizing, and better price positioning or rebranding," said Marc Townsend, managing director of CBRE Vietnam.

Overall, market sentiment remained encouragingly positive throughout the year. 2015 ended with a record high in sales volume for a single year: an estimated 36,160 units sold in Ho Chi Minh City, up by 98 per cent year-on-year, and more than 21,100 units sold in Hanoi, up by 40 per cent compared to the market peak in 2009.

In 2016, more than 45,000 new units from 90 projects in Ho Chi Minh City and more than 20,000 new units in Hanoi are expected to be put on the market.

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INFRASTRUCTURE

Ha Noi's metro gets more funds

VNS

Prime Minister Nguyen Tan Dung has approved an additional grant of 69 million euros (US\$75.1 million) for the Ha Noi Train Station-Nhon urban metro rail project.

The capital will come from the French Development Agency (AFD).

The prime minister has authorised Deputy Minister of Finance Truong Chi Trung to sign the agreement with the AFD on behalf of the Vietnamese government.

The prime minister asked the justice ministry to carry out procedures for providing legal opinion on the agreement to ensure the project would soon be implemented.

The finance ministry will be in charge of implementing the procedures for allowing the municipal people's committee to re-borrow the money.

The Ha Noi Train Station-Nhon urban metro rail project has a total length of 12.5km, comprising 8.5km of an aerial track that will connect Nhon depot with Thu Le Zoo, and a 4km-long underground track that will link Thu Le with the Ha Noi railway station.

The line will start at Nhon and reach Cau Giay via National Highway 32, Ho Tung Mau and Xuan Thuy streets. It will also pass through Kim Ma, Nui Truc and Quoc Tu Giam streets. The last stop will be the Ha Noi railway station at the T-junction of Le Duan and Tran Hung Dao Street.

The metro rail project is part of the transport ministry's master plan, which aims to reduce the use of private transport to improve the urban environment.

More trees to be cut down

The management board of Ha Noi Urban Railways has announced a plan to cut down and shift 62 trees for the construction of two stations of the metro rail project.

Thirty-five of these trees will be partly cut, while 19 will be cut down and the remaining eight will be shifted to other places. These trees are currently located on Xuan Thuy and Cau Giay streets.

The management board will complete the job before January 20.

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Phu Bai Int'l Airport rolls out red carpet for investors

VGP

A series of preferential policies and investment incentives will be given to investors who open new flights to Phu Bai international airport, according to the People's Committee of central Thua Thien-Hue province.

The applicable time is one year since investors open the first flight to the international airport.

The policy is not applied to flights connecting Ha Noi, Tan Son Nhat and Phu Bai.

The policies cover aviation transportation agencies with flight schedules in at least six months and two flights per month.

Specifically, the local authorities would allocate expenditures to broadcast air routes, aviation agencies, tours in connection with the flights.

Passengers of new flights will enjoy 50% fee discounts when visiting Royal Palace, Minh Mang, Khai Dinh and Tu Duc Imperial Tombs in the province.

In addition, investors will get support at transaction office at No. 1, Pham Ngu Lao Street or in other appropriate places with a total expenditure of less than VND 120 million per year.

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LEGAL

New guidance on offshore indirect investment

VLLF

From February 16, six types of institutions, including securities companies, fund management companies; securities investment funds (through fund management companies), securities investment companies; insurance businesses; commercial banks; general financial companies; and the State Capital Investment Corporation, will be licensed to deal in offshore indirect investment.

Under Government Decree No. 135/2015/ND-CP of December 31, 2015, prescribing offshore indirect investment, in order to deal in offshore indirect investment, securities investment funds and securities investment companies must be licensed by competent agencies while other investors must obtain offshore indirect investment registration certificates.

Offshore indirect investment, which may take the form of direct purchase and sale of securities and other valuable papers overseas, purchase and sale of securities investment fund certificates overseas or investment entrustment to other intermediary financial institutions overseas, may be conducted by investors themselves or entrusted institutions.

Investors may only make offshore indirect investment in the investment tools specified by the State Bank of Vietnam in each period, the Decree says.

Dealing institutions other than commercial banks or general financial companies may use the foreign-currency balance on their accounts or foreign-currency amounts purchased from licensed foreign exchange service providers in Vietnam to conduct offshore indirect investment within the registered dealing limit certified by the State Bank of Vietnam.

Under the Decree, investors may neither use loans in Vietnam dong from credit institutions and foreign bank branches to purchase foreign currencies nor use foreign-currency loans

to conduct offshore indirect investment, except economic organizations of which the State owns at least 65 percent of charter capital and those making total offshore indirect investment of at least VND 800 billion.

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Conditions for foreign parties to join in founding Vietnam-based non-bank credit institutions

VLLF

In order to become a founder of a non-bank credit institution operating as a single-member limited liability company, a foreign credit institution must have total assets of over USD 10 billion at the end of the year preceding the year of license application.

Under the State Bank of Vietnam's Circular No. 30/2015/TT-NHNN dated December 25, 2015, prescribing the licensing, organization and operation of non-bank credit institutions, a foreign credit institution must have conducted profitable business operation in the last three fiscal years before the submission of the dossier of application for a license, and satisfy all the conditions prescribed in Clause 2, Article 20 of the Law on Credit Institutions.

In addition, it must have committed no serious violation of Vietnamese regulations in its banking operations in the five years prior to the year of dossier submission, and be experienced in international banking activities and earn good performance rating from international credit rating agencies.

In addition, it is required not to act as a strategic shareholder, an owner or a founder of another credit institution established and operating in Vietnam.

For a foreign credit institution being a leasing company, its financial lending and leasing balance must account for at least 70 percent of its total assets.

Within five years after being licensed, owners and founders of a limited-liability non-bank credit institution must together own 100% of the institution's charter capital.

The new regulation also prescribes conditions for Vietnamese commercial banks to become shareholders of joint-stock non-bank credit institutions or founders of limited-liability non-bank credit institutions.

The new regulation will take effect on February 8, 2016.

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