

PIVOTAL

Vietnam spotlight 2024

New research by DBS reveals the growing strategic influence that treasury and finance teams have on the long-term future of the business. Their guidance is vital as digital technology enables new forms of trade and value creation, as demand grows for sustainable business models, and as economic power is rebalanced across emerging markets as part of a new era of globalisation.

Here, we look at what this means for businesses in Vietnam.

1. The business and economic climate

- Vietnam is taking off as a major manufacturing hub in Asia.
- The country has seen rapid development in the past decade, with GDP per capita increasing significantly within a few decades and the poverty rate falling from 14% to 4.2% between 2010 and 2022.^[1]

^[1] <https://www.worldbank.org/en/country/vietnam/overview>

- It is a young and dynamic country, with 70% of the population aged under 35 and with access to high-quality education.^[2]
- Recent years have seen strong growth in the economy, but issues with infrastructure have held businesses back.^[3]

Strategic objectives for businesses in Vietnam

The top three strategic priorities for organisations in Vietnam over the next two years:

1. Improving productivity and operational performance
2. Securing new skills and talent
3. Enhancing customer satisfaction and retention

^[2] <https://en.vietnamplus.vn/Vietnam-a-rising-star-in-emerging-markets-uk-website-post259686.vnp>

^[3] <https://www.ft.com/content/eeb2cf2e-c3f-4c04-8645-e80878da8b10>

“ Our top business priorities are risk control, reducing funding costs, and enhancing direct sales activities. As we grow in Asia, we are focused on penetrating existing SME markets in manufacturing, construction and transportation.

Dennis Jen

General Director

Chailase International Leasing Co., Ltd



Barriers to growth: access to energy and raw materials

Asked to list the main barriers to doing business in Asia today, Vietnam-based organisations are highly likely to identify a lack of access to energy and raw materials. The challenge that Vietnam executives highlight here is partly reflected in the country's struggle to scale its power infrastructure to meet demand. Infrastructure improvements have yet to catch up with rapid economic development, leading to recent power shortages causing blackouts in factories. ^[4]

Top 5 barriers to growth according to Vietnam executives

- 1 Access to energy and raw material
- 2 Economic downturn and volatility
- 3 Access to capital and financing
- 4 Climate risk (e.g., impact of extreme weather events)
- 5 Growing regionalisation and nationalism

^[4] <https://www.ft.com/content/261bd603-e112-44dc-b2e1-f97a7db54353>



2. The strategic power of treasury and finance

Treasury and finance in Vietnam help guide corporate strategy

The strategic initiative that Vietnamese finance teams are most likely to be involved in is corporate strategy, followed by innovation, new product development, and risk management.

Top strategic initiatives for treasury and finance teams in Vietnam

- 1 Corporate strategy
- 2 Innovation and new product development
- 3 Risk management
- 4 Procurement and supply chain
- 5 Digital transformation

“ Within Vietnam and across Manulife's Asian business, the treasury function used to focus on transactional tasks like collections and payments. Today, it's a whole new world. We are leveraging technology to automate processes, allowing us to enhance our capital management while creating more strategic value for the business. Our treasury team is transforming to become more digitally savvy and is developing advanced analytical skills to create innovative solutions for the business.

Marie Hong
Head of Treasury, Asia
Manulife



3. What comes next for treasury and finance teams in Vietnam?

Most of the executives in Vietnam believe that treasury and finance teams will be integral to business success in the new era. This highlights the teams' critical importance to today's business, which is especially relevant in a fast-growing and rapidly evolving economy, such as Vietnam.

As companies pivot and diversify their business operations, it will be imperative for treasury and finance teams to support this crucial transition.

Vietnam businesses say that the areas where their teams are **strongest** are:

- Talent and skills
- Accessing consistent and reliable data
- Process innovation and flexibility
- Perspective on new and evolving risk

They are **weakest** in the following areas:

- Securing favourable financing for diversification initiatives
- Understanding different priorities and challenges across the C-suite

Vietnam stands out when it comes to its education, ranking 48th in the World Bank human capital index (making it the highest-ranking lower-middle income country).^[5] This strength in education, combined with the country's youthful population, gives it a relatively robust labour pool for businesses to tap into.^[6]

Against this backdrop, executives in Vietnam are focusing on a wide range of challenges and priorities:

- More than half say that securing financing for new strategic initiatives in Asia is becoming more important
- Most say that finance, procurement and strategy teams must collaborate to ensure they have a set of common goals
- Around four in 10 indicate that generative AI is helping them overcome long-term talent shortages and related challenges within the treasury and finance organisation, showing that technology is playing a role in helping them meet growing demands

“ Treasury and finance play a crucial role in supporting our strategic initiatives, such as by increasing VND credit lines from local and foreign banks in Vietnam, enabling us to provide more funding to our customers. They also provide strategic support by identifying low-cost and long-term funding sources, which is essential for long-term growth. To provide even stronger business support, we are exploring the adoption of new technologies and up-skilling our treasury and finance teams.

Dennis Jen

General Director

Chailease International Leasing Co., Ltd

^[5] <https://www.telegraph.co.uk/global-health/climate-and-people/why-vietnamese-children-outperform-the-british-at-school/>

^[6] <https://www.ft.com/content/eeb2cf2e-cf3f-4c04-8645-e80878da8b10>

The outlook for treasury and finance in Vietnam is full of promise. At the same time, when we consider the high proportion of executives in the country who agree that their treasury and finance teams are integral to ongoing business success, it is clear that expectations are high. Moving forward, as the economy develops and new opportunities emerge across the region, the teams will need to work collaboratively with senior leadership while keeping pace with strategic change and investment across the global business. For many, a key test of their abilities as a strategic business partner

will be in helping their businesses achieve growth in Asia while navigating local challenges around underdeveloped infrastructure.

At DBS, we are committed to providing guidance and support to help them navigate the path ahead.

[Please click here to read the full *Pivotal* report](#)





Asia continues to be the epicentre of global growth, with Vietnam proving to be hugely attractive to multinational businesses for its vibrant consumer market and its growing manufacturing capacities. At the same time, companies within Vietnam are increasingly operating across borders, embracing e-commerce and delivering on-demand services to keep up with changing consumer preferences across the region.

Rachel Chew

Group Chief Operating Officer

Global Transaction Services

DBS Bank



Global market uncertainty requires businesses to develop new strategies to tackle a rapidly changing landscape as well as emerging risks. Vietnamese companies must embrace innovation and digital transformation and build sustainable supply chains to meet growing demand. The teams are uniquely positioned to influence the long-term success of their organisations by enhancing strategic planning, risk management and data-driven decision-making.

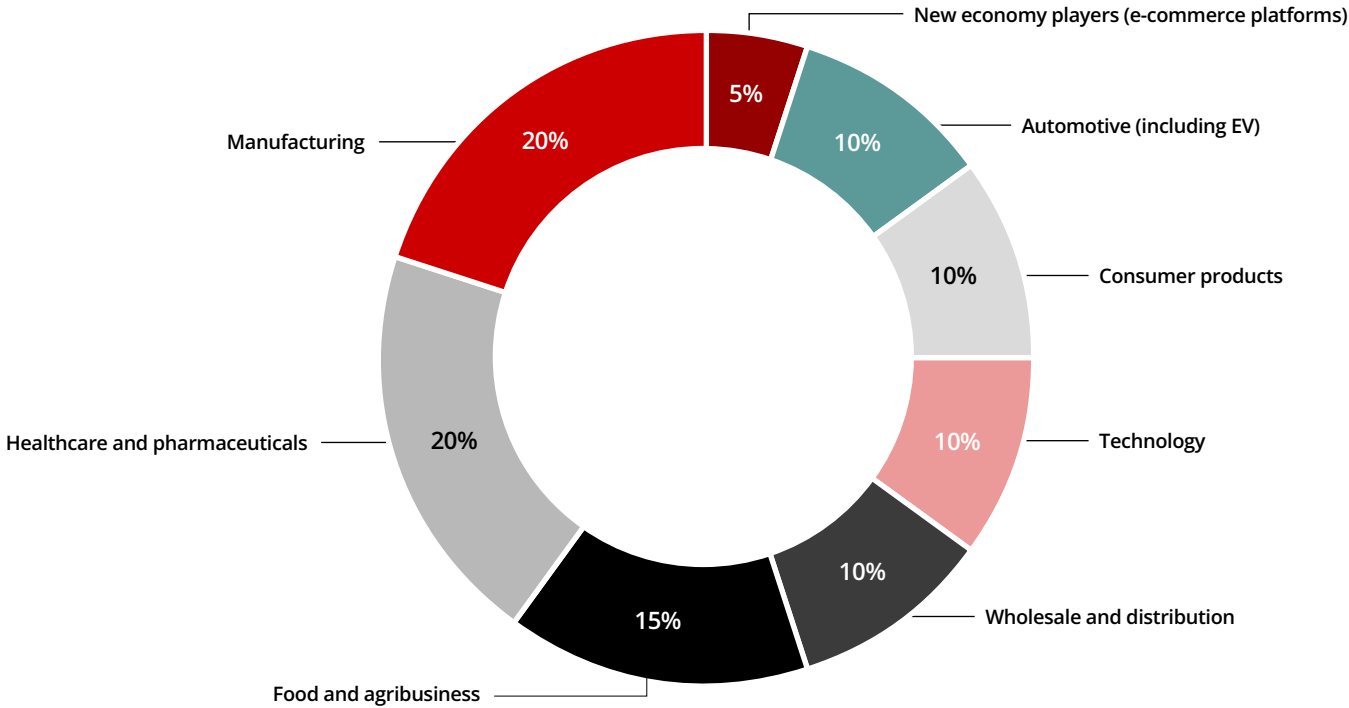
Abdul Raof Latiff

Country Head

DBS Bank Vietnam

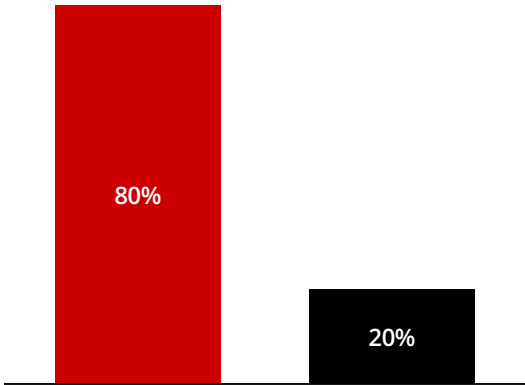
Vietnam: Demographic breakdown of survey respondents

Industry



Seniority

- C-suite/executive leadership
- Reports into C-suite executive leadership



Function

