VIETNAM DAILY NEWS

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Market Analysis

1. Banks' collapse weighs on the VN-Index

The VN-Index dropped for a third day in the last four sessions this week, weighed down by the collapse of the banking sector, while the HNX-Index increased for a second day on stronger money inflow.

On the Ho Chi Minh Stock Exchange, the VN-Index slipped 0.64 per cent to close Thursday at 1,301.13 points. The northern bourse's index has lost 3 per cent this week.

The slump of banking shares was the main drag.

Fifteen out of 16 listed banks on HCM City's exchange lost value and only Vietnam Maritime Bank (MSB) closed flat.

Vietinbank (CTG) was the biggest loser, down 3 per cent to VND31,200 (US$1.36) per share. Other big decliners also included BIDV (BID), Techcombank (TCB), Vietcombank (VCB) and Military Bank (MBB) with decreases of between 0.7 per cent and 2.2 per cent. These were five of the top 10 shares weighing the VN-Index most.

Other large caps also slumped. Only six of the top 30 largest shares by market value and liquidity (VN30) gained value while 24 declined. Big losers included Vingroup (VIC), Novaland Investment (NVL), steelmaker Hoa Phat (HPG) and PV Gas (GAS), down 1.2 per cent with losses of more than 1 per cent each.

On the bright side, seaports and warehouses gained strongly. Many firms extended gains in the afternoon trade including Gemadept (GMD), Hai An Transport and Stevedoring (HAH) and Vinalink Logistics (VNL) which closed the trade around the ceiling price.

The fertiliser group also gained. Big companies such as PetroVietnam Ca Mau Fertiliser (DCM) and PetroVietnam Fertiliser and Chemicals (DPM) increased 4 per cent and 5.6 per cent, respectively, while smaller firms such as Southern Fertiliser (SFG) even hit the daily limit rise of 7 per cent.

Liquidity increased slightly with more than 524 million shares worth VND17.8 trillion ($774 million) traded.

According to BIDV Securities, market breadth returning to a neutral state with lower liquidity compared to the previous period signalled cautious sentiment of investors. Thursday's correction also showed that investor sentiment is still weak and VN-Index is likely to move around 1,300 points in the next trading sessions.

On the Ha Noi Stock Exchange, the HNX-Index inched up 0.25 per cent to close at 336.85 points. The northern bourse's index rose 1.3 per cent on Wednesday.

More than 129 million shares worth nearly VND3.3 trillion were traded, up 6 per cent in volume and 12 per cent in value compared to the previous session.

Foreign investors remained net sellers in HCM City, offloading shares worth net value of VND604 billion, but they were net buyers in Ha Noi with a net buy value of VND17.5 billion.

Macro & Policies

2. Credit institutions commit to doing their bit for the pandemic recovery

The State Bank of Vietnam (SBV) last week released Official Letter No.5901/NHNN asking credit institutions to lower interest rates and provide free banking services to aid customers adversely hit by the pandemic. "The execution of programmes to lower interest rates and reduce service fees has to be substantial, effective, and deliver concrete outcomes," the SBV stated.

The first report is to be delivered no later than August 31.

"The SBV will strengthen supervision and publicly announce the results of interest rates and fee reduction programmes of each bank on mass media on a monthly basis," the central bank noted. "Banks failing to fulfil their commitments will bear the risk of stringent credit limit growth."

Previously, the central bank's Deputy Governor Dao Minh Tu indicated that 16 credit institutions had decided to commit to solutions to boost the economy until the end of the year with an anticipated value of over $890 million.

Particularly, the four big state-owned commercial banks also committed to lower interest rates for businesses and people in the most difficult localities. They have also eliminated all costs banking services for locations such as Ho Chi Minh City and Binh Duong province.

"In order for the assistance to be substantial, banks must periodically report outcomes of support measures as pledged to comply with the directive on helping the economy," said Tu.

State-owned lender BIDV claimed to help clients through a variety of relief measures. The bank is planning to continue to help its clients with an overall assistance of up to $156.5 million during the second half of the year.

A representative from southern Viet Capital Bank told VIR that the lender will strictly follow the SBV's directives and also implement relief measures like reducing rates and debts reschedules to support affected customers, thus contributing to the outstanding Vietnamese economy's success narrative.

Experts predicted that interest rate reductions were uneven in extent and length, depending on the loan portfolio structure of each bank. These places strain on banks' net interest margin (NIM) and, in turn, impacts their growth performance.

Particularly, in H2/2021, current rivalries among banks will become more intense in terms of fees and retail penetration, which is driven by cashless payments and the digital transition.

The NIM's growth tendency, on the other hand, is believed to be curtailed by favourable interest rate packages, according to Viet Dragon Securities Company (VDSC).

Lending yields will continue to shrink in H2, with further assistance packages, with varying effectiveness. In 2022, loan interest rates may rise again if the pandemic is well managed.

"With positive credit growth anticipated NIM is likely to decrease, while net interest income in the second half of 2021 is projected to increase slower than in the first," the VDSC concluded.

However, with the expectation that the pandemic will be controlled within September thanks to accelerated vaccinations, the banking sector could still enjoy the peak season in Q4 to help total credit growth of the economy reach 9-10 per cent in 2021, according to Tran Thi Hong Nhung, analyst at Guotai Junan Securities Vietnam.

In particular, the listed banking group will get an average credit growth of 15 per cent. In terms of profitability, there will a differentiation among state-owned banks, top commercial bank groups, and small commercial groups.

Nhung said, "Small -scale and focused customer segments make it easy for small commercial banks to expand credit balance and thus achieve impressive growth rates. In contrast, state-owned banks would face challenges for various reasons, such as eroded profits, as promoting customer support and reducing interest rates under the direction of SBV is affected by the pandemic and risks of increasing bad debts."

State-owned banks, such as Agribank, are often lagging in the digitalisation journey, while their large branch network across the country also bears the risk of high operating cost. The recent changes at the executive levels of Vietcombank and VietinBank might also shift their appetite and strategies.

VDSC predicted that banks' operating income will continue to soar steadily, although the expansion will be smaller than in H1/2021 when the SBV became more cautious in providing credit lines.

"In the medium and long run, the industry is projected to perform better in 2022, with the expectation that the economy would recover from the pandemic, particularly if the majority of the population is vaccinated," Nhung said.

3. MoIT prioritises the use of local oil and gas products as inventories soar

The Ministry of Industry and Trade (MoIT) has requested relevant stakeholders to prioritise the use of domestic oil and gas products as Viet Nam's oil refineries are facing a risk of halting due to high inventories during the COVID-19 pandemic.

Providing nearly 40 per cent of petroleum output for the whole country, Binh Son Refining and Petrochemical Joint Stock Company (BSR)'s representative said: "Currently the consumption of petrol and oil trading centres is decreasing sharply, leading to a rapid increase in inventories and almost no capacity for storage."

Though BSR's customers committed to receiving goods at over 70 per cent of the ordinary market demand in the last two months, the pandemic slowed demand for travel and transportation, so consumption dropped more than 30 per cent.

Now, Dung Quat Oil Refinery has an inventory of more than 210,000cu.m of petroleum products of all kinds and over 430,000cu.m of crude oil.

Nguyen Van Hoi, BSR's chairman, told the local media the firm has deposited 25,000 cu.m of RON95 gasoline in August.

"We are facing the risk of not having enough capacity to store our products as the warehouse system is almost full."

The firm said while domestic production of petrol and oil faced difficulties in consumption, petroleum imports in the past seven months remained high, putting pressure on BSR's petroleum production and making trade increasingly difficult.

According to the latest data of the General Department of Customs, petroleum imports of all kinds in July reached nearly 584,500 tonnes with a total value of US$387 million, up 8 per cent in volume and 21 per cent in value compared to June.

In general, in the past seven months, Viet Nam has spent $2.52 billion importing nearly 4.5 million tonnes of petrol and oil of all kinds with the average import price increasing by 38 per cent over the same period last year.

Data from the Vietnam Oil Corporation (PVOIL) shows that the total petroleum consumption volume of enterprises in August 2021 decreased by more than 40 per cent compared to the plan. In the context of implementing social distancing under Directive 16 in many provinces and cities, PVOIL's retail output decreased by 80 per cent in HCM City and southern provinces, 60 per cent in Ha Noi and 40 per cent lower across the whole market.

MoIT's Minister Nguyen Hong Dien has signed a document requesting the Vietnam Petroleum Association, the Vietnam National Petroleum Group, corporations and key traders in the import and export of petroleum and relevant stakeholders to prioritise the use of domestic products instead of imported ones.

As the base of most refineries in the country, earlier, the People's Committee of Quang Ngai Province sent a document to the Prime Minister to consider prioritising the use of petroleum from domestic oil refineries such as Dung Quat and Nghi Son to ensure the balance of supply and demand and minimise petroleum imports in order to support stable production and consumption of domestic units.

The document read: "Reducing the source of imported petroleum at this time will be a flexible solution to save domestic factories from the risk of halting operations, and at the same time help save foreign currency for importing domestic products."

From the end of July, BSR has gradually reduced the capacity of Dung Quat Oil Refinery and is currently operating at the minimum threshold of 80 per cent to help the plant operate safely.

At the same time, BSR has stored over 120,000 cu.m of RON 92/95 gasoline products and DO oil and also considered the option of chartering ships to store or export the products if the domestic market continues to deteriorate.

Regarding crude oil, BSR said it worked with PVOIL and partners to swap or slow down the schedule of receiving crude oil lots to avoid high inventories.

A representative of BSR said that because the market was facing difficulties in terms of petroleum consumption, the firm focused and shifted to producing and consuming petrochemical products.

The firm launched new PP plastic products to serve customers, competing with imported products from Korea, Thailand and Singapore.

Besides the efforts of enterprises, BSR's representative asked relevant authorities to have solutions to stabilise the market, regulate the output of imported petrol and oil to maximise the consumption of domestic products.

He said the authorities need to develop long-term policies with specific solutions to solve the oil refinery business amid natural disasters and the pandemic.

4. SHB sets to transfer 100% of capital in SHB Finance to Krungsri

SHB on Wednesday signed agreements to transfer charter capital at SHbank Finance Company Limited (SHB Finance) to Bank of Ayudhya in Thailand, commonly known as Krungsri – a strategic member of the Mitsubishi UFJ Financial Group (MUFG).

Accordingly, when the two parties fulfil certain conditions and meet the requirements as prescribed by law and obtain the approval of the State Bank of Viet Nam as well as relevant regulatory agencies of Viet Nam, Thailand, and Japan, SHB will transfer 50 per cent of SHB Finance's charter capital to Krungsri and will continue to transfer the remainder after three years.

The transfer agreement of SHB Finance will bring a significant capital surplus to SHB's shareholders as well as improve the financial capacity and SHB's reputation. The strategic co-operation between the two banks of the scale and position of Top 5 in Viet Nam and Thailand will open up opportunities for regional development and reach out to the world.

Do Quang Hien, SHB's Chairman of the Board of Directors, said: "The consumer finance market in Viet Nam has great potential and room for growth. After a period of selection and negotiation, we have found a suitable partner to contribute to bringing synergistic value in many aspects such as management experience; technology; improve financial capacity; network expansion, and new product development, international cooperation, enhancement of SHB's reputation and brand name in the region and in the world."

Krungsri President & CEO Seiichiro Akita said: "SHB's local expertise and an extensive network in Viet Nam complemented by Krungsri's strength in consumer finance will enhance SHB Finance's business competitiveness. Together, we will develop and deliver quality consumer finance products to customers in Viet Nam. This milestone also underscores our commitment to ASEAN Expansion Strategy following our current medium-term business plan covering 2021-23."

Being in the top 10 consumer finance companies in Viet Nam, SHB Finance is evaluated with a lot of growth potential and strength, with a charter capital of VND1 trillion, 100 per cent owned by SHB Bank - one of the licensed companies with the highest charter capital in the market.

Krungsri is the fifth largest financial group in Thailand in terms of assets, loans, and deposits in which Mitsubishi UFG Financial Group (MUFG) holds 76.88 per cent of the capital. MUFG is Japan's largest financial group and one of the world's largest financial organisations.

MUFG also has a lot of experience in operating in the Vietnamese market, holding 20 per cent of strategic shares in a large domestic bank in Viet Nam and has contributed to the bank's impressive development in the Vietnamese market in recent years.

5. Banks commit to reduce lending interest rate up to 1%/year for rice industry

In the face of the Covid-19 epidemic, which has negatively affected, obstructed and disrupted the supply chain of production, distribution, circulation, consumption, and export of rice, especially in the Cuu Long Delta region (Mekong Delta), on August 26, 2021 in Hanoi, the State Bank of Vietnam (SBV) held an online conference "Solutions of the banking industry contributing to solving difficulties for the rice industry in the Mekong Delta region". Standing Deputy Governor of the State Bank Dao Minh Tu chaired the Conference.

Bank credit strongly promotes rice production, purchasing, processing and consumption

At the conference, reporting on credit policies, solutions and results for the rice industry, Deputy Director General of the Credit Department for Economic Sectors Ha Thu Giang said that there are currently more than 50 credit institutions and more than 1,000 People's Credit Funds participate in lending rice and rice fields. Outstanding loans to the field of rice always have a high average growth rate in the period 2016-2020, an average increase of 24% per year. By the end of July 2021, outstanding loans of the rice industry reached VND 144,657 billion, an increase of 11.33% compared to the end of 2020.

Of which, according to loan purposes: outstanding loans for rice cultivation and production reached VND 34.819 billion, accounting for 24.07%; Outstanding loans for rice purchasing and consumption reached VND 97,402 billion, accounting for 67.33%, an increase of 15.77% compared to 2020; Outstanding loans for rice processing and preservation reached VND 12,435 billion, accounting for 8.6%.

This is a high credit growth rate in the context that the Covid-19 pandemic has seriously affected all economic sectors.

As for the Mekong Delta provinces, by the end of July 2021, the outstanding rice debt in the Mekong Delta reached VND 74,139 billion, up 15.45%, accounting for 51.25% of the national rice loan balance. From the beginning of 2021 until now, credit institutions in the Mekong Delta have granted credit lines of about VND 56,000 billion to businesses and traders to purchase and temporarily store rice, and have disbursed with a total accumulated amount of VND 93,000 billion to buy nearly 7.3 million tons of rice. The outstanding balance of purchase and consumption by the end of August 2021 is estimated at 51,500 billion VND, up 22% compared to 2020, accounting for 92% of the granted limit.

Faced with the situation of implementing social distancing in the Mekong Delta provinces and some other southern provinces, rice production, purchasing, processing and exporting chains are broken, making it difficult for businesses and traders to purchase and transport rice, leads to an increase in the demand for purchasing and temporary storage of rice. Directive 5747/NHNN-TD dated August 10, 2021, directed commercial banks to proactively balance, ensure full and timely response to capital needs and expand credit limits, providing traders and businesses with capital to purchase and temporarily store rice and increase the area and quality of storage, preservation and processing of rice and rice, contributing to minimizing traffic congestion and inventory in the Mekong Delta. Along with that, the SBV regularly coordinates with relevant ministries and sectors to closely monitor the situation of rice harvest in the Mekong Delta and handle difficulties affecting the circulation and export chain of goods in general and rice in particular in order to accelerate the release of inventories, continue to purchase rice, especially of the summer-autumn crop. Deputy Director of the Credit Department for Economic Sectors said that this is a difficulty but also an opportunity for credit institutions to boost lending for production, business and export of rice in the coming time..

6. Post-pandemic worries: Businesses

Due to the outbreak of the COVID-19 pandemic, many workers in industrial zones lost their jobs and had to "pack up" to return to their hometowns. However, when the epidemic is controlled, there is a risk that businesses in many localities will face serious labor shortage problem.

Ms. Le Thi Minh (from Ninh Binh) said that before the outbreak in Bac Ninh recently, she had more than 3 years working for a factory in Yen Phong district. When the epidemic broke out in early May, she chose to temporarily quit her job and return to her hometown to avoid the epidemic. "For more than 2 months now, Bac Ninh has received laborers from other provinces to return to work. My old company also called me back, but seeing that the epidemic was still unpredictable, I did not dare to go back to work," said Ms. Minh.

On August 26, talking to PV Tien Phong, Mr. Nguyen Minh Tuan, Head of Employment Department (Bac Ninh Department of Labour, Invalids and Social Affairs) said that since the end of June, the province has allowed other local workers to return to Bac Ninh to work. "Currently, the number of workers returning to work in industrial parks is equal to 94% of the number of laborers working before the epidemic. However, the demand for labor recruitment of enterprises in the area is still very large, labor shortage still occurs," Mr. Tuan said. According to Mr. Tuan, there is a number of workers who have not returned to the province are still worried about the disease resurgence, so they should stay in their hometown and wait until the epidemic is over before returning.

According to Ms. Nguyen Thi Thu Hien, Director of Dong Nai Department of Labour, Invalids and Social Affairs, when the epidemic had not yet broken out, there were more than 38,000 businesses in the province employing more than 1.2 million workers. By the end of July, Dong Nai only had nearly 1,200 enterprises maintaining production under the "3 on-site" option with over 130,000 employees; there were over 316,000 laborers who have stopped working. According to Ms. Hien, businesses all have stable orders, but have difficulty in production; Some enterprises try to maintain production but lack of labor. Besides, there are currently many temporary workers to work in the locality who need support to return to their hometown.

In Ba Ria - Vung Tau, Mr. Tran Quoc Khanh, Deputy Director of the Department of Labour, Invalids and Social Affairs, said that by the end of July, the province had nearly 4,500 businesses temporarily suspended or partially suspended due to failure to meet requirements. "3 on-ste" demand. Of which, more than 162,000 workers had to stop, reduce or lose their jobs.

Employee Retention

Deputy head of the Management Board of Hanoi Industrial Parks and Export Processing Zones Tran Anh Tuan said that currently, 80% of enterprises in industrial parks are still operating, the rest have to stop or operate in moderation due to not meeting "3 on-site" requirements. Regarding labor resources, Hanoi applies urgent social distancing, so the majority of workers will still stay, when businesses are reopened, the labor supply will not be a problem. "Some provinces and cities have announced social distancing early, so workers have been able to return to their hometowns before restricting travel. When the epidemic is controlled, production activities will return, surely those localities will have a shortage of labor. After each Tet holiday, businesses still lack labor, so now it's an epidemic instead" Mr. Tuan said.

Mr. Nguyen Trong Dam, former Deputy Minister of Labor, Invalids and Social Affairs also said that, when the epidemic is controlled, certain large industrial zones will have a serious shortage of labor. When an epidemic occurs, laborers lose their jobs but do not receive timely support, facing lack of food, housing, electricity and water, they have to return to their hometowns despite the dangers of further spreading or contracting the virus.

"When the laborers have returned to their hometown, it will be difficult for them to return to work immediately, because in fact they still live well in their hometown. Many people have loaded their fortunes on motorbikes for thousands of kilometers, then they have determined that they will stay in the countryside for a long time until the epidemic is completely over before returning to the factory, "said Mr. Dam. Mr. Dam suggested localities have policies to support workers outside the province to stay and work in the area, thereby both limiting the spread of the disease and having available labor sources to restore production immediately after the epidemic."

According to statistics, in the first 7 months of 2021, nearly 12.8 million workers lost their jobs, reduced working hours and income, and became a risk group. The Ba Ria - Vung Tau Department of Labour, Invalids and Social Affairs has also recently sent a written request to the Ministry of Labour, Invalids and Social Affairs to consider supplementing support policies for workers outside the province working in difficult enterprises to receive housing, electricity and water support.

7. India, Viet Nam promote investment cooperation in medical supplies

The Consulate General of India in HCM City in collaboration with the Investment and Trade Promotion Centre of HCM City (ITPC) held a webinar about investment cooperation in medical devices between the two countries on Tuesday.

Dr. Madan Mohan Sethi, Consul General of India in HCM City, said the medical device industry in Viet Nam is one of the most promising sectors for foreign investment due to the country's rising demand for medical care and equipment.

"There is a lot of untapped potential in this area. The current COVID-19 crisis in Viet Nam has given an opportunity to both sides to join hands and set up alternative global supply chains in different products and pharmaceutical products that have been disrupted by the pandemic," he said.

Last week, the Indian community in southern Viet Nam donated an ECMO machine to the Tropical Diseases Hospital in HCM City, according to Sethi.

Tran Phu Lu, deputy director of ITP, said that domestic medical equipment production only meets 1.5-2 per cent of demand and auxiliary technology is also limited, only meeting about 3 per cent of demand. Currently, most medical equipment is imported from developed countries.

Gurvinder Singh, director of Engineering Export Promotion Council of India (EEPC), said the Indian healthcare market is expected to reach US$372 billion by 2022.

India is the fourth largest market for medical devices in Asia and among the top 20 in the world. The virtual meeting was well attended by medical device manufacturers and suppliers from both sides.

Corporate News

8. KDC: VinaCapital increases its ownership in KIDO Group to over 10 percent

↑ 0.67%

VinaCapital has recently bought more than 7.2 million shares of KIDO Group (KDC), thereby increasing its ownership ratio from 7.32 per cent to 10.48 per cent.

VinaCaital's member fund, Vina QSR Ltd., purchased more than 7.2 million KDC shares, equivalent to an ownership rate of 3.16 per cent.

Besides the main shareholder Vina QSR Ltd., there are Allright Assets Ltd. holding 5 million shares of KDC (2.22 per cent) and Liva Holdings Ltd. with 11.6 million shares (5.1 per cent).

KDC has announced many major plans in 2021, including the launch of its coffee and milk tea brand Chuk Chuk and Vibev products in a joint venture with Vinamilk. However, the complicated situation of the pandemic is delaying KDC's plans.

This year, the company is also transforming its business model. Accordingly, KDC will undertake the distribution and sale of cooking oil, ice cream, confectionery, coffee, and other essential products to the market through its sales channels at home and abroad.

Last year, KDC announced its return to the confectionery market, five years after the merger with Mondelez International. The company plans to develop its key product lines of mid-autumn cakes. However, KDC has suspended the implementation of its moon cake segment this year amid the social distancing.

In the first six months of 2021, KDC recorded net revenues of nearly $215 million, up 34 per cent over the same period last year, fulfilling 42.6 per cent of the year's plan. Meanwhile, before-tax profits reached $15 million, up almost 87 per cent over the same period last year and fulfilling 42.8 per cent of the year's plan.

9. MBB: MB to share $50 million of its profits in support of customers amidst pandemic

↓ -1.75%

Pham Nhu Anh, member of the Board of Management at Military Commercial JSB sat down with VIR's Thu Huong and discussed how the bank leverages its tremendous network and finances to help affected customers to ride out the bumps.

The pandemic has taken a serious toll on the whole economy. As one of the largest commercial banks in Vietnam, how do MB's support and relief measures for vulnerable businesses and individuals look like?

"Sharing is caring" – that's our motto, and we are fully committed to customer-centric and sustainable initiatives through thick and thin.

Given the precarious path ahead that customers might face, MB has developed a suite of tool kits to prop up their resilience with a number of interest rate reduction programmes.

Along with that, we have also extended the roadmap for debt rescheduling in a bid to support vulnerable customers hit by the pandemic, which is in accordance with Circular No.03/NHNN from April 2.

Furthermore, we estimate that in the last five months of this year, we will reduce interest rates by around VND1 trillion ($50 million) for customers affected by the health crisis.

By mid-August, we had already slashed our accumulated interests by VND400 billion ($17.4 million). At the end of August, MB would reduce another VND300 billion ($13.04 million). The remaining $13.04 million will be calculated in our interest-reduction mechanism within the remainder of 2021.

Could you kindly delve into specific interest rate reductions for MB's customers?

According to our estimation, MB will reduce its interest rates by 0.5-1.5 per cent, depending on specific customer groups and the extent to which customers are affected by the pandemic. With this interest rate, there are around VND70 trillion ($304.3 million) of outstanding loans for individual customers, and approximately VND50 trillion ($217.4 million) of outstanding loans for corporate customers who are entitled to a reduction policy.

Besides existing preferential rates programmes, MB is also deploying its resources to ease the current economic stress with freshly-minted preferential loan packages, with lending rates of 0.5-1.5 per cent – lower than the regular figures. These packages are designed to cater to the needs of individuals and businesses alike.

What are the required procedures and conditions customers need to prepare before applying for the preferential packages of MB?

First and foremost, our task is to assist prioritised sectors, which are defined by the Vietnamese government, the SBV, and MB. For existing customers, we make immediate discounts for prioritised groups – such as manufacturing and hospitality – and notify them. MB is committed to deliver the most appropriate preferential programmes for our customers in vulnerable localities, even before their proposals or suggestions.

For new client groups, which are the prioritised subjects of MB, we will apply a new interest rate roadmap to ensure they receive a rate reduction of 0.5-1 per cent compared to their previous ones. All of our procedures are very simple and swift, which is in accordance with our digitally-driven initiatives.

How do businesses benefit from the SBV's policies on debt restructuring and rescheduling?

The pandemic has affected customers who are restructuring their debts and those who have yet to restructure. Supply chain disruptions occur in a number of industries, especially tourism and manufacturing, due to a high number of infections among workers. The entire cash flow of several corporate customers has been hit hard by the pandemic. Therefore, it is necessary to extend the principal and interest repayment timelines for these customers.

To protect citizens' safety, the Vietnamese government has directed many cities and provinces to implement strict social distancing measures. How does MB maintain the credit flow to customers when it is almost impossible to contact and directly appraise projects and business plans?

In the current context, MB is encountering many hurdles in credit activities for both individuals and businesses. The first difficulty is how to contact and appraise customers, as well as sign credit and collateral documents.

To support customers and maintain credit flow during the social distancing period, MB has made an agreement with them and moved to electronic transaction channels. Besides this, MB also upgraded two of its customer platforms, namely the MBBank App (for individual customers) and Biz MBBank (for corporate customers), so that they can easily access credit flows online.

As individuals and corporate clients in the Mekong Delta are facing enormous difficulties, the SBV has instructed credit institutions to provide timely support to them. How has MB implemented the above directive?

We identify agricultural businesses, particularly the rice sector, as one of Vietnam's key industries. MB has given a priority to the rice industry to support the development of the Mekong Delta provinces as well as other major agricultural localities. Up to now, MB has disbursed about $197.3 million to rice businesses. We expect to disburse another $87.64 million in the near future to support them with MB's preferential interest rates, which are lower than normal lending products.

Furthermore, we are working closely with many customers to bring payment technology into their business operations. On the MBBank and Biz MBBank App platforms, we will support customers in online payments and purchases, ensuring uninterrupted contact between the bank and customers. This solution limits risks for both sides during the spike in coronavirus infections.

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