

LEGAL UPDATES (September 16th, 2019)

In these legal updates, we would like to send clients the legal updates on some following issues:

- Introducing the definition of electronic money and entities who are allowed to provide electronic money.
- Non-bank entities are permitted to provide foreign payment and international money transfer service.
- Introducing regulations on the ownership ratio of foreign investors in a payment intermediary service providers.

1. Introducing the definition of electronic money and entities who are allowed to provide electronic money

The Draft has supplemented the definition of electronic money. According, electronic money is a form of monetary value stored on electronic devices (electronic means) guaranteed by a 1: 1 deposit value ratio at banks, have the right to recourse from supply organizations and used as a means of payment in payment transactions. Additionally, this Draft also identifies the entities which are allowed to supply electronic money, namely licensed banks, branches of foreign bank in Vietnam (Debit card) and payment intermediary service providers (digital wallets).

2. Non-bank entities are permitted to provide foreign payment and international money transfer service

According to the Draft, banks which are licensed to provide foreign exchange services on international markets may cooperate with foreign payment service providers; payment intermediaries may only cooperate with foreign payment service providers to support banks permitted to conduct international payment transactions. This cooperation must be approved in writing by the State Bank of Vietnam and the written approval must comply with the regulations of the State Bank of Vietnam.

Parties involved the international payment are responsible for providing sufficient and timely information and compliance with the requirements of state agencies in accordance with the laws of Vietnam in order to manage cross-border transactions.

3. Introducing regulations on the ownership ratio of foreign investors in a payment intermediary service providers

The Draft indicates that the foreign investor may investing in intermediary payment service providers under the form of capital contribution, share purchase, capital contribution in.

Under Article 29.2 of the Draft, the maximum contributed capital rate for foreign investors, including both direct and indirect investment, is 49% of the charter capital of a payment intermediary service providers. The transitional provision of the Draft allows existing intermediaries with foreign ownership exceeding 49% to continue its operation until the expiration of its Provision Licenses issued by the State Bank of Vietnam or there is a change of shareholders, whichever is earlier.

It is worth noting that, as of November this year, Viet Nam had 30 payment intermediary service providers licensed by the State Bank, including MoMo, Moca, Payoo, SenPay, Zalopay, Airpay, VNPay, Monpay, ViettelPay, 1Pay, Nganluong, VTCpay, Mpay and Wepay. Most of the payment intermediary service providers in the Vietnam are now owned by foreign investors.

We hope this short Letter of legal updates would bring you useful information.

Best regards.

Disclaimer: All materials have been prepared for general information purposes only. The information is not intended as, and should not be taken as, legal advice. Do not act or refrain from acting based upon information provided herein without first consulting our lawyers about your particular factual and legal circumstances. Apolat Legal can accept no responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate adviser.

ABOUT US,

Apolat Legal is a professional law firm with its offices in Ho Chi Minh city and Ha Noi city. The firm's lawyer team specializes in almost all legal practice areas in Vietnam including Enterprise and Investment; Labor and Employment; Intellectual Property; Dispute Resolution; Real Estate and Construction; Information and Communication; Natural Resources and Environment; Transport; Industry and Trade; Education and Training; Finance and Banking; Agriculture; Legal Document Translation; Legal Training.

Our reputation and the quality of its services are reflected by our clients. We are serving nearly 1,000 clients both local and multi-national companies.

We are also honored to receive numerous recognitions and/or articles posted by world-leading and local organizations and publications including: The Law Association for Asia and the Pacific (LawAsia, 1966), The Legal500, IP Link, IP Coster, Lexology, Global Trade Review (GTR), The Saigon Times, etc.

Contacts:

HO CHI MINH CITY (Head office)

5th Floor, IMM Building
99-101 Nguyen Dinh Chieu, District 3
Ho Chi Minh City, Vietnam
SDT: +84-28-3899 8683
Email: info@apolatlegal.com
Website: www.apolatlegal.com

SINGAPORE (Affiliated office)

#26-10, SBF Center,
160 Robinson Road
Singapore 068914
Tel: +84-93-2014 986
Email: info@apolatlegal.com
Website: www.apolatlegal.com