



Vietnam Regulatory Landscape for Digital Payment and Implications for Development of Smart Cities

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Agenda

1 Smart City Development Policy

2 Digital payment Regulations

3 Data regulations



1. Smart City Development Policy

Period of 2018-2025, with a view towards 2030



to design national regulations and standards for **e-commerce** and management of **financial transactions on the internet**



to develop **information technology and telecommunications (ICT) infrastructure**



to promote **e-commerce** and **online payment** while ensuring **personal data protection**



to establish **citizen connect centers** associated with **single-window sections**, and revise policies for provision of **subsidies and incentives** for online service models

2. Digital Payment Regulations

Policy: Non-cash payment transactions to increase at the annual rate of **20% -25%** by 2025

01 Non-cash payment services

- » provided by financial institutions
- » Some digitalized payment services: payment via POS/QR codes/Internet banking applications/Websites
- » Policy: 50% of banks successfully providing digital banking by 2025 and 100% of banks providing digital banking and basically completing the digitalization of traditional banking services by 2030

03 Mobile money service (MMS) pilot program

- » allows the use of telecommunications account to make payment for goods and services of small value (i.e., the total transaction value limit of VND 10 million (approx., USD 434) per month per mobile money account)
- » generally provided by telecommunications companies with an e-wallet IPS License
- » Policy: promote extensive financial inclusion and a cashless society
- » Status: telecommunications enterprises in application process

02 Intermediary payment services (IPS)

- » include:
 - payment service support services (i.e., e-wallet, support services for payment service and electronic money transfer)
 - payment infrastructure services (i.e., financial switching, electronic clearing and payment gateway)
- » provided by organizations other than banks with a relevant IPS License

04 Enabling technologies

- » e-KYC is allowed under Vietnamese laws on anti-money laundering and will be further supported by the utilization of the National Citizen Database.
- » SBV's policy: by 2025, a regulatory framework will be issued for the application of key 4.0 technologies, including those for, among others, e-KYC, Open API, big data, artificial intelligence, blockchain, and cloud computing

2. Digital Payment Regulations (cont.)

What to expect?



Draft decree to replace Decree 101 on non-cash payment:

removal of the technological infrastructure condition at the time of applying for IPS License



Fintech Sandbox Draft Decree:

- test fintech products/services in a controlled environment
- areas: payment, credit, P2P lending, KYC supports, Open API, solutions applying innovative technologies (e.g., blockchain), and other services supporting banking activities (e.g., credit scoring, savings, fundraising)



Potentials: increasing mobile-phone connection (150%), internet penetration (70%) and 3G&4G registration (45%) (2019)





3. Data Regulations

Personal data protection



No single comprehensive law that addresses individual and organizational privacy rights


Draft Decree on Personal Data Protection (Draft PDPD), Feb 2021:



- Broad definition of personal data
- Restrictions on processing of sensitive personal data and cross-border transfer of personal data (which includes data localization in certain case)
- expected to be effective on 1 December 2021 and no grace period is provided

3. Data Regulations (cont.)

Data localization



Law on Cybersecurity: Both local and offshore enterprises providing services on the telecom network, the Internet, and value-added services on cyberspace (i.e., Cyberspace Service Provider) that are involved in the collection, exploitation, analysis, and/or processing of personal information, data about users' relationship and/or data generated by users in Vietnam to store those data in Vietnam for a period as specified by the Government. For offshore entities, they will be required to open a branch or a representative office in Vietnam.

Lack of details and guidance (Draft implementing regulation of the Law on Cybersecurity in August 2019)

Implication for offshore cloud service providers

Questions



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