



Conditions for foreign parties to join in founding Vietnam-based non-bank credit institutions

In order to become a founder of a non-bank credit institution operating as a single-member limited liability company, a foreign credit institution must have total assets of over USD 10 billion at the end of the year preceding the year of license application.



Under the State Bank of Vietnam's Circular No. 30/2015/TT-NHNN dated December 25, 2015, prescribing the licensing, organization and operation of non-bank credit institutions, a foreign credit institution must have conducted profitable business operation in the last three fiscal years before the submission of the dossier of application for a license, and satisfy all the conditions prescribed in Clause 2, Article 20 of the Law on Credit Institutions.

In addition, it must have committed no serious violation of Vietnamese regulations in its banking operations in the five years prior to the year of dossier submission, and be experienced in international banking activities and earn good performance rating from international credit rating agencies.

In addition, it is required not to act as a strategic shareholder, an owner or a founder of another credit institution established and operating in Vietnam.

For a foreign credit institution being a leasing company, its financial lending and leasing balance must account for at least 70 percent of its total assets.

Within five years after being licensed, owners and founders of a limited-liability non-bank credit institution must together own 100% of the institution's charter capital.

The new regulation also prescribes conditions for Vietnamese commercial banks to become shareholders of joint-stock non-bank credit institutions or founders of limited-liability non-bank credit institutions.

The new regulation will take effect on February 8, 2016.

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