

*Vietnam will allow foreign investors to fully acquire weak banks, Deputy PM Vuong Dinh Hue has said.*



The government would sell banks it has acquired to foreign investors based on the Law on Credit Institutions, he told a forum on mergers and acquisitions held in HCMC on Wednesday.

On the list are Oceanbank, Vietnam Construction Bank, and Global Petro Commercial Joint Stock Bank.

Many investors have expressed interest in this new policy, he said.

The restructuring of the financial-banking industry has helped reduce its bad debts from 10.08 percent in early 2016 to 6.9 percent last June, and the government continues to encourage the acquisition of small banks and credit institutions by large banks.

“The number of credit institutions in Vietnam is still too high and we need to restructure the system,” Hue said.

The government plans to let the Vietnam Bank for Agriculture and Rural Development

(Agribank), the only 100 percent state-owned lender, launch an initial public offering next year.

The Bank for Investment and Development of Vietnam JSC (BIDV) and Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) will further sell government stakes.

The banking-finance sector accounted for 4 percent of the total M&A value in Vietnam last year, which stood at \$10.2 billion, the highest ever.

In the first half of this year that ratio climbed to 19.06 percent out of \$3.55 billion.

Foreign investors find Vietnam's banking sector attractive.

When Vietnam Technological and Commercial Joint Stock Bank (Techcombank) made an IPO in April hoping to raise \$922 million, global players like American private equity firm Warburg Pincus and privately owned investment manager Fidelity Management & Research Company and Singaporean sovereign wealth fund GIC Pte were among the investors.

South Korea's Shinhan Bank announced last April that its Vietnamese branch has acquired the retail business of ANZ Vietnam in the latest move to secure new growth engines in the emerging Asian market.

Earlier Shinhan Financial Group said its subsidiary, Shinhan Card, has completed the acquisition of Prudential Vietnam Finance.

Vietnam has nine wholly-owned foreign banks, four state-owned banks and 31 joint-stock banks.

## Vietnam clears decks for foreign acquisition of weak banks

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