



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Large-cap stocks drive VN-Index up in early earnings season

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.52 per cent to close at 988.22 points.

The VN-Index lost 0.46 per cent on Monday.

More than 178.3 million shares were traded on the southern bourse, worth VND3.56 trillion (US\$153 million).

Banks, securities firms, retail and technology companies were the main drivers of the stock market.

The four sector indices were up between 1 per cent and 2 per cent, data on vietstock.vn showed.

All large-caps in the four sectors advanced, including Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID), Techcombank (TCB), VPBank (VPB), SSI Securities (SSI), HCM City Securities (HCM), Viet Capital Securities (VCI), FPT Corp (FPT) and Mobile World Investment Corp (MWG).

These companies were the centre of attention on Tuesday due to their third quarter earnings prospects, Thanh Cong Securities Co (TCSC) said in its daily report.

Some banks were also among the first to report their third quarter earnings.

Vietcombank reported earnings of VND17.52 trillion in pre-tax profit over nine months, up 51 per cent year-on-year.

Sacombank (STB) reported nearly VND2.5 trillion worth of pre-tax profit in the same period, seeing growth in all of its key activities. TPBank (TPB)

earlier announced its nine-month pre-tax profit had grown 50 per cent to VND2.4 trillion.

Other industries that also progressed included real estate, insurance and building materials.

Despite the focus on these sectors, investors remained cautious due to little supportive news that could boost the market's overall sentiment, TCSC said.

Key factors include the US-China trade talks this week. Investors are eyeing the negotiations to see if the two largest economies in the world can come up with a deal to resolve trade tensions, which have dragged the global economy back in the past two years.

Caution would continue dragging on the VN-Index over the next few days, and the benchmark would continue to struggle in the current range, TCSC forecast.

On the negative side, agriculture, mining and energy, seafood processing, utilities and electricity fell, including PetroVietnam Gas (GAS), logistics firm Gemadept (GMD), brewer Sabeco (SAB) and dairy company Vinamilk (VNM).

On the Ha Noi Stock Exchange, the HNX-Index was up 0.18 per cent to end at 103.92 points.

The northern market index fell 1.36 per cent on Monday.

Nearly 21.8 million shares were traded on the northern bourse, worth VND341 billion.

## Macro & Policies

### 2. 70% of fintech firms in Vietnam are foreign-invested

A total of 154 fintech companies are operating in Vietnam, of which 70% are foreign invested, according to a survey conducted by Institute for Development and Research in Banking Technology under Vietnam National University of Ho Chi Minh City (VNUHCM-IBT).

Among those fintech firms, 37 firms operate in the field of payment services, 25 in lending and 22 in blockchain, crypto and remittance, while 70% of fintech companies in Vietnam are startups that have raised funds from investors in Japan, the US, Canada, Australia, UK, Denmark, France, and neighboring countries such as China, Singapore and Malaysia.

According to the survey, most fintech companies in Vietnam focus on three fields of services, including payment, peer-to-peer (P2P lending) and equity-based crowdfunding. Meanwhile, other fields such as management of assets, liquidity, investment, insurance and automatic financial consultation are at early stage of development.

As a result, VNUHCM-IBT expected fintech firms would compete for shares in the retail sector against traditional banks, especially as P2P lending, e-wallet, card payment are becoming more familiar in people's daily lives.

Hoang Cong Gia Khanh, director of VNUHCM-IBT, said as 70% of fintech firms are startups, the

formation of large scale fintech is difficult, in spite of having the backing of foreign investors.

The future outlook of fintech remains bright but equally challenging, said Khanh.

Global statistics showed there are 10,000 fintech firms in the world competing with banks in fields of payment, equity-based crowdfunding, lending, remittance and investment consultation.

Over the last few years, these fintech firms received hundreds of billions of US dollars.

Koh Noi Keng, CEO of Singapore-based Fintech Academy (FTA), said the introduction of fintech initially was considered as disruptor in the banking sector, but now has become the driving force for innovation and digital transformation.

FTA has recently signed a five-year cooperation agreement with the Ho Chi Minh City Computer Association (HCA) to transfer knowledge and technologies in field of fintech. As part of the agreement, the two parties would hold training course in artificial intelligence, blockchain, cloud and data for Vietnamese fintech community.

At the end of this month, HCA, along with FTA, VNUHCM-IBT and Vietnam Banking Association (VNBA), is scheduled to hold Vietnam ICT Outlook titled Shaping the future of Vietnam Fintech.

### 3. Vietnam fintech sector in the fast lane

The fintech sector currently focuses on three areas, payment, peer-to-peer lending and crowdfunding, according to a survey by the Banking Technology Development Research Institute (BTI), National University of Ho Chi Minh City, released at a fintech conference in HCMC on Monday.

Out of 154 fintech startups in the country, 37 operate in payments, 25 in P2P lending and 22 in blockchain and crypto and remittance, it said.

The rapid growth of fintech has transformed the financial and banking sector by offering consumers more convenient products and services.

Fintech companies in Vietnam are likely to continue encroaching on the retail market share of traditional banks, with peer-to-peer lending, e-wallets, payment and cashless payments becoming an integral part of everyday life.

However, areas such as asset management, liquidity management, investment management, insurance, and automated advisory services are still in their infancy.

Hoang Cong Gia Khanh, director of IBT, said: "Because 70 percent of Vietnam's fintech companies are still startups, it will be difficult to have large-scale fintech firms even with foreign capital."

Some 70 percent of them have foreign backers both from developed countries such as Singapore, Japan, the U.S., Canada, Australia, the U.K., Denmark, and France and neighboring countries such as China and Malaysia, he added.

Vietnamese fintech companies also face challenges like cybersecurity, human resource training and others.

Startups in fintech received more investment -- \$117 million -- than in any other industry in Vietnam last year, according to startup accelerator program Topica Founder Institute.

The country's fintech market was valued at \$4.4 billion in 2017 and is predicted to grow to \$7.8 billion by 2020, according to market research firm Solidiance.

#### 4. Japanese firms increase investment in Vietnam's agriculture

Up to 70 percent of Japanese businesses want to expand investment in Vietnam, especially in agriculture, a recent survey conducted by the Japan External Trade Organisation (JETRO) showed.

With huge consumption demand, stable economic growth and low labour costs, Vietnam boasts various advantages to attract Japanese firms, said Kazuko Nagura, Deputy Chief Representative of JETRO Hanoi.

As many as 48 Japanese companies invested in Vietnam's agricultural sector in the first nine months of this year, with combined registered capital of 270 million USD.

The projects were mainly invested in the northern province of Ha Nam and the Central Highlands province of Lam Dong.

Japanese investors are seeking a key partner for agricultural cooperation, while Vietnam, with huge potential for high-tech agriculture, is looking to bolster cooperation in the field.

According to the Japan International Cooperation Agency (JICA), the number of Japanese businesses doing market surveys to start investment in the country has been on the rise.

Mentioning Japan's agricultural development policy, JICA's Senior Advisor on Agricultural Development Police Yoshihisa Kimura said that the Japanese agricultural sector has succeeded in expanding its husbandry sector and fruit and vegetable planting, as well as given priority to large-scale rice cultivation.

He also shared measures to improve productivity through developing large-scale rice fields, which enable easier access to traffic and irrigation systems.

In addition, Japanese firms have paid special attention to international recognition on good agricultural practices (GAP) to gain consumers' trust and improve quality of products.

Japan is willing to share experience in the field with Vietnam to attract investment and boost farm produce trading, he said.

#### 5. Employee turnover accelerates at alarming rate

At Staff level, those who earn a salary below VND10 million (\$431.17) have the highest rate of

leavers at 29 per cent. However, at higher job levels such as team leader, manager, or director,

the higher the salary, the more intention they show to leave, especially among the four important departments of marketing, sales marketing, IT, and finance. This proves that high salaries or good positions do not necessarily mean that employees will endeavor and be loyal to the company.

“The leavers” ratio among young employees is much higher than other age groups. What's worth mentioning is that, even being happy with the current workplace, there are still more than 17 per cent planning to leave within the next one year.

Employees with less than two years of tenure are at the highest risk of leaving their job, especially at the management and director level, which is much higher than other tenure levels. Looking deeper across salary ranks, among the group of employees with a salary of over VND80 million (\$3,499), for every two people there will be one person thinking of leaving.

Not only is the turnover rate increasing, but the group of Regret Loss (employees who are planning to quit, but still show high effort) is also expanding alarmingly, which is three times higher than 2018.

Thanh Nguyen, CEO of Anphabe, said that employees leaving will create unexpected losses. From a recruitment view, it takes at least 15-20 per cent of the annual salary of that position to find a replacement.

According to a research of Society Human Resource Management, it can take nearly half a year salary just for the new recruits to get the hang of the job like their predecessors, not to mention becoming masters of the trade.

## 6. Japan, Taiwan top places for labour export in 2019

Nguyễn Gia Liêm, deputy director of the Department of Overseas Labour told a workshop on Việt Nam's labour export held in Quảng Ninh Province on Friday that Japan in particular was the market of greatest potential for Vietnamese workers.

And if the person leaving is good and hard-working, the "loss" will be much more serious: the knowledge and relationships are lost, the cost of training new people, etc. The total of these costs can easily add up to one-two years of the salary of the person leaving, which would yield a huge cost burden for businesses.

Based on the results of extensive surveys and in-depth analysis, Anphabe has identified four trends that make the situation of "leaving people" more and more serious, namely:

Working in different industries is not a big barrier anymore. The next destination for “The Leavers” is no longer limited to companies in the same industry, they can explore various options in new and fast-growing industries. Top 5 most attractive industries rated by talents besides their current industry include: banking, real estate, financial services, wholesale-retail-commercial, and especially hotels-food-hospitality. These industries in 2018 attracted a lot of non-industry personnel.

The number of newly-registered businesses is increasing rapidly (over 80,000 businesses in the first six months of 2019 alone), leading to the situation where they have to hunt for talents from existing companies.

32 per cent of people working in large enterprises share the desire to start a business in the future. As a result, more and more people are leaving their jobs to work for startups or start their own business.

In addition, migration (Vietnam is in the Top 10 emigration countries in the Asia-Pacific) is also the cause of the regrettable "brain drain" situation.

“Japan doesn't only pay well but also is a market of cutting-edge science and technology with highly skilled labour,” Nghiêm said.

Japan and Taiwan, however, were not the only countries and territories receiving Vietnamese workers.

Deputy Labour, Invalids and Social Affairs minister Nguyễn Thị Hà said there were up to one million workers deciding to work overseas under official contracts since 2006.

Labour export helped to alleviate the burden of creating jobs for the country's young and dense population, she said, which provided employment for approximately 10 per cent of the labour force.

While Việt Nam continued sending most of its workers to its main labour markets in East Asia, Middle East and Malaysia, the Government is looking to expand its pool of receiving countries, the deputy minister said.

Brunei, Singapore and Saudi Arabia recently started taking in Vietnamese workers while other developed nations like Australia, the United States and Canada as well as European markets like Finland and Italy were also destinations workers were heading.

Market expansion was in line with an increase of occupations Vietnamese people are taking, Hà said, including many opting to work in the health sector as nurses and auxiliary staff.

#### Low-skilled

The outlook for labour export may be bright, but the key challenge for Vietnamese workers to take advantage of such opportunity was their low skills, which greatly hindered them from higher incomes.

Professor Nguyễn Cảnh Toàn at Thăng Long University said the rate of skilled labour barely reached 20 to 30 per cent of the total overseas workers. Most of them, in fact, had manual labour jobs.

According to Toàn, a Vietnamese worker's monthly income minus living expense in markets of low pay like Malaysia ranged between VNĐ3 and 4 million (US\$130-173) or from VNĐ7 million

to VNĐ12 million in middle-paying countries including those in the Middle East and Eastern Europe. The workers could earn up to VNĐ15 million to VNĐ20 million in top paying markets like Japan, South Korea and Taiwan.

While English is considered to be “the key to open treasures” when working overseas, it was one of the weakest skills of Vietnamese labour, Professor Toàn said.

The average IELTS score of Vietnamese overseas workers stood at only 5.78, putting them in the low-middle group in terms of English proficiency, he said, lagging behind other ASEAN countries like Malaysia (6.64 points) and the Philippines (6.53 points).

Việt Nam Labour Export Association vice chairman Nguyễn Ngọc Quỳnh agreed that poor English was one of the biggest disadvantages of Vietnamese labour besides their disrespect to discipline.

“Many employers have said Vietnamese workers are hard-working but not following set rules and protocols,” Quỳnh said.

“Foreign companies now have to spend more time training our workers than those from other countries. But the training does bring out clear results, for example, workers in Japan after training have relatively good behaviour and quickly adapt to the new working environment.”

Professor Toàn said the Government had to find a way to improve the quality of the workers for their own sake as countries who set high demands for skills and discipline would also have very attractive salaries and good working conditions.

“Overseas workers now bring back US\$2.5-3 million of remittances every year. If we can enhance the quality and send them to developed markets to work, the remittance amount will surely be even higher,” he said.

## Corporate News

### 7. CII: Report on Change in Ownership by Major Shareholders - PYN ELITE DISCLOSURE

↑ 2.66%

Report on Change in Ownership by Major Shareholders - PYN ELITE DISCLOSURE of Ho Chi Minh City Infrastructure Investment Joint Stock Company as follows:

File Attachment

[20191008 CII-191008-Report-on-Change-in-Ownership-by-Major-Shareholders--PYN-ELITE-DISCLOSURE.pdf](#)

### 8. AST: BOD resolution dated October 04, 2019

↓ -2.89%

Taseco Air Services Joint Stock Company announces the Board resolution dated October 04, 2019 as follows:

1. Approving to collect shareholders' opinion in writing:

- Record date: November 15, 2019
- Meeting time: Notice later
- Meeting venue: Floor 4th, N02-T1 Building, Do Long Street, Xuan Tao Ward, Bac Tu Liem District, Hanoi.
- Content:
  - + To appoint the additional member of BOD;
  - + Other issues.

2. Approving to pay first cash dividend for 2019:

- Record date: November 15, 2019
- Exercise ratio: 20% (2,000 dong/share)
- Payment date: January 08, 2020
- Place of payment:
  - + Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.
  - + Shareholders whose shares have not been deposited: at Taseco Air Services Joint Stock Company.

3. Approving to appoint Mr. Dao Tien Duong as Person in charge of Corporate Governance as from October 04, 2019

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