

Vietnam NewsBrief*

An update on banking regulations in Vietnam

30 June 2008

Increase of the margin between exchange rates of State Bank and commercial banks

On 26 June 2008, the State Bank of Vietnam issued Decision No. 1436/QD-NHNN on foreign exchange transactions by commercial banks in Vietnam. According to this Decision, the margin between the exchange rate quoted by commercial banks and the average rate in the interbank market announced by the State Bank should not exceed +/-2%. Decision 1436 replaces State Bank Decision 504/QD-NHNN dated 7 March 2008, which states that such margin should not be more than +/-1%.

On the same day, the State Bank issued Official Letter 5728/NHNN-QLNH stating that commercial banks engaging in foreign currency transactions should not:

1. impose fees on spot, swap and forward transactions (this is in line with State Bank Decision 1452/2004/QD-NHNN dated 10 November 2004); or
2. carry out foreign exchange transactions between VND and USD through another foreign currency.
