

# **Financial Cards and Payments - Vietnam**

Euromonitor International : Country Market Insight

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# FINANCIAL CARDS AND PAYMENTS IN VIETNAM

## EXECUTIVE SUMMARY

### Financial Cards and Payments Continues To Record Fast Growth

Most categories of financial cards and payments continued to register positive double-digit retail value growth in 2010, which was partially due to strong support from the government and continuous promotion on the part of banks. High interest rates on deposit accounts also prompted more consumers to entrust their savings to banks. Financial cards and payments also benefited from the young population in Vietnam and the increasing trend of westernisation, as a result of which young consumers prefer to place their money in a bank account instead of storing it at home.

### Cash Transactions Remain Prominent

Cash payment was still by far the most popular method of payment in Vietnam in 2010. Many consumers, even though they possessed credit or debit cards, still preferred to use cash to make payments for purchases owing to the very strong custom of doing so in Vietnam. Furthermore, the continued very strong presence of traditional retailers in 2010 meant that consumers needed cash for every day transactions.

### Local Banking Operators Link Up To Offer Consumers Increased Convenience

In May 2010, all three leading local card operators successfully linked their networks as a result of which consumers could withdraw money and make purchases from virtually all ATMs and POS terminals across Vietnam. However, such transactions were subject to a small fee on the occasion that consumers used machines that did not belong to their particular bank. Nevertheless, this offered increased convenience to all consumers and it is expected to boost the long term growth prospects of financial cards and payments.

### Tighter Governmental Control

The banking industry grew rapidly with more participation from new banks. In order to gain control over the rapidly increasing number of banks, and also in order to prevent a further financial crisis, the State Bank of Vietnam requested that all banks raise their charter capital to a minimum of VND3 trillion by the end of 2010. Banks which failed to do this by the deadline would have to cease trading or merge with larger banks.

### Continued Strong Growth Expected Over the Forecast Period

As financial cards and payments in Vietnam remained nascent in 2010, it is expected to achieve continued strong growth over the forecast period. Personal credit card transactions is expected to register the strongest constant retail value growth over the forecast period, as demand among consumers for modern payment methods continues to increase. Acceptance of foreign investment is also expected to increase further in Vietnam over the forecast period and more Vietnamese consumers are expected to travel thus benefiting card payment transactions.

## KEY TRENDS AND DEVELOPMENTS

### Local Card Operators Connect To Offer Consumers Greater Convenience and Freedom

In May 2010, local card operators Vietnam National Financial Switching JSC, Smartlink Card Services JSC and Vietnam Bank Card JSC successfully linked their networks, which meant that consumers could withdraw money from their own bank account from virtually any ATM in the country, rather than just those that belong to their own bank. However, this is sometime subject to a small fee. Consumers could also use their debit and credit cards to make payments at POS terminals across the country.

## Current Impact

While this move offered consumers increased freedom and convenience with regard to withdrawing cash and making card payments, according to trade sources their behaviour did not change drastically. The first reason for this was that some banks charged a small transaction fee when consumers from other banks withdrew cash from their ATMs. Thus, various consumers preferred to continue to use ATMs that belonged to their own bank in order to avoid paying the transaction fee. The second reason was that even though consumers could use their cards more freely to make purchases in retail outlets, the strong custom of making payments with cash meant that the majority of consumers still preferred to use cash rather than cards in 2010.

## Outlook

By mid-2010, all local card issuers in Vietnam, except for Vietnam Postal Savings Service Co, had already linked up with at least one of the three local card operators Vietnam National Financial Switching JSC, Smartlink Card Services JSC and Vietnam Bank Card JSC. Thus, there was no need for more operators to be established. This situation is expected to stay as it is in the short term with three operators and one linked network. This will definitely continue to bring greater convenience to card users.

## Future Impact

The linked network presents great growth potential for financial cards and payments in Vietnam over the forecast period. Banks which do not charge an extra fee to consumers of other banks for withdrawing money from their ATMs will definitely attract more consumers, which subsequently could help to improve brand awareness. As the competitive environment in financial cards and payments is intense with approximately 40 card issuers, banks are expected to continue to seek ways of attracting more consumers, such as increasing interest rates on deposit accounts or reducing transaction fees. Thus, eliminating the fee for withdrawing money from ATMs is expected to be one of the first things that banks will consider in the short term.

## Cash Is Still the Main Payment Mode

Cash transactions registered retail value growth of 18% in 2010 as consumers continued to use mainly cash to make purchases despite the increasing presence of POS terminals in many modern retail outlets. The popularity of cash transactions also remained strong because some retailers charged an extra fee to consumers who paid by card, which thus deterred some consumers from engaging in card transactions. In addition, staff members in many retail outlets were still not properly trained in conducting card transactions as a result of which many errors were made when performing card transactions, which resulted in annoyance among consumers. Furthermore, lack of promotion by banks and retailers to raise consumer awareness of card transactions meant that consumer preference for cash remained strong.

## Current Impact

The strong custom of using cash to make purchases and lack of promotion of cards as a means of making purchases meant that cash was still very much the preference of Vietnamese consumers in 2010. Many consumers, although they were accustomed to using cards when they travelled overseas, returned to making cash payments when they were back in Vietnam. In addition, various consumers, in particular those who seldom travelled and those who had little education on the use of cards, continued to use cash as they were unaccustomed to using cards and often unaware that cards could be used to make purchases.

## Outlook

The popularity of using cash to make payments is expected to remain very strong in the short term, as many consumers are expected to continue to prefer to use cash. However, governmental initiatives to pay the salaries of employees in all state-owned companies through bank transfers are expected to force many consumers to open bank accounts, which will provide banks with a strong platform on which to promote card payments.

## Future Impact

Although the custom of using cash to make payments is expected to remain in Vietnam for quite some time, there is potential for financial cards and payments to grow over the forecast period. The population of Vietnam includes many young consumers who are strongly affected by western culture and who adapt quickly to cultural changes. They are expected to be the main target of banks, as banks start to promote modern payment methods and to speed up the transition from cash to cards. Also, competition among retailers will lead to better training of staff and increased service, which is expected to make card transactions more convenient.

## **Underdeveloped Credit Rating System Hinders Development of Credit Card**

### **Transactions**

At the end of 2009, the concept of consumer credit rating was still very underdeveloped in Vietnam. Thus, many banks, especially small banks, were reluctant to offer credit cards to consumers. Credit cards were mainly issued by large banks that could afford to bear the risks of consumers failing to pay back the amounts owed on their credit cards. This was also the main reason why charge cards and store cards were still unavailable in Vietnam in 2010, as both banks and retailers were unwilling to bear the potential risks.

### **Current Impact**

The underdeveloped credit rating system has limited the growth, in terms of number of cards, of credit cards in Vietnam. With regard to financial cards in circulation in 2010, cards with credit function registered growth in number of cards of 10%, which was lower than the growth registered by cards with ATM function, charge card function, debit function, pre-paid function and store cards. Due to lack of promotion on the part of banks, many consumers were unfamiliar with the concept of revolving credit while others were deterred from using credit cards by the charges that are applicable, for example in the event of late payment, and the high interest charges.

### **Outlook**

In 2010, the Government of Vietnam and financial institutions were working hard together to develop a more reliable credit rating system, which can help them to be more confident in promoting the use of credit cards. However, as consumer finance in Vietnam is still very much nascent and owing to the effects of the global economic crisis, this process is expected to be gradual.

### **Future Impact**

In 2010, the use of credit cards remained limited to consumers who travelled frequently to other countries, such as entrepreneurs and managerial staff. However, credit card transactions are expected to grow strongly over the forecast period, by a constant retail value CAGR of 25%, owing to efforts on the part of the government and financial institutions to improve the credit rating system. Charge cards and store cards are also expected to benefit from this in the short term and demand for such cards is expected to increase.

## **Government Scheme Continues To Drive Growth of Atm Cards**

In 2007, the Vietnamese government launched an initiative requiring all state-owned companies to pay the salaries of their employees through bank transfers instead of cash. In 2010, this initiative continued to boost the number of new bank accounts as more and more companies followed the requirements. Financial cards with ATM function benefited directly from this trend and thus recorded very strong growth in number of cards over the second half of the review period.

### **Current Impact**

By June 2010, according to trade sources, approximately 49% of state-owned companies paid the salaries of their employees through bank accounts and the government aims to increase this further. However, while this move has boosted demand for ATM cards it has not led to significant changes in the behaviour of consumers in terms of making payments. Many consumers have been forced to open bank accounts because of this initiative although they are unaccustomed to using bank services. As a result, many consumers withdraw almost all of their monthly salary as soon as it is credited to their account, owing to their strong preference for cash rather than cards. Thus, although the initiative has helped banks and companies, it has not really changed the habits of consumers.

## Outlook

The number of companies that adhere to the requirements laid out under the government's initiative is expected to continue to increase over the forecast period. As more companies start to pay the salaries of their employees into bank accounts rather than in cash, more consumers will be forced to open bank accounts. This will help to increase the banked population and to provide a strong base for the transition to card payments.

## Future Impact

Although the government's initiative did not directly impact the behaviour of consumers, it is expected to provide a strong platform on which the government, banks and retailers can promote card payment over the forecast period. As all ATM cards in Vietnam also have debit functions, consumers who are forced to obtain an ATM card will also have the potential to engage in card transactions. Education, promotion and improvements in infrastructure are some of the other major steps that the government and banks are expected to take in order to encourage the transition from cash payment to card payments among consumers.

## Lack of Infrastructure in Consumer Finance

The level of infrastructure in consumer finance in Vietnam remained highly underdeveloped in 2010, as there were only approximately 11,000 ATMs in the country, which were concentrated mostly in big cities, such as Ho Chi Minh and Ha Noi. Moreover, many of these machines are old and poorly maintained, with incidents such as falsely deducting a withdrawal from a consumer's account balance without releasing cash or retaining cards when consumers have done nothing wrong being fairly common.

## Current Impact

Despite the fact that local card operators joined forces in 2010 in order to enable consumers to withdraw cash from the ATMs of other banks in addition to their own, the low number of ATMs present in Vietnam caused inconvenience. According to trade sources, there were many complaints in local newspapers stating that it was very difficult to find ATMs, even in big cities such as Ho Chi Minh and Ha Noi. Moreover, stories regarding the incidents mentioned above made many consumers reluctant to withdraw money from ATMs on a frequent basis. Therefore, they tended to withdraw large amounts of cash whenever they could to reduce the number of trips necessary to ATMs.

Nevertheless, the number of ATMs increased continuously over the review period, indicating the efforts of banks to capture the attention of consumers and to boost their interest in ATM cards.

## Outlook

Although reports of ATMs being badly maintained or technologically problematic appeared quite regularly in local newspapers over the review period, banks seemed to react very slowly to these matters, which could be attributed to lack of capital, expertise and governmental support. Thus, the problematic issues surrounding ATMs are not expected to be solved in the short term. Nevertheless, the number of ATMs is expected to continue to increase in Vietnam over the forecast period.

## Future Impact

Continued increases in the number of ATMs over the forecast period are expected to help to boost demand for ATM cards as consumers start to become more willing to use banking services. However, banks will need to look not only at increasing the number of machines but also at placing them strategically so that consumers can locate them easily. In addition, continuous maintenance and upgrading of ATMs are important, as faulty ATMs give banks a bad reputation and a negative brand image.

## MARKET INDICATORS

**Table 1** Number of POS Terminals 2005-2010

'000 Units	2005	2006	2007	2008	2009	2010
No of POS terminals	11.0	14.0	17.0	22.0	28.0	41.5

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 2 Number of ATMs 2005-2010**

'000 Units	2005	2006	2007	2008	2009	2010
No of ATMs	1.8	3.0	4.0	6.0	8.2	11.5

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 3 Value Lost to Fraud 2005-2010**

VND million	2005	2006	2007	2008	2009	2010
Counterfeit Cards	2,140.9	7,065.8	11,377.5	20,506.8	31,836.9	47,068.0
Card Stolen or Lost	568.7	1,820.0	3,011.7	5,487.7	8,722.5	12,225.5
Card not Present	3,345.1	10,277.5	15,393.0	25,416.9	36,634.3	48,901.9
Card Lost or Stolen in the Post	33.5	214.1	334.6	577.7	872.2	1,222.6
ID Fraud	468.3	1,605.8	2,677.1	4,621.3	7,414.1	10,391.6
Others	133.8	428.2	669.3	1,155.3	1,744.5	2,445.1
Value Lost to Fraud	6,690.2	21,411.4	33,463.1	57,765.7	87,224.5	122,254.6

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 4 Card Expenditure by Location 2010**

% value analysis	Card holder present	Card holder not present	Total
Charge Card Transactions	-	-	-
Credit Card Transactions	84.8	15.2	100.0
Debit Transactions	98.9	1.1	100.0
Open Loop Pre-Paid Card Transactions	100.0	-	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 5 Card Expenditure by Category 2010**

% value analysis	Clothing and footwear	Food, beverages, tobacco	Household goods and services	Leisure and recreation	Operation of personal transport	Transport
Charge Card Transactions	-	-	-	-	-	-
Credit Card Transactions	2.7	3.8	4.3	28.5	0.1	30.0
Debit Transactions	9.5	16.0	7.0	11.5	0.2	17.8
Open Loop Pre-Paid Card	16.0	10.9	2.5	12.5	4.5	16.1

Transactions		
	Other	Total
Charge Card Transactions	-	-
Credit Card Transactions	30.6	100.0
Debit Transactions	38.0	100.0
Open Loop Pre-Paid Card Transactions	37.5	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 6 Financial Cards in Circulation by Type: % Number of Cards 2005-2010**

% number of cards	2005	2006	2007	2008	2009	2010
Contact Smart Cards	0.0	0.0	0.1	0.1	0.1	0.2
Contactless Smart Cards	-	-	-	-	0.0	0.0
Other Cards	100.0	100.0	99.9	99.9	99.9	99.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 7 Domestic versus Foreign Spend 2010**

% value analysis	Domestic	Foreign	Total
- Charge Card Transactions	-	-	-
- Credit Card Transactions	57.0	43.0	100.0
- Debit Transactions	97.0	3.0	100.0
-- Open Loop Pre-Paid Card Transactions	72.0	28.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

## MARKET DATA

**Table 8 Consumer Payments: Value 2005-2010**

VND tn	2005	2006	2007	2008	2009	2010
Card Payment Transactions (Excl Commercial)	3.9	13.7	21.6	37.8	57.3	77.3
Electronic Direct/ACH Transactions	1.4	5.1	8.7	15.8	25.0	36.7
Paper Payment Transactions	264.6	299.5	358.8	478.3	537.5	632.8
- Cash Transactions	260.1	295.4	355.0	474.7	534.6	630.5
- Other Paper Payment Types	4.5	4.1	3.8	3.6	2.9	2.3
Consumer Payment Transactions	269.9	318.3	389.2	531.8	619.8	746.8

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 9 Consumer Payments: Number of Transactions 2005-2010**

Million transactions	2005	2006	2007	2008	2009	2010
Card Payment Transactions (Excl Commercial)	3.4	18.5	30.8	56.8	89.5	123.2
Electronic Direct/ACH Transactions	1.3	3.0	3.8	6.5	10.1	15.2
Paper Payment Transactions	4,176.9	4,673.5	5,527.4	7,334.7	8,228.1	9,231.9
- Cash Transactions	4,175.0	4,672.0	5,526.1	7,333.6	8,227.3	9,231.2
- Other Paper Payment Types	2.0	1.5	1.3	1.1	0.9	0.7
Consumer Payment Transactions	4,181.6	4,695.0	5,562.1	7,398.1	8,327.6	9,370.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 10 Financial Cards: Number of Cards in Circulation 2005-2010**

'000 cards	2005	2006	2007	2008	2009	2010
ATM Function	920.0	5,808.0	8,665.0	14,950.0	21,300.0	28,648.5
Charge Card Function	-	-	-	-	-	-
Credit Function	265.0	272.0	285.0	325.0	349.8	384.8
Debit Function	920.0	5,808.0	8,665.0	14,950.0	21,300.0	28,648.5
Pre-Paid Function	65.0	120.0	150.0	230.0	363.0	464.6
Store Cards	-	-	-	-	-	-
Financial Cards in Circulation	1,250.0	6,200.0	9,100.0	15,500.0	22,000.0	29,480.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 11 Financial Cards Transactions: Value 2005-2010**

VND tn	2005	2006	2007	2008	2009	2010
ATM Transactions	17.2	180.2	214.8	235.2	270.5	357.1
Card Payment Transactions	4.5	14.3	22.3	38.5	58.1	78.3
- Charge Card Transactions	-	-	-	-	-	-
- Credit Card Transactions	2.7	2.9	3.2	3.7	4.3	5.0
- Debit Transactions	1.8	11.3	19.0	34.6	53.7	73.0
- Pre-Paid Transactions	0.0	0.1	0.1	0.1	0.2	0.3
- Store Card Transactions	-	-	-	-	-	-
Total Cards Transactions	21.6	194.5	237.1	273.7	328.6	435.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 12 Financial Cards: Number of Transactions 2005-2010**

Million transactions	2005	2006	2007	2008	2009	2010
ATM Transactions	16.6	159.2	230.9	380.9	520.0	702.0

- Charge Card Transactions	-	-	-	-	-	-
- Credit Card Transactions	0.7	0.8	0.9	1.1	1.3	1.5
- Debit Transactions	2.7	17.7	29.9	55.7	88.0	121.4
- Pre-Paid Transactions	0.1	0.1	0.2	0.3	0.4	0.6
- Store Card Transactions	-	-	-	-	-	-
Total Cards Transactions	20.2	177.9	261.9	438.0	609.7	825.5

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 13 Financial Cards: Number of Accounts 2005-2010**

'000 accounts	2005	2006	2007	2008	2009	2010
Charge Card Function	-	-	-	-	-	-
Credit Function	143.6	156.5	174.9	208.0	232.4	265.7
Debit Function	525.7	3,191.2	4,658.6	7,952.1	11,210.5	15,358.4
Store Cards	-	-	-	-	-	-
Financial Cards in Circulation	669.3	3,347.7	4,833.5	8,160.2	11,442.9	15,624.1

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 14 Financial Cards: Number of Cards by Issuer 2005-2009**

'000 cards Company	2005	2006	2007	2008	2009
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	-	-	-	3,360.0	4,917.0
East Asia Commercial Bank	198.7	1,030.1	1,483.3	2,510.4	3,652.0
Asia Commercial JSB	220.0	1,041.6	1,466.9	2,518.8	3,542.0
Vietnam Bank for Agriculture & Rural Development (Agribank)	165.0	812.2	1,228.5	2,015.0	2,750.0
Vietinbank - Bank for Investment & Development of Vietnam	106.3	600.0	1,000.0	1,650.7	2,270.4
Vietnam Joint Stock Commercial Bank for Industry & Trade (Vietinbank)	-	-	-	-	1,727.0
Saigon Thuong Tin Commercial JSB	94.1	446.4	637.0	1,054.0	1,518.0
Vietnam Technological & Commercial Bank	35.0	182.9	291.2	601.9	869.0
Vietnam Eximbank - Vietnam Export Import Commercial Joint Stock Bank	18.8	82.0	132.8	199.1	286.0
Vietcombank - Bank for Foreign Trade of Vietnam	256.3	1,438.4	2,020.2	-	-
Vietnam Bank for Industry & Commerce (Incombank)	120.0	500.0	723.5	1,212.1	-
Others	35.9	66.4	116.6	378.0	468.6
Total	1,250.0	6,200.0	9,100.0	15,500.0	22,000.0

Source: Euromonitor International from official

**Table 15 Financial Cards: Number of Cards by Operator 2005-2009**

'000 cards Company	2005	2006	2007	2008	2009
Vietnam National Financial Switching JSC	715.0	3,565.0	5,168.8	8,711.0	12,375.0
Smartlink Card Services JSC	300.6	1,500.4	2,211.3	3,859.5	5,517.6
Vietnam Bank Card JSC	140.0	719.2	1,082.9	1,867.8	2,662.0
Visa Inc	45.0	210.8	336.7	635.5	990.0
MasterCard International Inc	33.1	131.4	182.9	302.3	407.0
American Express Co	5.6	10.8	16.0	28.8	39.8
Others	10.6	62.3	101.4	95.2	8.6
<b>Total</b>	<b>1,250.0</b>	<b>6,200.0</b>	<b>9,100.0</b>	<b>15,500.0</b>	<b>22,000.0</b>

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 16 Financial Cards: Card Payment Transaction Value by Operator 2005-2009**

VND billion Company	2005	2006	2007	2008	2009
Vietnam National Financial Switching JSC	1,062.8	6,821.2	10,888.5	19,366.6	30,609.0
Smartlink Card Services JSC	458.5	2,946.0	5,520.4	9,977.8	15,036.0
Vietnam Bank Card JSC	179.2	1,189.7	1,941.7	3,533.8	5,370.0
Visa Inc	1,778.2	1,906.6	2,093.1	2,370.7	2,647.1
MasterCard International Inc	862.0	908.2	986.5	1,134.7	1,268.4
American Express Co	56.7	117.9	176.9	328.1	476.0
Vietcombank - Bank for Foreign Trade of Vietnam	-	-	-	-	-
Others	62.8	384.7	701.8	1,798.7	2,743.1
<b>Total</b>	<b>4,460.2</b>	<b>14,274.3</b>	<b>22,308.8</b>	<b>38,510.5</b>	<b>58,149.7</b>

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 17 Financial Cards: Card Payment Transaction Value by Issuer 2005-2009**

VND billion Company	2005	2006	2007	2008	2009
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	-	-	-	11,181.0	15,264.0
East Asia Commercial Bank	114.2	906.5	2,379.5	5,196.8	9,397.5
Asia Commercial JSB	2,570.4	3,486.8	4,458.7	6,312.9	8,839.2
Vietnam Joint Stock Commercial Bank for Industry & Trade (Vietinbank)	-	-	-	-	7,518.0
Vietnam Bank for Agriculture & Rural Development (Agribank)	154.6	997.1	2,284.3	3,949.6	5,101.5
Vietindebank - Bank for Investment & Development of Vietnam	19.3	170.0	571.1	1,732.3	2,953.5
Vietnam Technological &	-	-	-	149.1	370.6

Commercial Bank Saigon Thuong Tin Commercial JSB	19.9	47.6	54.3	119.3	150.2
Vietnam Eximbank - Vietnam Export Import Commercial Joint Stock Bank	17.8	24.9	34.1	56.8	75.6
Vietcombank - Bank for Foreign Trade of Vietnam	1,358.3	5,926.2	7,171.4	-	-
Vietnam Bank for Industry & Commerce (Incombank)	115.9	1,189.7	2,379.5	4,677.1	-
Others	89.7	1,525.4	2,975.9	5,135.7	8,479.5
<b>Total</b>	<b>4,460.2</b>	<b>14,274.3</b>	<b>22,308.8</b>	<b>38,510.5</b>	<b>58,149.7</b>

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 18 Consumer Payments Forecast: Value 2010-2015**

VND tn	2010	2011	2012	2013	2014	2015
Card Payment Transactions (Excl Commercial)	77.3	88.2	98.4	108.4	117.2	126.2
Electronic Direct/ACH Transactions	36.7	46.9	58.7	69.8	78.9	85.2
Paper Payment Transactions	632.8	670.1	699.9	720.6	734.8	742.1
- Cash Transactions	630.5	668.4	698.4	719.4	733.8	741.1
- Other Paper Payment Types	2.3	1.8	1.4	1.2	1.1	0.9
Consumer Payment Transactions	746.8	805.2	857.0	898.8	930.9	953.4

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 19 Consumer Payments Forecast: Number of Transactions 2010-2015**

Million transactions	2010	2011	2012	2013	2014	2015
Card Payment Transactions (Excl Commercial)	123.2	154.1	183.6	211.6	237.8	265.1
Electronic Direct/ACH Transactions	15.2	20.5	27.3	35.4	45.0	55.4
Paper Payment Transactions	9,231.9	9,831.8	10,323.3	10,684.5	10,951.6	11,115.8
- Cash Transactions	9,231.2	9,831.3	10,322.8	10,684.1	10,951.2	11,115.5
- Other Paper Payment Types	0.7	0.6	0.5	0.4	0.4	0.3
Consumer Payment Transactions	9,370.3	10,006.4	10,534.1	10,931.6	11,234.4	11,436.2

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 20 Financial Cards Forecast: Number of Cards in Circulation 2010-2015**

'000 cards	2010	2011	2012	2013	2014	2015
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ATM Function	28,648.5	36,956.6	45,087.0	51,850.1	57,035.1	60,172.0
Charge Card Function	-	-	-	-	-	-
Credit Function	384.8	450.2	558.0	714.5	930.3	1,221.8
Debit Function	28,648.5	35,810.6	42,614.6	48,154.5	52,488.5	55,112.9
Pre-Paid Function	464.6	562.2	657.8	743.3	817.6	883.0
Store Cards	-	-	-	-	-	-
Financial Cards in Circulation	29,480.0	37,734.4	45,658.6	52,507.4	57,758.2	61,223.7

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 21 Financial Cards Forecast: Value 2010-2015**

VND tn	2010	2011	2012	2013	2014	2015
ATM Transactions	357.1	421.3	471.9	504.9	525.1	530.4
Card Payment Transactions	78.3	89.2	99.7	109.9	119.1	128.5
- Charge Card Transactions	-	-	-	-	-	-
- Credit Card Transactions	5.0	5.7	6.9	8.8	11.4	15.0
- Debit Transactions	73.0	83.3	92.4	100.7	107.3	113.2
- Pre-Paid Transactions	0.3	0.3	0.3	0.4	0.4	0.4
- Store Card Transactions	-	-	-	-	-	-
Total Cards Transactions	435.3	510.6	571.6	614.8	644.2	658.9

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 22 Financial Cards Forecast: Number of Transactions 2010-2015**

Million transactions	2010	2011	2012	2013	2014	2015
ATM Transactions	702.0	912.6	1,095.1	1,242.9	1,361.0	1,445.4
- Charge Card Transactions	-	-	-	-	-	-
- Credit Card Transactions	1.5	1.9	2.5	3.4	4.7	6.5
- Debit Transactions	121.4	151.8	180.6	207.7	232.7	258.3
- Pre-Paid Transactions	0.6	0.7	0.8	1.0	1.1	1.2
- Store Card Transactions	-	-	-	-	-	-
Total Cards Transactions	825.5	1,067.0	1,279.1	1,455.1	1,599.5	1,711.4

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 23 Financial Cards Forecast: Number of Accounts 2010-2015**

'000 accounts	2010	2011	2012	2013	2014	2015
Charge Card Function	-	-	-	-	-	-
Credit Function	265.7	321.5	411.6	543.3	728.0	982.7
Debit Function	15,358.4	20,273.1	25,949.6	32,177.5	38,613.0	43,246.6
Store Cards	-	-	-	-	-	-
Financial Cards in Circulation	15,624.1	20,594.6	26,361.1	32,720.7	39,340.9	44,229.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

## DEFINITIONS

This report analyses the market for Financial Cards and Payments in Vietnam. For the purposes of the study, the market has been defined as follows:

### Atm Function

An ATM card (also called a cash card, cash dispenser card or cash machine card) enables access to an ATM machine in order to receive cash or monitor account activity. Functionality is limited to withdrawals and services available via an ATM machine.

### Debit Function

Debit cards merge the functionality of both an ATM card and direct payment from a bank account (a check substitute in some markets). A debit card allows the cardholder to receive cash and monitor account activity at an ATM machine, as well as pay for goods and services. A debit card transaction involves the automatic withdrawal of funds from the cardholder's demand deposit bank account (checking or giro). Since the funds are removed from a bank account, no interest is charged on payments.

### Credit Function

Credit cards allow for purchases against a preapproved line of credit. The account holder has the choice of whether to pay off the entire balance or opt for monthly installments with the balance serving as revolving credit. Credit cards can include affinity cards, reward cards and types of co-branded cards. Co-branded retailer cards—issued by retailers acting as financial institutions and without usage restrictions—are included in this category. Cards issued by a retailer with usage limited to a specific store within a predefined retail group fall under the store cards' definition. Debit cards with an overdraft function are not counted as cards with a credit function.

### Commercial Credit Cards

A commercial card is issued to a business for use in paying expenses such as travel and entertainment and supplies. Commercial credit cards provide companies with a revolving line of credit. Commercial cards allow employers to closely monitor how employees allocate company funds. The card statements also provide companies with a record-keeping benefit. Types of commercial credit cards may include small business, corporate, fleet and purchasing.

### Charge Card Function

A charge card shares the “pay later” component with credit cards. However, charge card balances normally have to be paid off in full monthly and do not attract interest charges. Charge cards do not offer a revolving credit facility.

### Commercial Charge Cards

A commercial card is issued to a business for use in paying expenses such as travel and entertainment and supplies. Commercial cards allow employers to closely monitor how employees allocate company funds. The card statements also provide companies with a record-keeping benefit. Types of commercial charge cards may include small business, corporate, fleet and purchasing.

### Open Loop Pre-paid Function

The open loop pre-paid card/function category contains General-Purpose Reloadable (including electronic purses), Payroll, Travel, Remittance, Network Branded Gift, Insurance, Government Benefits, Healthcare, and Employee Benefits cards. Open loop pre-paid cards are network-branded cards or national e-purse chips and do not possess any acceptance point restrictions other than those of the network or e-purse brand.

## Closed Loop Pre-paid Function

The closed loop pre-paid card/ function category includes Merchant Issued Gift, Transportation, Parking and Toll. Usage of these types of cards is restricted to a “closed” network of pre-defined acceptance points and locations. Note: This category does not include phone cards.

## Store Cards

A store card (also known as a retailer or private label card) contains a “pay later” component similar to credit cards. However, store cards must contain usage limited to purchases at specific stores within a predefined retail group. Credit cards issued by retailers acting as financial institutions and without usage restrictions fall into the credit card category.

## Pre-paid

### General-Purpose Reloadable

Sometimes known as ‘e-purses’ or ‘e-wallets’, general purpose reloadable prepaid cards serve as a general cash substitute for consumers and are not intended for a specific purpose such as a gift. They can be loaded and re-loaded with funds and used to make purchases at a POS terminal; some, but not all general purpose reloadable cards can be used to withdraw funds at an ATM. They can be either network-branded cards or a chip that is attached to another type of card (typically debit). Several markets have national chip-based e-purse or e-wallet schemes, including Germany’s Geldkarte and France’s Moneo.

### Payroll cards

Payroll cards serve as a substitute to a check or direct deposit and provide employees with access to their salary or wages via ATM withdrawals and purchases. Payroll cards are most often used for the unbanked, itinerant and short-term hire/contract staff and expense payments, one-off and final salary payments, staff relocation cards and staff allowance cards.

### Travel cards

Travel cards serve as an alternative to travelling with cash or travellers cheques. These cards are not linked to a bank account, but the loaded value can be accessed via ATMs. These cards offer a similar level of security to travellers cheques in that they can be easily replaced if lost or stolen. They should not be confused with charge cards which may be referred to as travel and entertainment cards.

### Remittance payment cards

Money transfer cards used for sending funds primarily cross-border. Highest usage of these cards occurs in populations such as migrant workers looking to send money back to their families.

### Network Branded Gift cards

Similar to merchant issued gift cards, network branded open loop gift cards (Visa, MasterCard or American Express) allow the cardholder to purchase goods and services up to the value of the card. Unlike retail merchant-issued gift cards, these cards offer an open loop provision which provides access to an operator's merchant network. They are marketed to be intended as gifts and their design characteristics often focus on occasions, such as birthdays or weddings.

### Government benefit cards

Government benefit cards include any public welfare benefits such as Social Security or child benefit payments.

### Insurance claim cards

Insurers issue these cards to claimants as a means to help replace lost, damaged and stolen goods. Exclusions may apply including the type of stores available for use and the type of merchandise available for purchase.

### **Healthcare cards**

This card provides cardholders access to their health insurance accounts without the need to fill out claim forms for reimbursement of expenses. The card is limited to payment to medical providers, prescriptions and approved over-the-counter items. Despite these restrictions on purchasing, these cards are cataloged as open loop due to the presence of the network branding and ability to purchase from a somewhat limited variety of merchants.

### **Employee benefits cards**

Employee benefits cards function as part of an employee's compensation and cover areas such as food and fuel. These are not to be confused with corporate gift cards which serve as part of an employee incentive or reward programs. Cards intended to acknowledge employee achievement or act as an incentive are counted as gift cards.

### **Merchant Issued Gift cards**

A closed loop prepaid card issued by a retail outlet that allows the cardholder to purchase goods and services up to the value of the card. These gift cards are only redeemable at a specific retail outlet or limited to a specific retail group.

### **Transportation cards**

Transportation cards are foremost e-tickets that allow access to public transportation. These cards serve as substitutes for bus tokens and train tickets. Funding occurs through a link to a credit or debit account or through vending machines/kiosks typically located on-site at the bus or train stations. Innovative players have expanded the functionality to include use as a substitute for small ticket items usually reserved for cash transactions. As such, multipurpose cards such as Oyster and Octopus, which serve primarily as a means to gain access to public transportation, are considered transportation cards.

### **Parking and toll collection cards**

Parking and toll collection cards afford drivers convenience and speed in not having to locate coins and small paper denominations. Parking cards typically fund electronic meters, while radio frequency identification (RFID) enabled cards allow drivers to pass quickly through tolls. These cards are funded either by a preset credit or debit account or using machines located at terminals or other varied locations (e.g., supermarket). If toll payment happens via a contactless plastic device attached to the car's windshield instead of via a plastic card, as long as the transaction runs over a card payment network, it can still be considered a prepaid card and its transactions can be considered prepaid card transactions.

### **Contact Smart Card**

A smart card contains an integrated circuit—either a memory or microprocessor—used for identification, data storage and processing. While a card reader is required to transfer data to and from a central computer, smart cards offer enhanced security by carrying the information on the card itself instead of accessing a remote database. Magnetic stripe cards are vulnerable to tampering and identity theft through equipment readily accessible to fraudsters. Smart cards are also referred to as “chip cards.” Contact smart cards typically possess a gold plated contact plate on the surface which must come into contact with a smart card reader in order to facilitate communication of data and commands.

### **Contactless Smart Card**

Both the contactless card and the reader employ antennae to transmit data back and forth via radio frequencies. This allows the contactless card to function within a range of the reader (typically inches) instead of requiring contact between the two devices. Alternate payment instrument forms such as key fobs, mini cards attached to key chains and toll payment devices are included in this category.

## Card Expenditure by Location

### Card holder Present

Transactions accompanied by the cardholder or card at the point-of-sale.

### Card holder not present

Transactions which occur without the card or cardholder present at the point-of-sale. Examples include orders over the Internet, by mail, telephone or fax.

## Card Expenditure by Sector

### Food, Beverages, Tobacco

Expenditure on food, non-alcoholic and alcoholic beverages and tobacco brought into the home.

### Operation of personal transport

Consumer expenditure on operation of personal transport equipment consists of consumer expenditure on spare parts and accessories for personal transport equipment, fuels and lubricants for personal transport equipment, maintenance and repair of personal transport equipment and other services in respect of personal transport equipment.

### Household goods and services

Expenditure on furniture and furnishings, carpets and other floor coverings, household textiles, household appliances, glassware, tableware and household utensils, hardware and DIY goods, household and domestic services.

### Transport

Expenditure on: purchase of cars, motorcycles and other vehicles, operation of personal transport equipment and transport services. Purchases of transport services are generally classified by mode of transport: rail travel, buses, coaches and taxis, air travel and other travel. Costs of meals, snacks, drinks, refreshments or accommodation services have to be included if covered by the fare and not separately priced. If separately priced, these costs have to be classified in consumer expenditure on catering. School transport services are included, but ambulance services are excluded (consumer expenditure on outpatient services).

### Clothing and footwear

Expenditure on clothing and footwear.

### Leisure and recreation

Expenditure on audio-visual, photographic and information processing equipment, other major durables for recreation and culture, other recreational items and equipment, gardens and pets, recreational and cultural services, newspapers, magazines, books and stationery and package holidays.

## Domestic Versus Foreign

### Domestic spend

Any purchase made in the country where the card has been issued

### Foreign spend

Any purchase made outside the country of issuance

## Value Lost To Fraud

### Counterfeit cards

Counterfeit cards include the following: a dummy or fake card that has been printed, embossed or encoded so as to appear to be a legitimate card; a card that has been validly issued but subsequently altered or re-encoded; a card which has been subsequently embossed or encoded without the authority of the issuer. Counterfeit cards are also referred to as cloned or skimmed cards.

### Card stolen or lost in the post

Any card that is stolen in the post and used without the authority of the issuer.

### Card not present

Unauthorized transactions that occur without the merchant having access to the physical card (e.g. mail order and telephone order). Examples include phishing and any other method whereby the fraudster uses the card information without ever taking possession of the card.

### Card lost or stolen

Any card that is stolen or lost and used without the authority of the issuer.

### ID fraud

The unauthorized use of an individual's information in order to obtain financial cards in their name and saddle them with the debt obligation. ID fraud must involve the opening of a new card account with a stolen ID, not the unauthorized use of an existing account or card. Any fraud that occurs with an existing account or card does not belong in this category.

Sources used during research include the following:

Summary 1	Research Sources
Official Sources	State Bank of Vietnam
Trade Associations	Vietnam Bank Card Association
Trade Press	Intellasia Finance Vietnam
	Thanh Nien
	Vietnam Panorama Banking & Finance News

Source: *Euromonitor International*