1. **What is happening in the regulatory/ legislative space to faciliate FinTech?**

**Government Policy on Digitization:**

[The National Strategy for Developing the Digital Economy and Digital Society to 2025 and Vision to 2030](https://datafiles.chinhphu.vn/cpp/files/vbpq/2022/03/411-qd-ttg.signed.pdf):

* Boost financial inclusion: By 2025, 80% of the population aged 15 and above will have access to payment transaction accounts through banks or authorized organizations, increasing to 95% by 2030.
* Drive cashless payments: Building upon the Prime Minister's Decision 1813/QD-TTg dated October 28, 2021, the strategy actively promotes non-cash payment adoption within the 2021-2025 timeframe.
* Nurture digital talent and innovation: The strategy emphasizes developing a highly skilled digital workforce and fostering innovation in digital technologies to support the burgeoning FinTech ecosystem.

[National Financial Inclusion Strategy 2020-2025: This initiative focuses on achieving financial inclusion for 70% of the adult population by 2025. Key aspects impacting FinTech are:](https://datafiles.chinhphu.vn/cpp/files/vbpq/2020/01/149.signed.pdf)

* Promoting the use of digital financial services, especially among underserved populations in rural areas.
* Encouraging the development of financial technology solutions that cater to the needs of the unbanked and underbanked.
* Streamlining regulations and procedures for mobile money services.

[State Bank of Vietnam's (SBV) Fintech Development Strategy 2021-2025: This strategy outlines several specific actions aimed at facilitating FinTech growth, including](https://datafiles.chinhphu.vn/cpp/files/vbpq/2020/01/149.signed.pdf):

* Creating a supportive regulatory environment for FinTech innovation.
* Promoting collaboration between traditional financial institutions and FinTech companies.
* Enhancing consumer protection and security in the FinTech ecosystem.
* Developing human resources and fostering awareness about FinTech among the public.

[**Regulatory Sandbox**](https://tapchicongthuong.vn/bai-viet/can-mot-hanh-lang-phap-ly-sandbox-cho-hoat-dong-kinh-doanh-cong-nghe-tai-chinh-fintech-o-viet-nam-hien-nay-105026.htm)**:**

Focuses on specific areas:

Digital payments (e.g., e-wallets, mobile payments)

Lending (e.g., peer-to-peer lending, alternative lending platforms)

Wealth management (e.g., robo-advisors)

Participation:

Open to Vietnamese and foreign FinTech startups.

Requires meeting specific eligibility criteria, such as having a clear business model and a plan for managing potential risks.

Duration:

Up to 24 months for testing and pilots.

Subject to extension upon review by the SBV.

Latest Amendments to Laws Related to FinTech in Vietnam:

* Payment Law (amended, 2023):
  + Expanded scope: Includes new payment service providers (PSPs) such as e-wallets, online payment gateways, etc.
  + Enhanced payment security and safety: Requires PSPs to implement measures to protect information security and customer personal data.
  + Encourages cashless payments: Facilitates cross-border payments.
  + Strengthens regulation: Establishes the State Bank of Vietnam (SBV) as the state management agency for payments.
* Cybersecurity Law (amended, 2023):
* Expanded scope: Applies to national critical information systems, personal data, and activities in cyberspace.
* Increased responsibility for cybersecurity protection: Clearly defines the responsibilities of agencies, organizations, and individuals in protecting cybersecurity.
* Improved prevention, detection, and handling of violations: Supplements regulations on preventing, detecting, and handling violations of cybersecurity laws.
* Investment Law (amended, 2023):
* Expanded investment sectors: Allows foreign investment in new sectors such as FinTech.
* Increased investment incentives: Reduces and exempts taxes for foreign investors.
* Creates a transparent investment environment: Promotes transparency and disclosure in investment activities.

These initiatives reflect Vietnam's commitment to fostering a conducive regulatory environment for FinTech innovation, which is essential for establishing an International Financial and Business Centre in Ho Chi Minh City. As the chair of the sub-working group representing HSBC, leveraging these regulatory and legislative developments can greatly support the achievement of the recommendations outlined in the collaboration effort.

**Note:**

[*Decree 80/2023/ND-CP guiding the implementation of the amended Payment Law*](https://datafiles.chinhphu.vn/cpp/files/vbpq/2023/11/80-nd.signed.pdf)

[*Circular 01/2023/TT-NHNN on mobile payments*](https://thuvienphapluat.vn/van-ban/Tien-te-Ngan-hang/Thong-tu-01-2023-TT-NHNN-sua-doi-Thong-tu-04-2015-TT-NHNN-quy-tin-dung-nhan-dan-557129.aspx)

[*Decision 12/2023/QD-TTg on the FinTech Development Program for 2023-2025*](https://datafiles.chinhphu.vn/cpp/files/vbpq/2023/6/12-ttg.signed.pdf)

1. **What infrastructure exists to support FinTech ecosystems in Vietnam? (e.g. fintech associations, technology centres/areas)**

* **Fintech Associations:**

**+** [**Vietnam FinTech Club**](https://thitruongtaichinhtiente.vn/clb-vietfintech-ket-nap-them-7-hoi-vien-40399.html) **(VFC)** : This influential association serves as a hub for various FinTech stakeholders, including startups, financial institutions, regulatory bodies, and investors. Through networking events, knowledge-sharing initiatives, and advocacy efforts, the Vietnam Fintech Club fosters collaboration and drives the advancement of FinTech innovation in the country.

**+** [**National Payment Corporation of Vietnam (NAPAS):**](https://napas.com.vn/napas-to-chuc-hoi-nghi-trien-khai-nhiem-vu-nam-2024-182240112084032342.htm)Collaborated with banks to implement the national 24/7 fast payment system. Expanded international payment connectivity with regional countries.

* **Technology Centers and Areas:**

**+** [**Ho Chi Minh City High-Tech Park (HHTP):**](http://www.shtp.hochiminhcity.gov.vn/gioithieu/Pages/tongquanshtp.aspx)  Recognized as a focal point for technological advancement, HHTP offers a conducive environment for FinTech startups to thrive. Equipped with state-of-the-art infrastructure and support services, HHTP provides emerging companies with the resources necessary for research, development, and collaboration. The park's ecosystem encourages cross-sector partnerships and innovation-driven initiatives, propelling the growth of the FinTech landscape.

**+** [**Vietnam National University - Ho Chi Minh City (VNU-HCM):**](https://tuoitre.vn/dhqg-tp-hcm-dua-vien-nghien-cuu-phat-trien-cong-nghe-ngan-hang-vao-hoat-dong-20190722144626036.htm)As a leading educational institution, VNU-HCM houses specialized faculties and research centers focused on technology and innovation. These academic hubs serve as vital incubators for FinTech talent, fostering interdisciplinary collaboration and knowledge exchange between academia and industry. Through research projects, training programs, and industry partnerships, VNU-HCM contributes to nurturing a skilled workforce and driving technological innovation in the FinTech sector.

**+** [**Vietnam Silicon Valley (VSV):**](https://vjst.vn/vn/tin-tuc/2469/thung-lung-silicon-viet-nam-ho-tro-tim-hieu-sau-ve-khoi-nghiep.aspx)Positioned as a catalyst for entrepreneurship and innovation, VSV plays a pivotal role in supporting FinTech startups from inception to growth. By offering mentorship, funding opportunities, and access to a vast network of industry experts, VSV empowers aspiring entrepreneurs to transform disruptive ideas into scalable businesses. Moreover, VSV's ecosystem facilitates cross-pollination of ideas and fosters a culture of experimentation, laying the foundation for sustainable FinTech innovation in Vietnam.

**+** [**Ho Chi Minh City Innovation District (District 2):**](https://hochiminhcity.gov.vn/tin-tuc-su-kien/-/asset_publisher/pcoYAr5aCkog/content/phat-trien-quan-2-thanh-trung-tam-tai-chinh-hat-nhan-cua-khu-o-thi-sang-tao)Attracted more domestic and international FinTech companies. Organized investment and cooperation events for FinTech businesses.

**+** [**Da Nang Hi-Tech Park**](https://tienphong.vn/de-an-xay-dung-da-nang-thanh-trung-tam-tai-chinh-quy-mo-khu-vuc-da-trien-khai-den-dau-post1593166.tpo)**:** Completed the construction of FinTech Innovation Center. Attracted investment in potential FinTech projects.

**+** [**FinTech Center, Vietnam National University (VNU):**](https://vnu.edu.vn/btdhqghn/?C2092/N32615/Chuong-trinh-Thac-si-Fintech-chuan-quoc-te-danh-cho-nha-lanh-dao-tuong-lai.htm)Expanded Master's program in FinTech. Strengthened research collaboration with international organizations.

In essence, Vietnam's FinTech ecosystem thrives on collaboration, innovation, and supportive regulatory frameworks. By nurturing these pillars, Vietnam is poised to become a FinTech powerhouse, driving economic growth and financial inclusion in the region.

1. **What have we seen work well in other jurisdictions? (e.g. what is Singapore or Thailand doing well to attract FinTech and support digitalization efforts.)**

* **Singapore:**

+ [Regulatory clarity and flexibility:](https://chuyendoiso.laichau.gov.vn/tin-tong-hop/cac-sang-kien-xay-dung-chinh-phu-so-o-singapore-253.html) Singapore offers a clear and predictable regulatory environment with regulatory sandboxes to test innovative FinTech solutions in a controlled environment. Vietnam is adapting some of the strategies used by Singapore in this sector.

+ [Talent development:](https://daibieunhandan.vn/giao-duc--y-te1/Chinh-sach-thu-hut-nhan-tai-cua-Singapore-i119178/) The government invests heavily in educating and upskilling the workforce in FinTech and digital competencies.

+ [Openness to collaboration](https://phaply.net.vn/he-thong-phap-luat-va-chinh-sach-thuc-day-dau-tu-cua-singapore-nhung-kinh-nghiem-cho-viet-nam-a256491.html): Singapore actively fosters collaboration between traditional financial institutions and FinTech companies through various initiatives.

+ [Strong infrastructure](https://vietnamnet.vn/ly-do-singapore-gia-tang-vi-the-tren-ban-do-canh-tranh-ky-thuat-so-toan-cau-2224566.html): The country boasts robust digital infrastructure, including high internet penetration and advanced mobile connectivity.

+ [Government incentives](https://mof.gov.vn/webcenter/portal/btcvn/pages_r/l/tin-bo-tai-chinh?dDocName=MOFUCM112286): Singapore provides tax breaks, grants, and other financial incentives to attract FinTech companies.

* **Thailand:**

+ [Clear and supportive regulatory environment:](https://thitruongtaichinhtiente.vn/thai-lan-se-cap-giay-phep-hoat-dong-cho-ngan-hang-so-44141.html)

The Bank of Thailand (BOT) has implemented regulations for specific FinTech services, such as e-payments and peer-to-peer lending.

The BOT Regulatory Sandbox allows FinTech companies to test innovative products and services in a controlled environment.

+ [Collaboration between established financial institutions and FinTech companies:](https://ictvietnam.vn/thai-lan-dang-phat-trien-nganh-cong-nghe-tai-chinh-nhu-the-nao-55384.html)

The BOT has partnered with financial institutions to develop new FinTech services, such as e-wallets and mobile payment platforms.

+ [Strong digital infrastructure](https://nhandan.vn/thai-lan-mo-rong-mang-internet-toc-do-cao-toi-cac-vung-nong-thon-post726911.html):

The National Digital Economy and Society Development Master Plan (2020-2025) aims to develop Thailand's digital infrastructure and promote digital innovation.

The government has invested in expanding broadband internet access and promoting digital literacy.

+ [Tailored policies and initiatives:](https://www.tapchicongsan.org.vn/web/guest/the-gioi-van-de-su-kien/-/2018/817243/phat-trien-kinh-te-so-tai-thai-lan-va-nhung-goi-y-cho-viet-nam.aspx)

The Financial Inclusion Roadmap 2023-2027 aims to promote financial inclusion through FinTech.

The Thailand 4.0 economic model emphasizes the development of the digital economy and innovation.

1. **What are the barriers or hurdles that will need to be overcome to aid FinTech success, particularly when it comes to foreign investment/ownership/partnership? (e.g. cybersecurity/dpo requirements, foreign ownership limits etc.)**

***Barriers to FinTech Success in Vietnam, Particularly for Foreign Investment/Ownership/Partnership:***

Vietnam, with its [high mobile phone penetration and young population](https://thuvienphapluat.vn/chinh-sach-phap-luat-moi/vn/thong-bao-van-ban-moi/email/47825/nam-2023-ty-le-thue-bao-dtdd-su-dung-dien-thoai-thong-minh-tren-80), presents a promising playground for FinTech innovation. However, despite these advantages, several hurdles can impede the success of FinTech ventures, particularly for foreign investors, owners, and partners:

+ [Evolving Landscape](https://tapchinganhang.gov.vn/thuc-trang-va-giai-phap-phat-trien-cong-nghe-tai-chinh-tai-viet-nam.htm): The Vietnamese FinTech regulatory framework is a dynamic entity, constantly adapting and sometimes lacking clarity. This makes it challenging for foreign companies to navigate, as they grapple with complex and frequently changing regulations.

+ Data Privacy Labyrinth: Vietnam enforces stringent data privacy regulations, outlined in Decree [72/2013/ND-CP](https://thuvienphapluat.vn/van-ban/Cong-nghe-thong-tin/Nghi-dinh-72-2013-ND-CP-quan-ly-cung-cap-su-dung-dich-vu-Internet-va-thong-tin-tren-mang-201110.aspx), and cybersecurity requirements, detailed in Decision [15/2018/QĐ-BTTTT](https://luatvietnam.vn/thong-tin/thong-tu-15-2018-tt-btttt-ve-chung-nhan-hop-quy-voi-hang-hoa-chuyen-nganh-cntt-168888-d1.html), which can be intricate and expensive to comply with, especially for foreign firms unfamiliar with the intricacies of Vietnamese law. These regulations aim to protect user data, but their complexity can pose a significant barrier to entry for foreign players.

+ [Foreign Ownership Maze](https://tapchinganhang.gov.vn/mot-so-thach-thuc-cua-fintech-doi-voi-nganh-dich-vu-tai-chinh-cua-viet-nam.htm): Specific FinTech sectors, such as mobile payments, have limitations on foreign ownership, hindering foreign investment and partnerships. These restrictions can stifle the flow of crucial capital and expertise from international markets, potentially hindering the pace of innovation.

+ [Funding Famine](https://tapchinganhang.gov.vn/mot-so-thach-thuc-cua-fintech-doi-voi-nganh-dich-vu-tai-chinh-cua-viet-nam.htm): Domestic funding options for FinTech startups in Vietnam are limited, while foreign investment can be restricted due to ownership limitations. This lack of readily available capital can make it difficult for companies, especially new entrants, to secure the resources needed to scale up and compete effectively.

+ [Talent Oasis in a Dessert](https://tapchinganhang.gov.vn/thi-truong-fintech-tai-viet-nam-co-hoi-va-thach-thuc.htm): Vietnam faces a significant shortage of skilled professionals in critical FinTech areas like cybersecurity, data science, and blockchain technology. This lack of readily available talent can hinder the development and implementation of innovative solutions, further challenging the success of FinTech ventures.

+ [Financial Literacy Chasm](https://tapchinganhang.gov.vn/thi-truong-fintech-tai-viet-nam-co-hoi-va-thach-thuc.htm): A substantial portion of the Vietnamese population still lacks basic financial literacy, hindering the adoption of FinTech solutions. This necessitates a concerted effort to improve financial literacy through educational programs, fostering a more receptive environment for FinTech innovation.

+ Established Player Stronghold: Traditional financial institutions in Vietnam already possess established customer bases and brand recognition, posing a significant challenge for new FinTech entrants. These established players may also have greater resources and political influence, making it more difficult for FinTech companies to gain a foothold in the market.

***To unlock the full potential of FinTech and attract more foreign investment, Vietnam can take several steps:***

+ Regulatory Clarity and Consistency: The government can provide clearer and more predictable regulations for FinTech, specifically addressing concerns related to foreign involvement, data privacy, and cybersecurity. Streamlining regulations and fostering transparency can create a more inviting environment for foreign investors and partners.

+ Talent Oasis Cultivation: Investing in programs to develop a skilled workforce in FinTech-related fields can help bridge the talent gap. This can involve collaborating with universities, creating training programs, and attracting international talent through targeted initiatives.

+ Foreign Investment Welcoming: Streamlining foreign investment procedures and easing ownership restrictions in specific FinTech sectors can attract needed capital and expertise from international markets. This can be done while keeping in mind the need to balance foreign investment with domestic control and protecting national interests.

+ Financial Literacy Bridge Building: Implementing comprehensive financial literacy initiatives, such as educational programs and awareness campaigns, can foster a more informed population, increasing the adoption of FinTech solutions and contributing to greater financial inclusion.

+ By addressing these barriers and fostering a supportive ecosystem, Vietnam can position itself as a leader in the regional FinTech landscape, paving the way for a more inclusive and innovative financial sector for both domestic players and foreign investors.