

Vietnam

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Overview of the legal framework

Primary sources of banking and finance law

The banking and finance sector in Vietnam is governed primarily by the Law on the State Bank of Vietnam, the Law on Credit Institutions, the Ordinance on Foreign Exchange Management, the Law on Securities, and the Law on Insurance Business, supported by implementing decrees and circulars.

The sector is principally regulated by the State Bank of Vietnam (SBV), which manages monetary policy and the licensing and supervision of credit institutions. The Ministry of Finance oversees fiscal policy, insurance, and government bonds, while the State Securities Commission, an agency under the Ministry of Finance, regulates the securities market.

Risk management requirements

Banks and foreign bank branches must comply with the following.

- Capital and liquidity requirements:
 - A minimum capital adequacy ratio of 8% (or higher, as determined by the SBV governor);
 - Compliance with liquidity ratios and restrictions on net open positions in foreign exchange and gold relative to own capital; and



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Tung is a partner at VILAF with extensive experience in arranging complex financings for banks, investors, and corporates. He has advised on numerous major transactions, including a \$600 million facility for the Thang Long Thermal Power Plant, a \$510 million syndicated loan for the Da Nang–Quang Ngai Expressway, and multibillion-dollar project financings in the energy and petrochemicals sectors.

Tung's practice covers syndicated lending, project and structured finance, bond issuances, and venture funding for start-ups in Vietnam. Earlier in his career, he was seconded to HSBC and BNP Paribas.

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- From January 1 2030, additional Basel III-aligned requirements will apply, including minimum core tier 1 and tier 1 capital ratios, as well as capital conservation and countercyclical buffers.
- Investment and exposure limits:
 - A maximum lending/exposure of 14% of equity to a single borrower and 23% to a group of related borrowers (phased down to 10% and 15%, respectively, by 2029);
 - A bank's total outstanding loans for share acquisition may not exceed 5% of its charter capital or allocated capital;
 - Lending for capital contributions or share acquisitions in another credit institution is prohibited;

- Additional limits apply to a bank's equity investments in other enterprises (both aggregate and per-enterprise caps); and
- Restrictions also apply to maturity mismatches, limiting the use of short-term funds for medium- and long-term loans.
- Asset quality and anti-money laundering compliance:
 - Institutions must follow SBV rules on asset classification, provisioning, and loan loss reserves; and
 - Strict obligations exist under Vietnam's anti-money laundering framework, with reporting and disclosure requirements to ensure transparency.

Conduct of business rules

There is no single code of conduct for the sector. Obligations are set out in the Law on Credit Institutions, the Law on the State Bank of Vietnam, and related decrees and circulars, and vary by activity, such as lending, guarantees, payments, or online banking.

Where the counterparty is a consumer, the Law on Protection of Consumers' Rights applies. It requires institutions to disclose terms, fees, and risks clearly, ensure transparency, and avoid unfair or one-sided contractual provisions.

Regulatory changes

Amendments to the Law on Credit Institutions, approved in June 2025 and effective from October 15 2025, grant the SBV authority to provide zero-interest, unsecured loans directly to distressed banks. This power, previously reserved for the prime minister, significantly enhances crisis response speed. The law also clarifies that banks may seize and liquidate collateral for non-performing loans where pre-agreed with borrowers, a move expected to accelerate bad debt recovery, particularly in the real estate sector.

Decree 69/2025/ND-CP raises the foreign ownership ceiling from 30% to 49% for private banks involved in restructuring weaker financial institutions. This is designed to attract deeper foreign participation in sector clean-up efforts.

Traditionally, the SBV has imposed annual credit growth limits to manage systemic risk. For 2025, the cap was set

at 16%, but in August 2025 the prime minister directed the SBV to abolish the cap from 2026. A new framework based on efficiency and sustainability will replace the rigid quota system, marking a significant shift in monetary policy.

Licensing and market entry

Licensing requirements

To establish and operate a credit institution, applicants must meet statutory capital requirements, ensure founding shareholders are financially sound and not significant shareholders in another credit institution, and prepare a feasible three-year business plan. Joint-venture and wholly foreign-owned banks must also demonstrate strong home-country supervision, capital adequacy, and compliance, and provide certification from their home regulator. Governance requirements apply to directors and supervisors.

Foreign bank branches must also provide a written undertaking from the parent bank covering all obligations of the branch and meet capital allocation requirements.

Representative offices face lighter conditions, requiring only that the parent bank is duly licensed at home and permitted to establish such an office in Vietnam.

Process and timeline

After submission of the application, the SBV has 60 days to confirm completeness. Within 90 days thereafter, it issues an in-principle approval or a reasoned refusal, after consulting with the relevant authorities. Once approval is obtained, applicants have 60 days to submit further documentation; failure to do so causes the approval to lapse. On receipt of all documents, the SBV must acknowledge within five working days and issue the licence or refusal within 30 days.

Representative office applications are confirmed within 30 days, and the SBV must issue a licence or refusal within 60 days.

While statutory timelines suggest six to eight months for a banking licence and three to four months for a representative office, delays are common.

Foreign ownership restrictions

Foreign investors can establish wholly owned credit institutions.

Foreign investors may hold up to 5% of equity in a bank as individuals, 15%

as organisations, and 20% as strategic investors. An investor and its related parties together may hold 20%. Aggregate foreign ownership in a bank is capped at 30%, or up to 49% for restructuring banks. For non-banking credit institutions, the cap is 50%.

Subject to tolerated cross-border lending and auxiliary financial services as discussed below, core regulatory banking activities (i.e., deposit taking, payment services) may be carried out by foreign institutions through the establishment of a joint-venture bank, wholly foreign-owned bank, or branch. Representative offices may only conduct liaison and promotional activities and cannot engage in profit-making.

Cross-border services

Vietnamese law does not allow foreign financial institutions to provide cross-border banking services on a regular basis without licensing. Offshore lending, however, is tolerated and subject to SBV registration, reporting, and foreign exchange controls. In addition, certain auxiliary activities – such as the provision of financial information, data processing, and advisory services – may be offered cross-border under World Trade Organization (WTO) and Association of Southeast Asian Nations (ASEAN) commitments.

Cross-border transactions and foreign exchange controls

Regulations and/or reporting requirements

Cross-border transactions are limited to offshore loans and auxiliary services. Medium- and long-term loans, extended short-term loans, and certain outstanding short-term loans must be registered with the SBV. Borrowers must also report monthly on drawdowns, repayments, and outstanding balances via the SBV's online system.

Frameworks

Vietnam does not recognise passporting or regional licensing. WTO and ASEAN commitments preserve the right to restrict cross-border banking, with only auxiliary services expressly permitted.

Compliance risks

Aside from lending and auxiliary financial services, other banking and financial

services conducted in Vietnam may be considered as “operating banking activities in Vietnam”, which requires an SBV licence.

Offshore loans must be registered, and all flows must pass through onshore special accounts.

Strategies

In-house counsel should structure transactions within the permitted scope, ensure timely SBV registration and borrower reporting, and channel disbursements and repayments through onshore accounts. Consultation with local counsel is recommended.

Security interests and collateral

Common types of security interests

Vietnamese law recognises nine forms of security interests, but the most common in financing are a pledge, mortgage, and guarantee.

A pledge involves the transfer of movable property such as deposits or vehicles to the lender. A mortgage allows the borrower to retain possession, most commonly for land and real estate. A guarantee involves a third party undertaking obligations on behalf of the borrower, which is often used where a group company or shareholder backs the borrower.

Registration of security interests and charges

Security interests are recorded in registries depending on the asset. The National Registration Agency for Secured Transactions records movable assets, the Land Registration Offices record land use rights and attached buildings, the Vietnam Registry of Shipping records ships, and the Civil Aviation Authority records aircraft. Registration, though not always mandatory, is strongly recommended, as priority is generally determined by registration time.

Fintech, digital banking, and innovation

Guidelines for fintech businesses

Fintech is regulated under a fragmented framework including the Law on Credit Institutions, the Anti-Money Laundering Law, the Law on Electronic Transactions,

the Law on Cybersecurity, and the Law on Personal Data Protection (effective January 2026). E-wallets and online banking are regulated, while newer services fall within regulatory sandboxes.

Innovation-friendly initiatives

Decree 94/2025/ND-CP establishes a sandbox for credit scoring, open APIs (application programming interfaces), and peer-to-peer lending. Licences are issued by the SBV for up to two years, extendable twice by one year each, with a certificate of testing completion allowing full market roll-out. Peer-to-peer lending companies must be Vietnamese-owned and led by Vietnamese nationals.

Digital customer onboarding and data privacy requirements

Digital onboarding is governed by anti-money laundering and data laws. Risk-based know-your-customer checks must be updated annually and reported to the SBV. Online banking must also comply with SBV authentication standards. Data privacy is regulated by the Law on Data (effective July 2025) and the Law on Personal Data Protection (effective January 2026), which impose obligations such as impact assessments, approvals for outbound transfers of critical data, breach notifications, and secure recovery.

Cryptocurrencies, tokens, and stablecoins

Cryptocurrencies are not recognised as lawful financial instruments or means of payment, but legislation is emerging. The Law on Digital Technology Industry, effective 2026, recognises tokens as assets. Resolution 222/2025/QH15 introduces a pilot regime for unregulated fintech products. A draft resolution expected late 2025 proposes a sandbox for crypto services, including trading platforms, custody, proprietary trading, and exchanges.

ESG

Regulatory requirements and changes

The Law on Environmental Protection 2020 and Decree 08/2022/ND-CP provide the foundation for green credit and bonds. Banks financing green projects may access concessional funding, while green bond

issuers benefit from preferential service fees but must publish annual environmental impact reports.

A major step is Decision 21/2025/QĐ-TTg (effective August 22 2025), which introduces Vietnam's first green taxonomy to classify eligible projects and standardise ESG lending criteria. Listed banks and other public companies must disclose ESG information in annual or sustainability reports, while non-listed enterprises are encouraged to disclose voluntarily.

Disclosure of climate-related financial risks

Banks must obtain environmental permits and commitments from borrowers, embed mitigation requirements in loan agreements for risky projects, and adopt internal rules on environmental risk management. This aligns Vietnam with international practice in integrating climate risk into credit decision-making.

Enforcement and dispute resolution

Dispute resolution mechanisms

Disputes may be resolved through mediation, arbitration, or litigation.

Mediation is encouraged for resource effectiveness, but its enforceability remains uncertain. Arbitration is common for commercial disputes due to confidentiality and flexibility, with the Vietnam International Arbitration Centre the most active forum. Domestic awards are enforceable as court judgments, while foreign awards must be recognised by Vietnamese courts under the New York Convention. Litigation follows three stages – first instance, appeal, and cassation – and can be protracted despite statutory deadlines.

Enforcement powers

Once a judgment or award is final, enforcement agencies may deduct funds from accounts, seize assets, freeze accounts, or suspend transfers. Debtors have 10 days to comply voluntarily. In practice, enforcement is often slow and resource-intensive.

Enforcement examples

The Hanoi High People's Court recently declined enforcement of a Singapore International Arbitration Centre award where the facility agreement lacked a wet-ink signature, rendering the arbitration clause invalid.

Draft Precedent 15/2024 clarifies that consular legalisation of foreign documents is unnecessary in arbitration unless specifically required by the rules or tribunal.

Insolvency

Regime for banks and financial institutions

Insolvency is governed by the Law on Bankruptcy and the Law on Credit Institutions. Troubled banks may be placed under SBV special supervision before bankruptcy is permitted. This ensures depositor protection and systemic stability. Foreign bank branches are not subject to local bankruptcy laws as they are dependent units of their parent banks.

Systemically important banks

There is no separate resolution regime for systemically important banks. They remain subject to the same procedures as other institutions.

Lenders' enforcement options outside insolvency proceedings

Secured creditors may enforce security through private sale, auction, or appropriation,

without entering insolvency proceedings. Unsecured creditors must litigate or arbitrate to obtain judgments, which are then enforced by the authorities.

Treatment of secured creditors in an insolvency or a restructuring

Secured creditors enjoy priority in insolvency. Use of collateral in restructuring requires their consent. If collateral is realised, proceeds first repay secured creditors; any shortfall becomes unsecured debt, while any surplus goes to the bankruptcy estate.

Current challenges and outlook

Main challenges faced by banking and finance institutions

The new framework strengthens stability but presents challenges. Tighter exposure limits and stricter consumer lending assessments require adjustment of credit policies. Restrictions on bundling non-mandatory insurance or acting as a security agent for non-lenders narrow revenue opportunities. Profitability is under pressure and banks must adapt their models. Rapid regulatory change and digital banking growth demand significant investment in compliance and technology.

Expected regulatory developments

The new Law on Credit Institutions and reforms to the Land Law, Housing Law, and Real Estate Business Law will be further detailed through implementing regulations over the next two years. These are expected to enhance legal certainty, harmonise banking and real estate regulation, and support sustainable growth, risk management, and investor confidence.