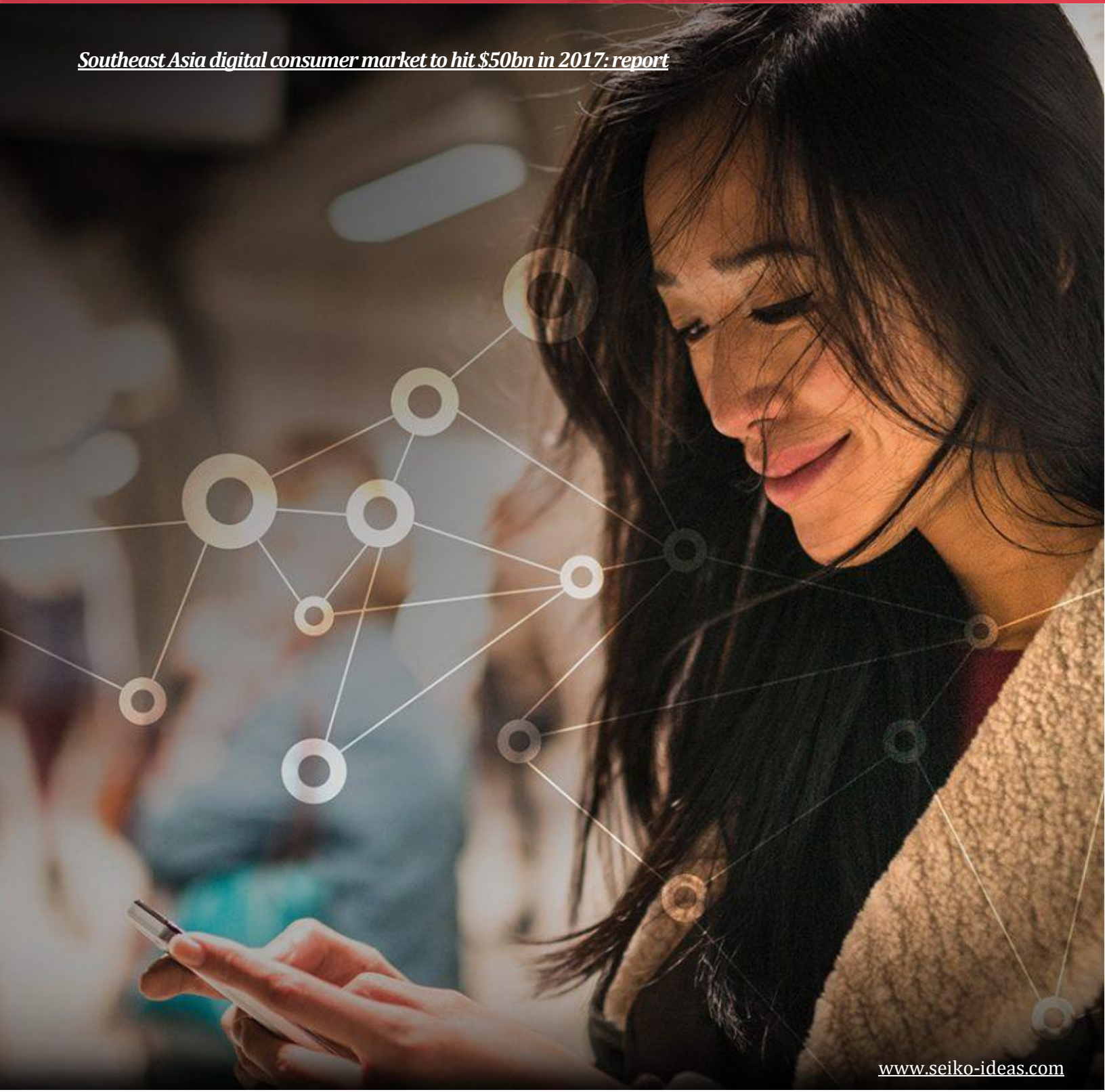


VIETNAM

BUSINESS REVIEW

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ECONOMY

Upbeat signs for Vietnamese rice exports

VNA - Encouraging signs for rice exports after a down-period have boosted the Vietnamese rice market.

According to the Vietnam Food Association (VFA), the country earned free-on-board (FOB) export value of more than US\$701 million from shipping 1.6 million tonnes of rice to foreign countries in the first four months of the year, down 14.2% in volume and 10.6% in value from the same time last year.

However, Vietnamese rice exports recovered somewhat in April after a big slump in the first quarter. Exporters sold nearly 510 tonnes of rice abroad last month on FOB value of US\$220 million, a year-on-year increase of 14.6 percent in volume and 9.75 percent in value.

VFA Chairman Huynh The Nang said that the Philippines plans to import 250,000 tonnes to augment its buffer stock for lean months from July to September.

Some exporters have won tenders to supply 40,000 tonnes of the grain for Malaysia. Meanwhile, 40,000 tonnes of Jasmine rice was shipped to Iraq.

Also, Bangladesh plans to buy 600,000 tonnes, including 50,000-100,000 tonnes of white rice with the remainder parboiled rice to offset crop damage caused by torrential rains.

Lam Anh Tuan, director of Thinh Phat Food Co., Ltd, predicted a bright future for rice exports. He said that the fall in Thailand's rice inventories will help the Vietnamese and global rice trade recover.

Furthermore, Vietnamese enterprises are more competitive than their competitors as each tonne of Vietnamese rice sells for US\$350-360 while Thai, Indian and Pakistani rice is purchased at more than US\$390 per tonne, he added.

The VFA said that drop in rice price has triggered an increase in the number of rice export contracts.

However, enterprises are unsure if the positive signs are enough to significantly boost Vietnamese rice exports, with worries of being unable to meet demand from foreign countries rife.

Improving rice quality and building rice brand names will make Vietnamese rice more competitive.



Vietnam's 2015 budget overspend tops US\$3.88bn: audit

TTN - The Vietnamese government's total expenditure in 2015 was nearly US\$4 billion more than budget estimates, a state audit has revealed.



Last year, the lawmaking National Assembly approved a budget spend of VND1,177 trillion (US\$51.85 billion), but real government spending actually reached VND1,265 trillion (US\$55.73 billion), according to the audit's report.

The VND88 trillion (US\$3.88 billion) overspend was attributed to improper budget allocations, haphazard spending and poor management of state capital, the state's auditor said.

Ministries, industries and local administrations allocated a combined VND308,853 billion (US\$13.61 billion) on investment projects, nearly US\$4 billion more than the original approved estimate of only VND225 trillion (US\$9.91 billion), according to the report.

The assessment, evaluation and approval of these state-invested projects, however, have been poorly executed, leading to excessive allocations of state capital.

Some projects had even prepared investment estimates that were higher than the approved budget.

For instance, while the project to build new headquarters for the Ministry of Foreign Affairs was initially allocated VND4,022 billion (US\$177.18 million), the total estimate for construction alone began as high as VND5,952 billion (US\$262.2 million).

After auditing the 1,228 state projects proposed by ministries and central and local agencies, the state's audit suggested that budget estimates for these plans be cut by VND12,399 billion (US\$546.21 million).

A further budget overspend was attributed to profligate spending by local administrations on public assets, such as government cars. For example, the administration of the Central Highlands province of Dak Lak was singled out for its purchase of eight new cars worth a total of VND9 billion (US\$396,476).

The government and state agencies have also overspent on 'regular spending,' or expenditure allowed for essential activities and operations.

The approved budget for regular spending by the National Assembly in 2015 was VND777 trillion (US\$34.23 billion) but the real outgoings were VND788.5 trillion (US\$34.74 billion).

BANKING & FINANCE

Big money flowing into VN stock market

VNN - Many new shares entered the bourse in late 2016 and early 2017, and the VN Index has bounced back to the 700 point threshold for the first time in the last nine years.

The liquidity has improved considerably with trading value of VND4.5 trillion in each trading session.

One month ago, Nguyen Huu, an investor, decided to buy Sacombank shares (STB).

"If I make a bank deposit, I would get an interest rate of a maximum 7 percent for six months. Meanwhile, with the investment in STB, I expect profit at 15-20 percent at minimum," he said.

Huu bought STB when the share price was at VND9,500 per share. And if he had sold the shares some days later, he would have made a profit of 10 percent.

According to Nguyen Duc Hung Linh from the Saigon Securities Incorporated (SSI), the cash flow to the stock market mostly came from big investors who prepare in financial capability and have big targets.

Many new shares entered the bourse in late 2016 and early 2017, and the VN Index has bounced back to the 700 point threshold for the first time in the last nine years.

The VN Index has for the first time in the last nine years has regained the 700 point threshold, while the trading value has reached VND4.5 trillion per daily trading session and foreign investors' portfolio value has reached the highest peak.

On May 15 morning, the stock market witnessed a record morning trading session with VND3.1 trillion worth of shares were traded. Investors were excited when seeing 56 shares hitting the ceiling

price level.

On May 16, the trading volume increased to VND3.659 trillion, an increase of 18 percent, the highest trading volume in the history of the Vietnamese market.

"There is so much money from new sources and new investors who are more hot-headed than old investors," the representative of a closed-end fund said.

Nguyen Tri Hieu, a renowned banking expert, at a workshop on the stock market held some days ago, commented that this was good news for Vietnam, but investors have been advised to be cautious.

"The index has been escalating rapidly. If the trend continues, I think the VN Index would reach the 740 point threshold or even higher," Hieu said.

Tong Minh Tuan from VCB Securities commented that the most important thing is that the stock market has more good commodities this year to offer.



"Foreign funds are very excited and they have taken action. I think the market would be even more busy towards the end of the year," Tuan said.

Other analysts also commented that they were optimistic about the market in 2017-2018, because there would be more good shares on the market once the state divests from several profitable companies.

Ngo Tri Long, a renowned economist, commented that in 2016, Vietnam was one of the five strongest markets in SE Asia.

Bad debts at US\$7 billion until March 31



VNA - Total non-performing loans (NPLs) of the entire credit institutions (CI) system until March 31, 2017 were VND160 trillion (US\$7 billion).

This was stated in a Government report released on May 22 at the National Assembly (NA)'s meeting.

The number, which was exclusively NPLs sold to the Vietnam Asset Management Company (VAMC), was equal to 2.56% of the institutions' total outstanding loans.

According to the report, the entire system of CIs recovered NPLs valued at more than VND610 trillion in the 2012-16 period. Of the total, over 56% were settled by the institutions themselves and the remaining were sold to VAMC and other individuals and institutions.

However, the restructuring of ailing CIs and settlement of bad debts still faced difficulties.

At this NA meeting, the Government submitted a resolution on bad debt settlement for approval.

Following the approval, the Government will instruct relevant ministries and agencies to streamline legal regulations on restructuring ailing CIs so that settlement of bad debts is more effective.

As per the State Bank of Vietnam (SBV)'s reports, after four years of implementing a project on restructuring the CIs system in 2011-15, there have been achievements, such as restructuring of a number of ailing banks and safety of the banking system and assets of the State and the people.

However, because of inadequate legal regulations, there remain obstacles to speeding up the restructuring of ailing banks and settlement of bad debts.

While dealing with weak CIs, SBV found the current regulations to be inadequate.

According to the central bank, the process of recovery and restructuring of weak CIs is difficult because there is no legal basis for applying solutions suitable to the situation. Also, there is no effective financial support to help weak CIs recover.

The law on the handling of mortgaged assets to recover debts still has many inadequacies related to the confiscation of mortgaged assets, especially land, which limits the progress and effectiveness of debt settlement.

INVESTMENT

Encouraged by high profits, more investors jump into property market

VOV - The number of newly set up businesses in the real estate sector in the first four months of the year increased sharply compared with the same period last year.

In addition, giants in other business fields have also jumped on the bandwagon.

More than 1,390 new businesses were registered in the real estate sector in the first four months of the year, according to MPI, an increase of 66% over the first four months of 2016, while registered investment capital soared by 50%.

Analysts said more investors pour money into the property market as they are encouraged by the high profits reported by property firms.

Dat Xanh (DXG), for example, reported net turnover of VND586 billion in Q1 2017, a sharp increase of 86% over the same period last year, and post-tax profit of VND151.6 billion, or 5.2 times higher.

Meanwhile, Thu Duc House (TDH), reported net revenue from sales and services at VND191.3 billion, up by 152.9%. Its post-tax turnover reached VND41.5 billion in Q1, three times higher than the same period last year.

Prior to that, TDH gained a high growth rate in 2016, when it for the first time had turnover of over VND1 trillion.

Following prosperity in 2016 and the first months of 2017, real estate firms have set high business targets for 2017. The Hoa Binh Construction & Real Estate JSC plans to obtain turnover of VND16 trillion and post-tax profit of VND828 billion this year, higher than the VND568 billion in 2016, a 586% increase compared to 2015.

The promising real estate market has attracted big players in other business fields.

CII, a big construction firm with many BT (build, transfer) projects, has joined the real estate market with the decision to set up CII Land to realize investments in two high-end real estate projects in the Thu Thiem new urban area.

Coteccons (CTD), another construction firm, has also set up a subsidiary specializing in real estate business. Convestcons, the subsidiary, with charter capital of VND26 billion, will act as broker and trader.

CTD's director Vu Duy Lam said the real estate market does not always prosper, so CTD needs to grab the opportunities now when the market is warm.

The real estate market is so attractive that it has lured seafood producers as well.

Saigon Seafood Import/Export JSC has announced it would pour VND250 billion into a 20-storey complex in Tan Binh district.

At a shareholders' meeting held days ago, the Hung Vuong Seafood Company said the company now owns a land fund large enough to prepare for the property sector this year.



Japanese firms eye organic agriculture in An Giang



VNA - Japanese businesses have expressed their wish to invest in organic agriculture and agricultural tourism in the Mekong Delta province of An Giang.

Toshitsugu Hagihara, General Director of Hagihara Company – one of Japan's leading businesses in organic agriculture, told local leaders at a working session on May 23 that his company wants to plant musk melon in glass houses using Japan's cutting-edge technologies, in the province.

Hagihara Company will firstly analyse soil samples in An Giang to put forth a suitable cultivation process and then send leading experts to the locality to transfer farming techniques to local farmers, he said.

If the work proves effective, the company will build factories processing farm produce, helping musk melon and other agricultural products of An Giang penetrate the Japanese market through supermarket chains.

Although An Giang has favourable conditions for organic agriculture, local farmers have yet to meet requirements of organic agriculture, he said.

Koichiro Abe, Director of Raycean Company, said Raycean and Hagihara are confident to become An Giang's important and long-term partner in organic agriculture and agricultural tourism development in order to raise competitiveness of local farm produce.

Vuong Binh Thanh, Chairman of the An Giang People's Committee, pledged that local authorities will help the Japanese businesses with legal procedures, promotion and technology transfer.

He highlighted low-cost labour force and production as advantages of An Giang despite its limitations in infrastructure.

A project to transfer technologies between An Giang and Hagihara is expected to be implemented in 2017, under which four musk melon farms will be built in Tinh Bien, Chau Doc, Chau Thanh and Thoai Son districts.

OTT-based foreign TV services booming

VietNamNet Bridge - Hundreds of foreign television channels from Japan, South Korea, China, India, Russia and Thailand are being provided to Vietnamese watchers via OTT (over the top) apps. Service providers are able to collect VND5.8-7 million from subscribers for one-year use.

Hoang Thinh TV Service Center (www.truyenhinhsohd3d.com) is one of the best-known service providers. It provides a service of installing TV channels for people living in Vietnam and to foreign restaurants, hotels and representative agencies in Vietnam.



Hoang Thinh's official website says the company provides 28 TV channels in Japanese, more than 250 Chinese TV channels, more than 100 Indian, 90 Russian and 36 South Korean. The services are being provided on OTT basis.

When reporters called Hoang Thinh on the hotline phone number given on the website and registered South Korean TV channels, an officer named Hung said Hoang Thinh will lend Box to users, free of charge, and users only need to have a 3MB internet transmission line. Hung said when Hoang Thinh and users sign contract, they will have to pay subscription fee for at least six months. A subscriber just needs to make registration via phone, Hoang Thinh's officers will come to install Box and set up TV channels.

Hundreds of foreign television channels from Japan, South Korea, China, India, Russia and Thailand are being provided to Vietnamese watchers via OTT (over the top) apps.

Users can extend their use when the subscription duration expires. In case they decide to stop using the service, the Box will be taken back by Hoang Thinh.

Also according to Hung, there are two service packages for South Korean TV. The first one, with which users can use 15 channels, has a service fee of VND5.8 million a year, while the second one, with 36 channels, has a service fee of VND7 million.

The subscription fees are much higher than subscription fees set by domestic pay-TV service providers (the highest level is VND125,000 a month).

"All the TV channels are in Korean. There will be some English channels for the 36-channel package," Hung explained. "Our server is located in Hanoi which allows very high speed of download. Therefore, a 2.5 MB Internet line would be enough."

Vu Gia Phat (www.vugiaphat.com) is another well-known foreign TV service provider in Vietnam and the services it provides are similar to that of Hoang Thinh.

Both Hoang Thinh and Vu Gia Phat are headquartered in HCMC.

Meanwhile, other service providers are not running ad campaigns like Hoang Thinh and Vu Gia Phat, but are leaving contact phone numbers on Google, namely Cham TV, Kool TV and Hanaro. The subscription fees set by the service providers are between \$25 and \$30 a month.

ENTERPRISES

Agriculture firms receive Gov't funds

VNS - State credit institutions will offer enterprises developing national agricultural products 70 per cent of investment capital support, said the Ministry of Planning and Investment (MPI).

MPI has finalised a draft decree on policies encouraging enterprises to invest in agriculture and rural areas to submit to the Prime Minister, saying that one of the main points of the draft is supporting the development of national key agricultural products.

The support capital will not exceed VND8 billion (US\$351,000) per project, focusing on assisting firms in infrastructure development including transportation, electricity, water, factories and equipment.

The projects eligible for the support must satisfy certain regulations. For coffee processing projects, the minimum processing capacity must be 2,000 tonnes per year for wet coffee, 20,000 tonnes per year for coffee beans using drying method, 4,000 tonnes per year for coffee powder or instant coffee.

For rice, the minimum processing capacity is 50,000 tonnes per year for regular white rice products and 3,000 tonnes per year for premium white rice products, whose export prices are one and a half times higher than regular products.

The figure is 1,000 tonnes of per year for pepper, 5,000 tonnes per year for cashew nut, 10,000 tonnes per year for vegetables and fruits (including canned vegetables and fruits).

For aquatic and marine products, the minimum capacity is 1,000 tonnes per year for shrimp and 5,000 tonnes per year for pangasius and other seafood.

Projects that provide seeds for key agricultural products will also receive 70 per cent investment capital support, with a maximum level of VND2 billion per project.

The MPI will also focus on supporting projects that process wood exploited from plantation forests, it said.

According to MPI's plan, enterprises processing wood harvested from plantation forests or bamboo processing in the northwest provinces, the Central Highlands provinces or provinces with poor districts, as regulated in the Government Resolution No 30a/2008/NQ-CP dated December 27, 2008, will be supported by the State budget.

Firms producing MDF (Medium-Density Fibreboard) wood with capacity of at least 30,000cu.m per year or those who have plywood factory with capacity of at least 100,000cu.m will be given a financial aid worth VND20 billion per factory.

Businesses who process particle board, bamboo and industrial laminated wood with minimum capacity of 20,000cu.m will receive capital of VND10 billion per factory.



ACA Investments acquires 20% stake in Bibo Mart

VOV.VN - Bibo Mart chain stores today (May 23) announced that a private equity fund managed by ACA Investments has acquired a 20% stake in its outstanding shares of common stock.

Founded in 2006, the Bibo Mart baby and mom chain of stores operates under the management of Bibo Mart JSC and specializes in providing products for moms during pregnancy and postpartum and children through six years of age.

The company started out with only two stores in 2006, but now that figure has grown to 120 nationwide.

FPT reportedly selling distribution business

VOV - FPT Corporation has reportedly sold its distribution business FPT Trading to US-headquartered Synnex Corp, retail sources told zing.vn.

The news website reported that the US company is finalising the acquisition of FPT Trading, but provided no other details on its stockholding.

FPT Corp's representative neither confirmed nor denied the information when contacted by Viet Nam News, saying it would announce the information at a proper time.



On its website, Synnex announced the acquisition of some companies in the North American and Latin American markets in June.

Synnex is a Fortune 500 corporation and a leading business process services company, providing a range of distribution, logistics and integration services for the technology industry.

FPT Trading contributed about 30-45% of total revenues of FPT Corporation in the past. The company is one of the top three biggest distributors of mobile phones, computers, tablets and accessories in Vietnam, together with Digiworld and Petrosetco. They import products and distribute to retailers such as FPT Shop, Mobile World, Tran Anh, Nguyen Kim across the country.

In its 2015 annual report, FPT Trading said it accounted for 21.4% of the mobile phone market share and 27.4% of the market share of other devices.

However, the big Vietnamese distributors have faced difficulties in recent years as giant foreign mobile producers, such as Apple and Samsung, have appointed their own distributors.

FPT Trading revenues declined 28% to VND12.5 trillion (US\$551 million) in 2016, and its profit was down 48% year-on-year to VND284 billion, accounting for just 9% of total profits of FPT Corporation in 2016.

Its 2017 first-quarter profit also plummeted 40% to just VND56 billion. However, some securities companies have forecast the company's business would recover towards the end of this year as the segment of technology devices has experienced a slight uptick.

MARKET & PRICES

Southeast Asia digital consumer market to hit \$50bn in 2017: report



Nikkei - An increasing number of Southeast Asian people are relying on digital means to purchase products and services, helping the region's internet economy to balloon to more than \$50 billion, according to a report by Bain & Co.

The management consulting firm found the number of digital consumers in the region had surged by 50% since last year to 200 million, following a survey of 2,400 people from six

members of the Association of Southeast Asian Nations -- Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam -- about their online consumer behavior.

Bain also found that about 230 million Southeast Asian individuals now count as "online engaged consumers" -- meaning that they have at least researched products or services online.

Lower-priced mobile phone models were a significant driver of the region's digital economy, with more Southeast Asian consumers using smartphones. Of the smartphones shipped in Southeast Asia over the past year, 62% were priced at \$150 or less, with 89% of internet users in the region using smartphones as their primary connected device. This in turn helped to boost mobile connectivity across the region.

Social media also played a significant role in the region's digital spending. The report found that 85% of users across the six countries use social media and messaging several times a day. At least 90% of respondents in every country surveyed except Singapore said that they had made a purchase using social media or had been influenced by such channels.

"Social is fast becoming a robust channel in its own right as users rely on it to find products, interact with sellers and ultimately make a purchase," Bain & Co. said. Travel and tourism forms the bulk of the region's digital market, with a value of \$22 billion in 2016, followed by e-commerce at \$15 billion.

As Southeast Asia continues to grow its digital economy, the report warned that the digital sector has taken a toll on certain industries such as shopping malls and travel agencies. Sebastien Lamy, partner at Bain & Co., noted that in Singapore, shopping malls have difficulties finding longer-term tenants as e-commerce grows, with many empty spaces being converted to temporary pop-up stores.

"Southeast Asia has become a proving ground for digitally native companies as well as traditional companies looking to tap into the digital market," Lamy said. "Those that can develop and implement a strategy focused on adaptability, flexibility and reinvention are likely to come out on top."

To get ahead of the digital wave, the report suggested that companies should use digital technologies and innovations to create new products and services, understand more about customers' experiences and reinvent their business.

Assembled-in-Vietnam cars are twice as expensive as Thailand's



VNN - Car prices in Vietnam are nearly two times higher than in other countries in the region such as Thailand and Indonesia, and much higher than in countries with developed automobile industries such as the US and Japan.

In the latest report about the auto industry development, the Ministry of Industry and Trade (MOIT) said the industry contributes billions of dollars to the state budget and helps reduce the trade deficit, while it creates 120,000 direct jobs.

By 2016, Vietnam had 173 automobile manufacturers and assemblers, of which 56 enterprises make cars from separate parts and 117 make products from base vehicles. Most of them have small scale operation. MOIT admitted that the automobile industry still cannot meet the requirements of a real automobile production industry as most of them do simple assembling.

Their production lines mostly undertake four works - welding, painting, assembly and inspection.

MOIT also pointed out that the car prices in Vietnam are still higher than in other regional countries. They are nearly two times higher than in Thailand and Indonesia, and much higher than the US and Japan.

This is attributed to high taxes and fees, and to the low domestic cumulative yield (enterprises' output is far lower than the designed capacity). The quality of domestically assembled cars is still lower than imports despite the considerable improvement recently.

MOIT has admitted the failure in the attempts to increase the localization ratio in less-than-9-seat cars. Vietnam hoped to see the localization ratio of 40 percent by 2005 and 60 percent by 2010. However, at present, the figure is just 7-10 percent.

Thaco, a Vietnamese owned enterprise announced the localization ratio of 15-18 percent, while Toyota Vietnam, a joint venture with Japan, reported the localization ratio of 37 percent for Innova model.

It is estimated that enterprises have to import \$2-3.5 billion worth of components to serve tdomestic assembling.

"The locally made content level in the products made in other regional countries is higher than Vietnam, at 65-70 percent, while it is 80 percent in Thailand. So, if domestic manufacturers don't have effective solutions to increase the localization ratio, they won't be able to compete with foreign products in the context of AFTA," the MOIT report said.

However, though many experts have advised to give up the dream of developing the automobile industry, MOIT persists in developing the industry.

By 2016, Vietnam had 173 automobile manufacturers and assemblers, of which 56 enterprises make cars from separate parts and 117 make products from base vehicles. Most of them have small scale operation.

HIGHLIGHTS

EY: Asian millennials more likely to bend corporate rules

Nikkei - Compared to other age groups, millennials might be more audacious and willing to subvert conventions. Yet, they are also more prone to compromising business ethics for survival despite professed aversion to working for unprincipled companies, according to a survey by accounting consultancy Ernst & Young.

The survey of 1,698 interviewees across 14 territories in the Asia-Pacific region found that a fair share of millennials, those aged between 25 and 34 or the so-called Generation-Y, would readily justify dubious behaviors to achieve business goals.

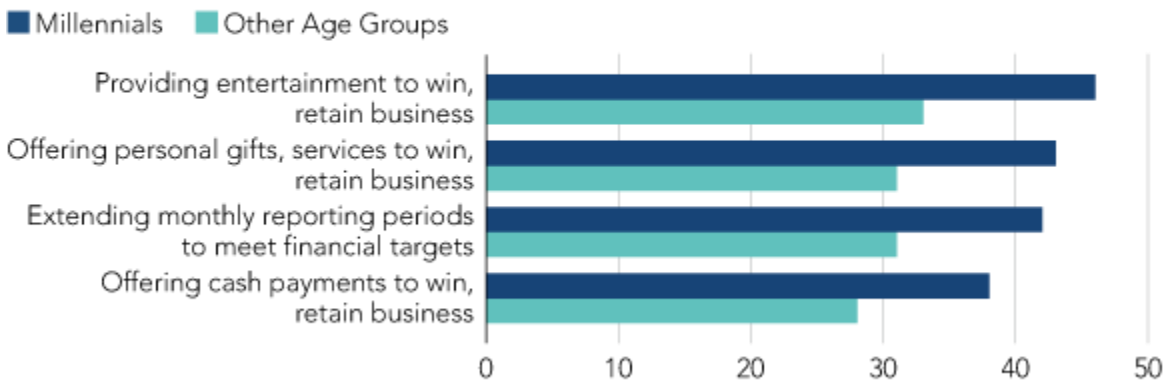
Some 43% of the Gen-Y respondents saw no problem in offering personal gifts and services to their business counterparts; while 46% deemed providing entertainment to clients appropriate. That is compared to 31% and 33% among other age groups respectively.

The proportion of mainland Chinese accepting such practices is even higher, at 51% and 53%.

In a similar vein, 38% of Gen-Y said they were prepared to offer cash payments to win or retain business, as opposed to 28% of other age groups. And 42% would love to extend monthly reporting periods to meet financial targets, versus 31% of other age categories.

Share of Interviewees who turn a blind eye to unethical business behavior

(in percent)



Source: Ernst & Young

That struck a contrast to their claimed integrity. In the survey, 87% of Gen-Y said they would look for another job should their organizations become mired in fraud, bribery or corruption scandals. More than two-fifths said they are willing to take pay cuts to work for scrupulous employers.

This has to do with "their lack of understanding of the way that these behaviors are non-compliant," Chris Fordham, who leads Ernst & Young's Asia-Pacific fraud investigation and dispute services, told reporters on Tuesday.

Fordham pointed out that millennials were less experienced and trained than the older workforce to grasp the potential impact of behaviors that cross the line. And such a knowledge gap was exacerbated by companies unable to come up with "clear and concise" compliance policies and procedures.

For instance, more than one-third of the respondents revealed that their organizations did not have a gift policy, or that the policy in place is vague and suitable gifts and entertainments options are not specified, and monetary limits not set.

Inconsistent treatment of colleagues also created confusion. According to the survey, 43% of the respondents saw people with questionable ethical standards being promoted, up from 40% two years ago. And 49% of the respondents noted their senior managers, though rejecting bribes themselves, tended to turn a blind eye to unethical behaviors of other employees if their actions helped attain corporate targets. The research came amid heightened regulatory requirement for traditionally non-professional sectors such as financial services, which saw their compliance costs more than double over the past two years, according to Manhim Yu, who leads Ernst & Young's anti-fraud and corruption management assessment practice in Asia.

"We see quite significant increase in a lot of financial institutions' compliance team," said Yu, noting that related headcount increased by as much as 80% in less than two years for some companies. Huge investments in automated systems in these companies to monitor transactions against potential crime also drove up costs, said Yu.

The survey was conducted online by research agency Ipsos between November and early February, spanning Australia, mainland China, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Singapore, Taiwan, Thailand, Vietnam, and the Philippines.

Of the 1,698 interviewees, 42% worked for sizable corporations with at least 5,000 employees; 22% was in the retail and manufacturing sector; 15% in information and computing technology, followed by 11% in financial services. In terms of company roles, 39% was in middle management, and 21% at senior levels.

Online tourism market potential remains untapped

VNN - Foreign online booking agents are fiercely competing for the online tourism market worth US\$9 billion in Vietnam.

Phuong Tram, 25, in HCMC, and her family members travel abroad every summer. In previous years, Tram booked tours and hotel rooms on Vietnam's websites. But she has decided to choose Traveloka, an Indonesian agent, this year.

Explaining her decision, Tram said when booking tours on Vietnam's websites, she had to carry out many operations. But now, she doesn't have to spend too much time on booking, because everything runs automatically.



ComScore ranks Traveloka among Indonesian leading companies in air ticket and hotel room booking. Sources said that Traveloka's revenue has exceeded US\$1 billion. The Indonesian firm has been present in Vietnam since 2016.

According to Nhip Cau Dau Tu, many other foreign online booking agents, such as Trivago and Bemyguest, are in Vietnam as they are attracted by the great potential in the market.

Google and Temasek estimated that the SE Asian online tourism market would have turnover of US\$90 billion by 2020.

Of this, the Vietnamese market would be worth US\$9 billion, accounting for 10% of the SE Asian market. At least 85% of the revenue is believed to flow to hotel room and air ticket booking.

The figures show Vietnam's strong attractiveness, especially when Vietnam does not have many experienced OTA (online travel agencies) and the market remains the playing field of TO (tour operators) and TA (tour agencies).

TO is the group of firms which have licenses to provide travel services, led by two familiar names – Saigontourist and Vietravel. TA is believed to be the 'arm' of TO that helps selling tours. Chudu24 and iVivu are the two best known names in the group.

However, the websites only provide information, and don't support online payment or confirm booking instantly.

TA is a traditional model which needs consultancy officers. Therefore, the more they develop, the higher operation costs they will need. This has led to the establishment of OTAs which can take full advantage of technology to reduce operation costs by cutting labor costs and expenses on business premises.

For hotel room booking, vntrip.vn is the best known name.

Meanwhile, abay and atadi are best known in air ticket booking. Uber, Grab and Vivu (Facecar in the past), dichung are known for car booking services.

There are Vietnamese businesses which were originally set up as TO but have shifted to become OTAs, such as tugo.com.vn and vietnamuniquefour.com.

In the hotel room booking market segment, foreign firms, including Traveloka and Trivago, have the upper hand. In Vietnam, Agoda.com has more than 7,600 hotel partners, while Booking.com has more than 6,000.

Vietnam's retail market is promising, but there are pitfalls

VNN - The Vietnamese retail market, which is promising and lucrative, has its problems, as many retail giants have gained big success in other markets, but not in Vietnam.

Family Mart has had losses in Vietnam, Thailand and Indonesia. Reuters quoted Koji Takayanag, president of FamilyMart UNY, which now owns the second largest convenience store chain in Japan, as saying that the chain has decided to stop injecting more money into Family Marts in Vietnam.

According to Tri Thuc Tre, Parkson reported another loss of VND20 billion in Vietnam in the first quarter of the year, which means a total loss of VND50 billion in the last nine months of the fiscal year.

Parkson Retail Asia has two subsidiaries in Vietnam – Parkson Hai Phong Co Ltd and Parkson Vietnam Company Ltd. The latter has two subsidiaries – Parson Vietnam Service Management Company Ltd and Parkson Hanoi Company Ltd.

Parkson Hanoi which manages two buildings Parkson Keangnam and Parkson Viet Tower. Both shopping malls have shut down (the former in January 2015 and Viet Tower in mid-December 2016). Also in 2016, Parkson Paragon in HCMC also stopped operation.

The Vietnamese retail market, which is promising and lucrative, has its problems, as many retail giants have gained big success in other markets, but not in Vietnam.

The Malaysian retailer's fiscal year will end in three months, but analysts don't think the business performance of the year will be satisfactory. Parkson's managers have admitted that it is more and more difficult to do business in Vietnam as the market is getting more crowded

Other retailers have left, including Metro Cash & Carry, Best Carings, Wonderbuy, HomeOne and Sapomart.

Meanwhile, market analysis firms, in their latest reports, say that Vietnam is a lucrative market.

Phap Luat quoted Pham Thanh Cong from Nielsen Vietnam as saying that it is among the top three markets of investors.

David Tan, CEO of Abeo Vietnam, said the Vietnamese retail market in 2016 was valued at \$118 billion with the 10 percent growth rate. Of this, revenue from food service reached a record high of \$41 billion.

In fact, though the Vietnamese market is attractive, it has become 'cramped' with the presence of many retailers, both foreign and Vietnamese.

According to Cong, there are 20 supermarket brands in Vietnam, while other countries have only five.

A report of the Ministry of Industry and Trade shows that Vietnam has more than 700 supermarkets, 132 shopping malls and hundreds of convenience stores. By 2020, Vietnam is expected to have 1,200-1,500 supermarkets and 180 shopping malls, while traditional markets still exist.

Though FamilyMart has taken a big loss, it will stay in Vietnam. While some retailers have left, others have arrived. Aeon Mall has announced the construction of a second mall in Hanoi.

CONTACT

For more information, please contact us:

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Research & Consulting Division

Our services	Market Research Business Matching Investment Consulting Translation - Interpretation Training (Language & Soft skills)
Our clients	Thinktanks, Universities Japanese & Vietnamese Government Organizations Manufacturers, Retail companies Advertisement agencies, Mass media, etc
Address	Floor 5 th – A Chau Building No.24 Linh Lang Str., Ba Dinh Dist., Hanoi, Vietnam
Telephone	+84-4-6275-5246 ; +84-4-6273-6989
Fax	+84-4-6273-6988
Email	newsletter@seiko-ideas.com
URL	www.seiko-ideas.com
PIC	Nguyen Thi Quynh Tram (Ms.)
HP	+84-91-4994-830

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