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VIETNAM VIRTUAL BANKING

Digital Banking Heats up in Vietnam Amid COVID-19, Booming E-Commerce Sector

by Fintechnews Vietnam / November 18, 2020

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In Vietnam, digital banking development is accelerating on the back of rapid fintech adoption, a booming e-commerce industry and the COVID-19 pandemic.

Social distancing measures put in place to prevent the spread of the virus have pushed consumers towards online commerce and digital payments, two trends experts believe are here to stay.

In Q2 2020, overall visits to shopping apps in Vietnam reached 12.7 billion, growing 43% quarter-on-quarter and surpassing that of most other Southeast Asian countries, according to a report by VNExpress. Across Southeast Asia, Vietnam ranked third in the region by number of visits and accounted for 19.5% of online shopping traffic.

Digital payments have also significantly increased this year amid the COVID-19. In Q1 2020, electronic payments increased by 76% with the total value of transactions jumping 124% compared to Q1'19, according to a report by Vietnam Times.

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M-Service, the operator of mobile wallet MoMo, [said](#) payments have doubled since February 2020. Vietnam Payment Solution Company (VNPAY) [said](#) it saw a 600% increase in payment transactions on its VNPay – QR Payment Gateway in February.

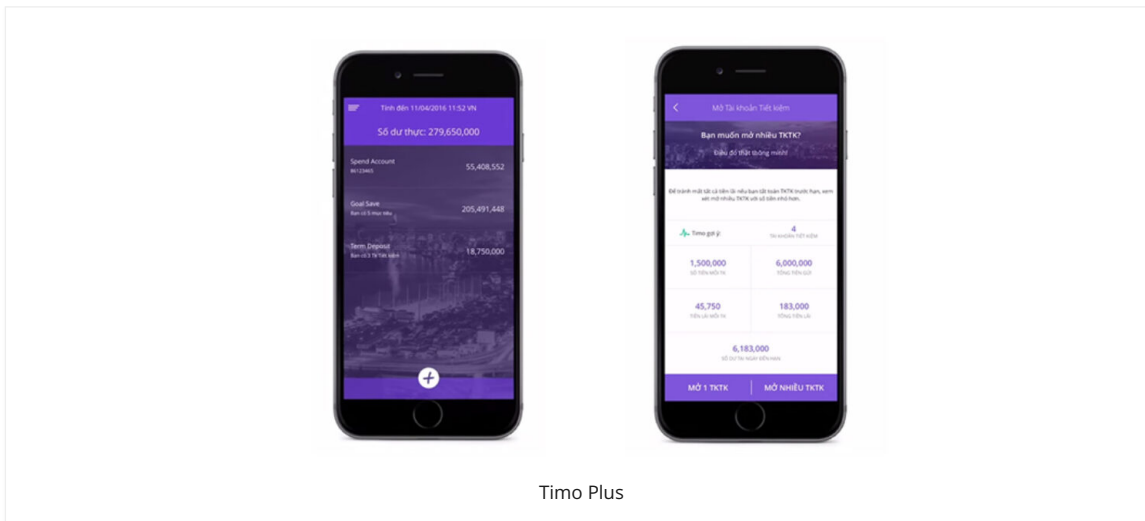
These rapidly changing customer behaviors are forcing banks to ramp up their digital transformation. Last month, Vietnam's Tien Phong Commercial Joint Stock Bank (TPBank) [announced](#) a partnership with digital-first banking platform Backbase to provide the bank's customers with digital-first products and services. The Joint Stock Commercial Bank for Foreign Trade Vietnam (Vietcombank) [launched](#) its new digital bank service, VCB Digibank, in July, integrating its online trading platforms.

The government has also been pushing for greater development and adoption of technology within the banking and financial sector, with SBV governor Le Minh Hung [citing](#) promoting non-cash payments, digital banking and green banking as the three top priorities for the industry for the 2020-2025 period.

In the fintech startup community, Vietnamese players continued to attract investors' interest this year. Just last month, fintech startup Fvndit [raised](#) US\$30 million for its Vietnamese peer-to-peer (P2P) lending firm, and Kim An Group, which specializes in credit scoring technology, [secured](#) an undisclosed Series A funding round.

E-payment company NextPay is currently in talks with investors from the US, Japan, South Korea and China to [raise](#) up to US\$100 million in the first quarter of 2021 for 20% of the company. NextPay provides mobile points-of-sale (POS) devices and an app for cashless payments. It claims 70,000 merchants in Vietnam and aims to increase the number to 300,000 by 2023.

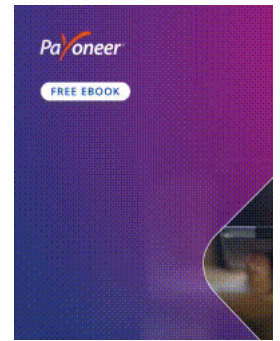
A lot has happened for Timo, Vietnam's first digital banking platform, this year too. After five years of operation, Timo, a service operated by Lifestyle Project Management Vietnam, [dropped](#) its initial banking partner VP Bank and switched to Viet Capital Bank. The digital banking platform was rebranded to Timo Plus and introduced a new website and mobile app.



Over the span of two months, Timo Plus was faced with the daunting task of moving over 100,000 accounts onto the new platform, a spokesperson for the company told Fintech News Singapore.

The high volume of customers, coupled with banking regulations requiring wet signatures to fully onboard customers, forced the company to set up additional remote onboarding venues to accommodate all its clients, an issue that could have been avoided with rules facilitating remote onboarding such as electronic know-your-customer (eKYC).

"We ran into issues such as limited parking space in our Hangout locations and people dropping in or coming to their appointment at incorrect times," the spokesperson said. "We moved quickly to set up larger event spaces that had adequate parking and space for our Timo Care representatives and back-office staff to operate. Customers had to wait up to 1 month just to get in person their new ATM cards and giving a signature to change the accounts.



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“National ID system integration would go a long way in helping to eliminate the need for wet signature and would allow for full digital or remote onboarding. Much like we have seen in India and Europe, this would significantly increase adoption while keeping headcount costs under control.”

Timo Plus was officially relaunched on September 28 with a new CEO, Henry Nguyen, whose sprawling portfolio includes a McDonald’s franchise in the country and a Los Angeles football club.

Nguyen told Nikkei that unlike the old partnership with VP Bank where Timo was more of an external party to the bank, this new collaboration with Viet Capital Bank will see both companies working closely together to introduce new products.

Phoenix Holdings, which holds a controlling stake in Timo, is run by Nguyen and his wife Nguyen Thanh Phuong, daughter of ex-prime minister Nguyen Tan Dung and a board member at Viet Capital Bank.

On the 25th November, Fintech News Singapore will be speaking with industry experts about the exciting digital banking landscape in Vietnam. Registration for the webinar can be done [here](#).

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