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INDUSTRY NEWS UPDATE

Foreign banks boost Vietnam's financial market

Foreign banks and credit organizations have made the domestic financial market more active and attractive as they have lured foreign investment to Vietnam along with the introduction of modern banking technology and the best banking management methods.

Many of them have already formed strategic partnership with Vietnamese banks. Their participation has helped domestic banks improve their capacity to raise capital as well as access modern banking technology and effective management experience.

Foreign banks have been present in the country since the early 1990s in the form of foreign bank branches and joint venture banks.

The revised Credit Organization Law, which took effect in 2004, has allowed banks to conduct fully foreign-owned operations in Vietnam. However, the number of foreign credit organizations in the country was modest until Vietnam's accession to the World Trade Organization (WTO) in 2007.

Since then forty-four foreign bank branches, five joint venture banks, and more than 50 representative offices of foreign credit organizations have received licenses to operate in Vietnam.

In 2008, the State Bank of Vietnam allowed three fully foreign-invested banks - Standard Chartered Bank, the Hong Kong Shanghai Banking Corporation (HSBC) and the Australia and New Zealand Banking Group (ANZ) - to operate in the country due to the Government's WTO commitment.

Most of the foreign credit organizations have opened their branches in the two major cities of Hanoi and HCM City.

To facilitate foreign banks' operations, the Government and the central bank have exerted great efforts in creating a legal framework in line with international rules and standards.

(Source: VOVNews.vn - Hanoi, Vietnam, Dated 2nd January 2009)