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## INDUSTRY NEWS UPDATE

### Vietnam licenses S.Korean, Malaysian banks

Vietnam's central bank said on Monday it had licensed South Korea's Shinhan Bank and Malaysia's Hong Leong Bank Bhd to open 100-percent foreign-owned banks in the country.

Under the license, Shinhan Bank, a unit of Shinhan Financial Group, will open Shinhan Vietnam Bank with a capital base of 1.67 trillion dong, or nearly \$100 million.

Hong Leong Bank Bhd will establish Hong Leong Vietnam with a capital base of 1 trillion dong, or nearly \$60 million, the central bank said in a statement.

Both banks will establish their headquarters in trade hub Ho Chi Minh City.

In the past three months Hanoi has granted permission to HSBC, Standard Chartered and ANZ to set up banks in Vietnam as it moves to open up the already-crowded banking sector to foreign competition.

Vietnam has more than 40 domestic banks and a dozen foreign banks, all vying for a share in the tiny but fast expanding market of 86.5 million people.

The number of Vietnamese people who had a bank account this year has risen 36 percent from 2007 to 15 million, or 17 percent of population, and 13.4 million bank cards are now in circulation, the State Bank of Vietnam said last week.

*(Source: SGGP - Ho Chi Minh City, Vietnam, Dated 29<sup>th</sup> December 2008)*