Vietnam consumer finance report

The COVID-19 pandemic had a negative impact on Vietnam's economy in 2020, as the official response to the pandemic led to a significant disruption of commercial activity in various key sectors of the national economy. Nevertheless, the direct impact of the pandemic on the consumer lending industry was not very pronounced. The first known case of COVID-19 in Vietnam was reported on 23 April 2004. Vietnam proved to be one of the first Asian countries to successfully stem the spread of COVID-19, and it saw very few cases in the early stages of the pandemic. The COVID-19 pandemic has put considerable pressure on the Vietnamese housing market. In particular, demand for apartments in neighbourhoods in the large urban areas of the large urban areas has decreased dramatically since the beginning of 2020 and the economic uncertainty created by the COVID-19 pandemic has inevitably had a major impact on the situation. The impact of the Covid-19 pandemic on consumer lending in Vietnam was not very serious, which can be seen as a reflection of the successful management of the pandemic in the country. Nevertheless, the national economy was still negatively affected by the impact of COVID-19 in other countries with which Vietnam trades. The forecast period is expected to see fintech show up strongly in Vietnam. While much of the influence of the fintech sector is more likely to be seen in the financial cards and payments industry, there will inevitably be changes ahead for consumer lending as well. Consumer loans in Vietnam are doomed to positive growth during the forecast period. The impact of the COVID-19 pandemic is expected to have largely diminished by 2021. Files are delivered directly to your account within minutes of purchase. Delivery: Files are delivered directly to your account within minutes of purchase. Overview Refub the latest market trends and uncover sources of future market growth for the Consumer Lending industry in Vietnam with research from Euromonitor's team of in-country analysts. Find hidden opportunities in the most up-to-date research data, understand competitive threats with our detailed market analysis, and plan your business strategy with our expert qualitative analysis and growth forecasts. If you are in the Consumer Lending industry in Vietnam, our research will save you time and money while empowering you to make informed, profitable decisions. Consumer Lending in Vietnam Market Research Report includes: Analysis of key supply side and demand trends Historical volumes and values Five years forecasts of market trends and market growth Robust and transparent market research methodology conducted in the country Our market research reports answer questions such as: What is the market size of consumer lending in Vietnam? What are the main trends that are expected to affect the market in Vietnam? What capacity for consumer debt is still on the market? What is the state of credit on the market? Har Har slowdown reset lender competitive landscape? Why buy this report? Get competitive intelligence on market leaders Track key industry trends, opportunities and threats Tell your marketing, brand, strategy, market development, sales and supply functions Euromonitor industry reports, including consumer lending in Vietnam, come from our database within our consumer finance market share and market size database, Passport, a platform that analyzes Consumer Economics in 46 countries and globally. A total of 4 pages for the result Financial Service 25 August 2020 - 09:52 AM 2019 has been particularly eventful, with the revival of at least two previously inactive FinCos to market (PTFinance, FCCOM), putting pressure on market share for the established companies. CF increased its contribution to the national loan portfolio to 20.5% in 2019, up from 19.6% in 2018. Given the current market size, CF penetration in Vietnam is currently considered slow compared to its regional peers, which means an attractive growth perspective. This infographic is a snapshot of our latest Vietnam Consumer Finance Report 2020, exploring more details about the performance of Vietnam Consumer Finance 2020 here. 2019 has been particularly eventful with the revival of at least two previously inactive FinCos to the market (PTFinance, FCCOM), which has put pressure on the market shares of incumbents. CF increased its contribution to the national loan portfolio to 20.5% in 2019, up from 19.6% in 2018. Given the current market size, CF penetration in Vietnam is currently considered slow compared to its regional peers, which means an attractive growth perspective. Banks vs. FinCos in consumer finance FinCos is starting to regain momentum in 2019 despite tighter oversight. CF Market consists of retail banks and FinCos, where banks dominate the overall market with a market share of around 92% thanks to its extensive retail network and long-term reputation. While banks target customers with good credit histories, FinCos focuses on low-income customer segments, which are mostly the newly banked and unbanked, under-banked. But over time, banks tend to wade down to explore lower income segments, while FinCos try to go up, making the overlapping portion of the target customer get bigger. Product Composition Cash loans are considered the go-to-market product of all new entrants with the aim of entering the market, especially those who do not have a strong customer base for additional sales. In 2019, the market share of cash loans was maintained despite concerns about SBV's intention to reduce the share of cash loans in FinCos to a maximum of 30 % in the draft amendment of Circular 43. But the market witnessed leading players such as FE Credit, Home Credit, HD Saison have shifted their focus on cross-selling and upselling to existing customers whose good credit history has been rather than new customers. Thus, products such as TW, CDs (offered to new customers) tend to decline, while increasingly offered to customers with a healthy credit history. Some FinCos are expected to launch credit cards soon to reduce its reliance on cash loans and meet with SBV's cautious requirements. Market share market share for major players such as HD Saison, Home Credit has been strained due to the fierce competition from younger players such as Mirae Asset, Shinhan Finance, Mcredit and newcomers such as Easy Credit, VietCredit, SHB Finance, Lotte Finance and the revival of previously inactive FinCos PTFinance, FCCOM. Overall, given the market's growth potential, the consumer finance market retains its attractiveness to both domestic and international investors. Regulatory Updates Circular 18/2019 revises Circular 43/2016 on consumer loan activities among finance companies, which became effective in November 2019, limiting the proportion of cash loans pushing FinCos to restructure their CF loan portfolio. The dominant position for cash loans in credit institutions and FinCos has therefore been created with a reduction scheme over a three-year period. From 01/01/2024 onwards, the proportion of cash loans should be reduced to 30% Profitability FinCos' NPM decreased slightly in 2019 due to higher operating costs for the recruitment of quality people and higher investments in the development of internal systems/procedures as well as digitisation. FinCos must not only compete to gain market share, but also face competition to recruit and retain competent staff as new entrants aggressively chase their quality workforce. In the first months of 2019, the impact of Covid-19 was not clearly reflected in the early reported financial indicators for some FinCos. But the earnings quality of FinCos is expected to be hit in Quarter 2 along with slow loan growth, which affects interest income and higher operating costs to boost sales and higher provisions set aside for loan losses during Covid time, which is likely to threaten FinCos' net profit margin. Asset quality Average NPL decreased in 2019, demonstrating an improvement in asset quality and risk management. To reduce credit risk, some key players have shifted to focusing more on existing customers whose credit history is validated instead of new customers, by introducing AI, social rating to better score customers' credit and prevent fraud. The rapid spread of Covid-19 caused many people to lose jobs, taking a punch at borrowers' ability to pay back debt. Thanks to the government and SBV's policy of supporting customers affected by Covid-19, weakened asset quality of banks and FinCos was not clearly revealed in NPL ratios, but it is expected to be indicated in the coming quarters, especially when support policies are lifted. Key market trends Reactivation of previously inactive FinCos (PTFinance, FCCom) as well as the expectation of potential investors in the inactive HAFIC are expected to increase competition among FinCos. FinCos is shift their focus to credit card and CF products related to non-cash payment channels payment channels digitalisation of payments. Macroeconomic data illustrate the devastating scale of the economic and social challenges triggered by Covid-19, and therefore affected FinCos' growth and financing of loan portfolios in the first quarter. The impact is expected to become clearer in the coming quarters of 2020, 2020.