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Different dimension of doing business in Vietnam (18 July)

The lecturer was a top manager from Siam Gas from Vietnam branch. He started by talking about history of the company. The LPG business was founded in 1976 and since 2010, it started to invest in the nearby countries such as Vietnam, Singapore, Malaysia, and China through local company acquisition and company-owned business. And right now, it has big storage in Zhuhai and Shantou, provinces of China, and floating storage (for transportation to Vietnam) in Indonesia. It is also in the process of expansion to Laos, Cambodia, and Bangladesh. In terms of business model in neighbor countries, Siam Gas uses the same model with Thailand in Myanmar for all regions of the country as it targets industrial users, car and motorbike users, and commercial and personal usage of households. However, for Vietnam, it is quite different as the country is separated into many regions (South east, Red river delta, Mekong delta, East, North central coast, South central coast, and Highland) because of cultural, geological, historical, and lifestyle difference. For example, according to history of Vietnam War, the north was influenced by China while the south was backed up by The US. Therefore, these difference in background causes the difference in preferences and consumption trends in Vietnam. Generally, as a result of these distinction, the people in the north, who are more family-oriented, prefer to dine at home and eat fresh food which are totally opposite to the people in the south who are more open to new things and consume more similarly to Thai people's culture. This is why there are many more businesses located in the south, especially in Ho Chi Minh City. However, there is also a new trend for investing in the north as to be located near the government whose location is in Ha Noi, the capital city in the North of the country. Normally, people see that Vietnam is an attractive investment destination as it is still considered a new open country with many young people meaning a new big market with potential customers, cheaper employees, and cheaper infrastructure costs. Moreover, it has obtained high growth, appropriate inflation rate, and low unemployment rate. This partly makes

FDI inward of Vietnam high, and another part is because the government tries to keep the currency weakened to attract foreign investors. For business establishment, Vietnam is a little higher than average in terms of number of days to set up a business and procedures of establishment. The major partner countries of Vietnam is the US (buyers) and China (suppliers, one of the reasons why there are many fake products in the country). However, after all these good points in doing business in Vietnam, it is needed to consider the other sides to make investment decisions as well. It is noted that the regulations are set and used by the government and they are very unclear, thus it leaves some room for the government itself to take advantage of the policy and change the subtle rules. The standard of living and education for people are low. For the education, the lecturer explained that there are too many focus area of learning open in the college level, so it makes the students lose their focus in their fields and lessening the ability of the learners. Not only that, the lecturer added that even the graduation certificates can be purchased in Vietnam as well. There are also problem of hiding taxes and fees, and corruption which can be normally found. Business competition is also so fierce that the price war hurts and drives businesses away. Moreover, commission is normal in almost all transactions in Vietnam. Lastly, according to these problems, some companies in real life get affected such as Hineken, SABECO, Pruksa Real Estate, and foreign companies in LPG like Shell, Elf, PETRONAS, and Origin.

In my opinion, it is good to know that Vietnam also has a negative part because as we usually think about the country, we mostly remember what the good points of investing in Vietnam are. Therefore, knowing the drawbacks can help an investors to weight their decisions better whether to invest in this country or not. Moreover, I see that most of the drawbacks of Vietnam are both direct and indirect effect of the government's management. As the lecturer said that the law is unclear, thus it means that in real life, government may not be the only party who uses the regulation gap to take advantage for themselves, but there may be some businesses

that do the same as well. Furthermore, even though the country has political stability, the rapid change in regulations may cause the investors to lose their confidence in running their business in the country and change to a more legally stable country instead.



BOT Fintech Fair & ADB visits (19 July)

In the morning, we went to BOT Fintech Fair 2019 and attended session 6 to learn about ASEAN payment connectivity. The session invited 5 speakers from Bank of Ayudhya, Singtel international group, Ripple, Everx, and National Bank of Cambodia who are key stakeholders of the issue. The senior director as moderator of the session first asked the speakers about what initiatives their organizations have done for better payment connectivity among ASEAN. All of these organizations have done at least a few things to support connectivity. For example, Bank of Ayudhya has done cross border remittances (partnering up with payment service providers like Ripple to ease transactions with other countries like Laos, Singapore, and Vietnam) and QR code. Singtel as telecommunication company is creating international network of mobile wallet platform due to realization of similar mobile payment process and options of different countries such as QR code, thus connects different countries payment app and shows conversion rate to ease the transactions (such as Malaysia, Indonesia, and Japan). Ripple also addressed factors promoting ASEAN payment connectivity as they are driven by the rise of digital payment (triggered by exploration of smartphone usage and QR code), and network and collaboration between systems (can be developed by digital infrastructure and the usage of technology) and in this aspect, its product offers this to enhance payment connectivity among region. Everx which is also an app for network of mobile wallets offers platform which is created by the collaboration of many banks in different countries resulting in multi-currency payment system within the app. It also aims to solve the problem of financial exclusion as well. The Bank of Cambodia as a regulator in financial world also launched cross border QR code payment between Cambodia and Thailand as interoperable platform as it is popular and easy to use. The system also supports the usage of local currencies as the payers can pay in their currency in other countries with automatic conversion process with the usage of sponsoring bank model (the

nominated banks of each country to interface with each other). This is expected to enhance financial inclusion, improve efficiency, increase international trade, and improve financial literacy as a requirement for the plan. Moreover, all of the speakers addressed the growing trend of partnership as an important factor for connectivity, not only within a country or a region, but also with the global economy. They saw that banks and payment service providers are in need of each other as one party gains more trust from the consumers and the other has more innovation in hand. One of things a speaker mentioned included that Thailand should have its own QR code standard to further ease the cross border transaction.

After that, we continued to listen to another session of Shaping ASEAN's future with fintech. The speaker started by talking about opportunity in South East Asian region that the majority of population is still young, there are also large internet users, and high smartphone penetration rate which a big part of online activities are transactions meaning that there are many e-commerce activities in the region. However, just a few stats are not enough to decide if the region is developed. There are more stats that the speaker showed to us that the region is very active digitally in terms of e-commerce, though there are still many actions that are made offline. The stat is contributed by online transactions, gaming and online entertainment, and online transport and food delivery. This leaves some room for big regional and national fintech players to step in online payment services such as AliPay, and LinePay. They entered the business as they are trying to offer super consumer experiences and be involved in our online lifestyles such as shopping. VISA also created VISA fintech fast track in investment, partnership, and engagement to shorten time payment service players cooperate with VISA.

After that, we went to ADB at Central World office. ADB or Asian Development Bank is a multi-government-owned organization. Its shareholders include ministry of finance of different countries as representatives of each country's government whose roles are to monitor the organization's actions and make decisions with weighted voting power (from different

contribution to ADB). Right now, there are 68 countries which 49 are Asian countries, and the others are from other regions. Its roles are to provide local finance and resource mobilization both to private and public sectors, support knowledge creation such as through call-in assistants in different fields, and promote partnership among regions. Note that it also rates its member countries for their creditability as part of lending. Currently, it is supporting partnerships such as GMS (Greater Mekong Sub region comprising of Laos, Vietnam, Thailand, Cambodia, Myanmar, and China), ASEAN, SASEC, BIMSTEC, CAREC, IMT GT, and BIMP EAGA. Moreover, over the last 50 years, ADB's objectives has been to reduce poverty and improve prosperity, inclusiveness, and sustainability. It has also developed many plans and development strategies. For example, the strategy 2030 aiming for 7 subcategories which ADB officers see that the most important issues for Thailand are prosperity (Thailand has done a good job, thus they said it is good if ADB can replicate our plan and actions to the neighboring countries) and climate change and resilience; and other Country Partnership Strategies aiming specific countries' improvement. Furthermore, it offers 3 main products to the members: debt, equity, and credit guarantee; and some of the benefits that differentiate it from other banks and other international organizations are that it offers long term financing, and targets mainly Asia especially in developing countries thus locating itself there to get more information about these countries specifically, respectively. In terms of Thailand which is one of the early members and borrowers (for infrastructure and transportation development) of ADB, it has been supported by ADB to expand GMS highway connecting East-West economic corridor, and develop green bonds for green energy-related business. However, the weaker global demand and trade war negatively affected its economy, expecting lower future GDP, as ADB anticipated. But on the good side, right now Thailand has been well developed that it can fund itself without the borrowed money from ADB.

In my opinion, technology has been a big part of our lifestyles, so it is not surprising that there are many financial technologies to facilitate the process and payment transactions nowadays as we saw and heard from the day. However, these things are quite new to me, so I am not so ready for it; however, I have gained a lot of knowledge about financial world and its innovation and improvement. For ADB, actually in Thailand, I have a feeling that ADB is not that much of a talk. I do not know if it is as the ADB officers said that it has become the challenges for them to be located in Thailand as the country has been quite well developing and can fund itself for further improvement while their purpose is to help the country develop, which in turn make the organization seems like they are not doing so many things for Thailand or not. However, even in the past, there are not many situations that are taught or told to be supported by ADB as much as other organizations like World Bank or IMF.