

Media title: VietUnion offering cashless ticketing at 2,000 convenience stores

Source: Nikkei Asian Review on 23 December 2016

Online link: <http://asia.nikkei.com/Business/Companies/VietUnion-offering-cashless-ticketing-at-2-000-convenience-stores?page=1>

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Latest development in trend towards cashless retail payments



Fintech companies want to change the way increasingly affluent Vietnamese pay their shopping bills. © Reuters

HO CHI MINH CITY -- Fintech company Vietunion is launching PayTouch from Dec. 27, an intermediary payment service that allows users to book and pay for tickets at some 2,000 convenience stores around Ho Chi Minh City.

Users will be able to book travel and entertainment tickets at any time. B's Mart and Circle K outlets in the city will be initial partners, complementing government efforts to promote a cashless economy.

Seven years old, Vietunion partnered with Japan's NTT Data in 2011, and now handles over \$1 billion in transactions annually. Utility, cable TV, internet, insurance bills, and consumer loans can already be paid using the company's services at some 4,000 stores across the country.

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In June, NTT Data raised its shareholding to over 50% to assist company expansion plans for a one-stop payment platform.

VietUnion provides other software solutions, including point-of-sale systems, transport smartcards, and tuition fee collections for 1,700 schools in Ho Chi Minh city.

Vietnam's FinTech industry has grown increasingly attractive to investors over the past two years, with gross transactions expected to exceed \$5.7 billion this year, a fourfold increase on 2015. Annual growth is expected to be almost 20% over the next five years, reaching \$13.8 billion in 2021, according to statista.com.

"Fintech has a big opportunity to change Vietnamese consumers' spending behavior, as those opening bank accounts and paying by card are growing," Tran Quoc Dung, a partner at PwC Vietnam, told the Nikkei Asian Review.

By 2020, 60% of the 94 million population are expected to have access to the internet, and 42% will be using smartphones.

For now, however, cash still dominates transactions. Only 2% of the population carry credit cards, and 27% have debit cards, compared to 89% in Singapore, 55% in Thailand's 55%, or 41% in Malaysia.

In September, Standard Chartered and Dragon Capital jointly funded the Vietnam Fintech Club, which provides a platform for cooperation between entrepreneurs and investors. Blockfin Asia 2016, a fintech conference, was held for the first time in Vietnam in June, and the Supercharger FinTech Accelerator 2.0 program followed in October.

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China's Gobi Partners, South Korea's UTC Investment and SparkLabs, Japan's Sumitomo Mitsui Banking Corporation, Singapore's Kusto Tiger, and the U.K.'s Newton Fund are among the investors in local startups.

M_Service's MoMo, a mobile wallet service that allows users to transfer and receive funds, raised \$28 million in venture capital from Goldman Sachs and Standard Chartered Private Equity in the first quarter of the year.

Lack of fintech-related legislation is considered an inhibiting factor. Most at present relates to e-commerce. Vietnam's Article 292 of Criminal Code 2015, which has yet to take effect, meanwhile requires all internet service providers to work strictly according to their licenses. This affects gold trading, e-commerce, multi-level marketing, payments, online gaming, and other internet-based services.

The article is due for removal soon at the government's instigation to encourage technology startups, being "unsuitable and unfair for internet-based business activities".

"It shows that the government of Vietnam is trying to complete the legal framework, creating the best conditions for fintech development," said PwC's Tran Quoc Dung.

(Nikkei)