

Asia Market Intelligence

Vietnam

Presence

In Vietnam, HSBC first opened an office in Saigon (now Ho Chi Minh City) in 1870 under its former name, Hongkong Bank, and operated for more than 100 years until 1975. In 1992 HSBC re-established its presence with a representative office in Ho Chi Minh City and one more representative office in Hanoi later that year. In August 1995 HSBC opened a full-service branch in Ho Chi Minh City. In 2005 the representative office in Hanoi became a full-service branch and a representative office in Can Tho city was set up.

The branches in Hanoi and Ho Chi Minh City offer a comprehensive range of banking services, including Personal Financial Services, Commercial Banking, Global Banking, Global Markets, Payments and Cash Management, Trade and Supply Chain, and Securities Services. The representative office in Can Tho City offers immediate, day-to-day assistance and advice to HSBC's clients in the Mekong Delta Region.

In 2005, HSBC acquired 10% share capital of Vietnam Technological and Commercial Joint Stock Bank (Techcombank), one of the largest joint stock commercial banks in Vietnam by equity. In September 2008, HSBC completed the increase of its stake in Techcombank to 20%, became the first foreign bank in Vietnam to hold a 20% interest in a domestic bank.

In September 2007, HSBC acquired 10% share capital of Bao Viet Holdings, becoming the sole foreign strategic partner of Vietnam's leading insurance company.

On the 1 January 2009, HSBC started operating its locally incorporated entity and became the first foreign bank to incorporate in Vietnam.

HSBC is currently the largest foreign bank in the country in terms of investment capital, network, staff and customer base.

HSBC's history in Vietnam and knowledge of its culture reflects its commitment to delivering excellence in customer service, every time.

Population:
87.38 million

Total Area:
331,689 sq km

Currency:
Dong (VND)

Capital:
Hanoi

Major Languages:
Vietnamese, with English, French, Chinese spoken widely in the business community

Time zone:
GMT + 7 hours

Central bank:
The State Bank of Vietnam (SBV)

Gross domestic product
221.4bn total (2007 est.); 8.5% real growth rate (2007 est.); 2,587 per capita (2007 est.)



Vietnam

HSBC 
The world's local bank

Clearing Systems and Payment Instruments

- There is one main clearing system called CITAD run by the SBV. As from 5 April 2008, CITAD has been operating with two value categories of transaction fees. Low-value clearing is classified as any transaction with a value below VND0.5bn, with anything at or above that threshold being classified as high value. The cut-off time for low-value payments is 3pm and for high-value payments 4pm.
- Low-value clearing functions on a fixed fee basis, while high-value charges are levied ad valorem. Prior to April 2008 there was no high/low-value transaction pricing distinction, so few banks joined the low-value clearing. The change in pricing structure has precipitated an influx of banks to low-value clearing membership. Both value categories operate on a same-day value basis using batch transactions run at the end of the day.
- Cheques are hardly ever used in Vietnam, so the country has effectively moved directly from using physical cash to same-day transfers for local currency clearing. As a result, the clearing environment is particularly efficient from a cash management perspective, with fast collections/payments, less paperwork and fewer manual processes.

Banking System and Bank Accounts

- The State Bank of Vietnam (SBV) is the sole regulatory and supervisory entity of the banking sector through its 64 branches located in each city and province of Vietnam.
- There are five state-owned commercial banks, 36 joint-stock commercial banks, five joint-venture banks and 39 branches of foreign banks and a social policy credit system. Foreign banks can enter Vietnam's banking sector by setting up a representative office or a foreign bank branch, establishing a joint-venture bank with a domestic commercial bank or taking ownership of up to 30% of shares in a domestic bank.
- The following types of bank account are currently available:

Account type	Local current	Local savings	Foreign current ¹	Foreign savings
Resident	Yes	Yes	Yes	Yes
Non-resident	Yes ¹	No	Yes	Yes
Credit interest	Yes ²	Yes	Yes ²	Yes
1. While non-resident organisations operating in Vietnam can open Vietnamese Dong (VND) accounts, non-resident organisations operating offshore cannot do so. 2. Subject to approval of local managers.				

- Documentation requirements for opening bank accounts are as follows:

Documents required	Type of business					
	A	B	C	D	E	F
Certificate of incorporation				×		
Investment licence		×	×			
Representative office licence	×					
Business registration certificate				×	×	×

Australia Bangladesh Brunei Hong Kong SAR India Indonesia Japan Korea Macau SAR Malaysia
 Mauritius New Zealand People's Republic of China The Philippines Singapore South Africa Sri Lanka Taiwan Thailand **Vietnam**

Charter		×	×	×	×	×
Minutes/Resolution of the board of management appointing the members of the board of management		×	×	×	×	×
Minutes/resolution of the board of management duly appointing other officers (including the general director/manager, first deputy general director/manager (if any), chief accountant), chief representative in charge of the operation of the company, representative of foreign contractors and the scope authority of the representative(s)	×	×	×	×	×	×
Minutes/Resolution of the board of directors/management/chief representative or power of attorney/letter of appointment appointing the authorised signatory(ies) (if any)	×	×	×	×	×	×
Declaration of bearer shares				×		
ID/Passports of authorised signatory(ies) who are registered in the mandate	×	×	×	×	×	×
Introduction customer letter	×	×	×	×	×	×
Certificate of seal registration	×	×	×		×	×
Notice/Certificate of tax code		×	×		×	×
Registration of activities	×					
Joint-venture agreement			×			
A. Representative office B. Wholly foreign-owned enterprise C. Joint venture	D. Overseas company E. Vietnam domestic limited company F. Vietnam domestic shareholding company					

Cash management products and services at a glance*

INVESTMENT PRODUCT	TRANSACTION MANAGEMENT		LIQUIDITY MANAGEMENT
	PAYMENTS	COLLECTIONS	
<ul style="list-style-type: none"> Local currency/ foreign currency statement savings Time deposits Treasury products <ul style="list-style-type: none"> Swap Forward 	<ul style="list-style-type: none"> Demand draft (FCY) Cheque (LCY) Payment order Bulk payment Telegraphic Transfer (TT) Electronic payment Payroll service Standing Instruction Cash withdrawal autoPay-out (applied where both payor and beneficiary have accounts at HSBC) Payments Advising XCS (Xpress Collection Services) 	<ul style="list-style-type: none"> Fast cash collection via local partner banks Cheque collection (overseas cheque collection is offered on a case by case basis) USD Cash Letter On-site cash collection Cash deposit Inward telegraphic transfer Direct Debit (via alliance banks) Bulk collections Inward foreign currency remittances Bills Payment Facility (ATMs, Internet Banking) 	<ul style="list-style-type: none"> Notional Pooling and Cash Concentration are offered on a selective basis Working capital financing/ credit lines

* Cash management services are also delivered via HSBCnet, HSBC's global Internet-based banking system.

Australia Bangladesh Brunei Hong Kong SAR India Indonesia Japan Korea Macau SAR Malaysia
Mauritius New Zealand People's Republic of China The Philippines Singapore South Africa Sri Lanka Taiwan Thailand Vietnam

Legal, Company and Regulatory

- In addition to the SBV and the Ministry of Finance, the Ministry of Planning and Investment plays an important regulatory role in matters such as the issuing of investment licences, etc.
- Thin capitalisation rules apply; wholly owned subsidiaries of foreign companies can only borrow up to the difference between their legal capital and the investment capital approved in their investment licence issued by the Ministry of Planning and Investment.
- The permitted activities of a company vary according to classification. For example opening a representative office is the most restricted entity, wholly owned subsidiaries of foreign companies have more latitude. The greatest degree of flexibility for foreign entities is achieved by forming a joint stock company with a local partner that has the majority shareholding. Such a company can operate almost identically to a local company.
- In the case of foreign companies, part of the formation of a local company requires the opening of a bank account prior to submitting company formation documents.
- In general, the regulatory environment in Vietnam is both complex and constantly evolving, so taking professional advice in advance of any action is advisable.

Liquidity, Currency and Tax

- Overdrafts are permitted in Vietnam, so there is some leeway for notional pooling. However, this is only permitted in local currency. A similar situation applies as regards cash concentration. All US dollar (USD) activity tends to arouse regulatory interest and requires supporting documentation, so moving USD between accounts is not straightforward.
- Term deposits are a commonly used instrument for investment of surplus liquidity, though tiered credit interest rates on current accounts are also popular.
- All foreign loans and overseas borrowings over 12 months in tenor must be registered with the SBV. Transfers of profits abroad may only be made in a year in which a profit has actually been made and all prior losses made good and financial obligations met.

Market Watch

- The Vietnamese government has become far more particular about supporting documentation for outward remittances of foreign exchange. In the past it was relatively easy for corporations to buy USD to pay dividends or to make payments to suppliers offshore. Supporting documentation regarding the underlying commercial transaction must be delivered to a company's bank prior to remitting the foreign currency. This new regime is currently creating something of a bottleneck at banks as this additional administrative requirement was not anticipated.
- The current discrepancy (of approximately USD1:VND1,500) between the official and "real" VND exchange rate is also causing difficulties for companies that invoice in one currency but are prepared to accept payment in another. They are finding themselves arbitrated by clients opting to pay at the most favourable rate for themselves.
- The government has steadily increased the band of official exchange rates from +/-1.5% in early 2008 to +/-2% in the third quarter of 2008.

Contacts

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Banking hours:

Mon –Thu

8:30am – 4:30pm (business hours)

8:00am – 5:30pm (office hours)

Fri

8:30am – 5:00pm (business hours)

8:00am – 6:00pm (office hours)

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