

A Comparison between Vietnam's Commitments in Financial Services under WTO, CPTPP and EVFTA

The full text of [the Comprehensive and Progressive Agreement for Trans-Pacific Partnership Agreement \(CPTPP\)](#) and [the Free Trade Agreement between Vietnam and European Union \(EVFTA\)](#) have been made available for public information. The table below tries to compare the existing commitments of Vietnam under WTO Agreement, CPTPP and EVFTA Agreement in Financial Services. The comparison is done by Tran Thuy Tien, and Nguyen Bich Ngoc.

Notes:

- Vietnam's specific commitments in financial services are contained in Section II.7 of Schedule CLX – Vietnam (Specific commitments in Services) of the WTO Agreement, Chapter 11 and Annex III (Vietnam) of CPTPP, and Chapter 8 and annex 8-B of the EVFTA. The list below covers specific commitments in specific sub-sectors. But there are commitments which apply to all sectors and are not listed in here.
- CPC Codes are as used in [the Provisional Central Product Classification](#).
- No limitation means no limits on national treatments in terms of *foreign ownership, form of investment or other restrictions*.
- Unless otherwise indicated in each specific sector or sub-sector, the establishment of branches is unbound.
- Share acquisition is generally allowed with no foreign ownership limitation for committed sectors and sub-sectors unless otherwise indicated.

Sectors and Sub-sectors	WTO	CPTPP ¹	EVFTA
FINACIAL SERVICES			
1. Insurance and insurance-related services	<p>1.1. Scope of commitment:</p> <p>1.1.1. Direct insurance:</p> <p>(a) Life insurance, excluding health insurance services</p> <p>(b) Non-life insurance services</p> <p>1.1.2. Reinsurance and retrocession</p> <p>1.1.3. Insurance intermediation (such as brokerage and agency)</p> <p>1.1.4. Services auxiliary to insurance (such as consultancy, actuarial, risk assessment and claim settlement)</p> <p>1.2. No limitation</p>	<p>1.4. Scope of commitment:²</p> <p>1.4.1. Direct insurance (including co-insurance):</p> <p>(a) Life; and</p> <p>(b) Non-life;</p> <p>1.4.2. Reinsurance and retrocession;</p> <p>1.4.3. Insurance intermediation (such as brokerage and agency);</p> <p>1.4.4. Services auxiliary to insurance (such as consultancy, actuarial, risk assessment and claim settlement services).</p> <p>1.5. No limitation on form of investment and foreign ownership limit, except that:</p>	<p>1.7. Scope of commitment:</p> <p>1.7.1. Direct insurance</p> <p>(a) Life insurance, including health insurance.</p> <p>(b) Non-life insurance services</p> <p>1.7.2. Reinsurance and retrocession</p> <p>1.7.3. Insurance intermediation (such as brokerage and agency)</p> <p>1.7.4. Services auxiliary to insurance (such as consultancy, actuarial, risk assessment and claim settlement)</p> <p>1.8. No limitation</p>

¹ General note: Under Article 11.10 of Chapter 11 – CPTPP, commitments relating to, among other things, National Treatment, Most Favoured Nation Treatment, Market Access shall not apply to (1) existing non-conforming measures (**Existing Measure**), including the continuation or prompt renewal or amendment of existing measures to the extent that such amendment does not decrease the conformity of the measure as it existed immediately before the amendment or on the date of entry into force of CPTPP (see Annex III-Section A of CPTPP), and (2) non-existing measures listed in Annex III – Section B of CPTPP.

² Definition of “financial service” under Article 11.1 of Chapter 11 –Financial Services – CPTPP.

Sectors and Sub-sectors	WTO	CPTPP ¹	EVFTA
	<p>1.3. Non-life branches of foreign insurance enterprises are allowed, subject to prudential management regulations.</p>	<p><u>1.5.1. additional requirements on minimum years of experience, value of total assets, profit making, credit ratings and no violation of laws and regulations on insurance business or other law of the home country may be imposed; and</u></p> <p>1.5.2. the following Existing Measures may apply:</p> <p>(a) <u>Foreign natural persons are not allowed to supply insurance agency services in Viet Nam.</u></p> <p>1.6. Only branching of foreign non-life insurance enterprises is allowed, <u>subject to satisfaction of (a) conditions on operational and financial capacity of the investor; and (b) the cooperation between insurance regulators of Vietnam and the home country of the investor.</u></p>	<p>1.9. Non-life branches of foreign insurance enterprises shall be permitted.</p> <p><u>Branches of foreign reinsurance enterprises shall be permitted after three years from the date of entry into force of EVFTA.</u></p> <p>For greater certainty, this shall be subject to prudential regulations.</p>

Sectors and Sub-sectors	WTO	CPTPP ¹	EVFTA
2. Banking and Other Financial Services	<p>2.1. Scope of commitment:</p> <p>2.1.1. Acceptance of deposits and other repayable funds from the public;</p> <p>2.1.2. Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction;</p> <p>2.1.3. Financial leasing;</p> <p>2.1.4. All payment and money transmission services, including credit, charge and debit cards, travelers' cheques and bankers drafts;</p> <p>2.1.5. Guarantees and commitments;</p> <p>2.1.6. Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>(a) Money market instrument (including cheques, bills, certificates of deposits);</p> <p>(b) Foreign exchange;</p> <p>(c) Exchange rate and interest rate</p>	<p>2.4. Scope of commitment:³</p> <p>2.4.1. Acceptance of deposits and other repayable funds from the public;</p> <p>2.4.2. Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction;</p> <p>2.4.3. Financial leasing;</p> <p>2.4.4. All payment and money transmission services, including credit, charge and debit cards, travelers' cheques and bankers' drafts;</p> <p>2.4.5. Guarantees and commitment;</p> <p>2.4.6. Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>(a) Money market instrument (including cheques, bills, certificates of deposits);</p> <p>(b) Foreign exchange;</p> <p>(c) Exchange rate and interest rate instrument including products such as swaps, forward rate</p>	<p>2.7. Scope of commitment: Same as WTO's commitments at 2.1.</p> <p>2.8. Form of investment: Same as WTO's commitments at 2.2.</p> <p>2.9. Foreign ownership limit:</p> <p>2.9.1. Equity participation by foreign credit institutions in equitized Vietnamese state-owned banks: same as WTO's commitments at 2.3.1;</p> <p>2.9.2. Capital contribution in the form of buying shares in joint-stock commercial bank: same as WTO's commitments under 2.3.2.</p> <p>2.9.3. A branch of foreign commercial bank is not allowed to open other transaction points outside its branch office, <u>excluding ATMs</u>.</p> <p><i>Note: In Viet Nam, foreign branches controlled by one financial institution of the Union are allowed to submit combined financial reports (including balance sheet, income statement, and cash flow statement). For greater certainty, no individual</i></p>

³ Definition of "financial service" under Article 11.1 of Chapter 11 –Financial Services – CPTPP.

Sectors and Sub-sectors	WTO	CPTPP ¹	EVFTA
	<p>instrument including products such as swaps, forward rate agreements; and</p> <p>(d) Bullion;</p> <p>2.1.7. Money brokering;</p> <p>2.1.8. Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;</p> <p>2.1.9. Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;</p> <p>2.1.10. Provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services; and</p> <p>2.1.11. Advisory, intermediation and other auxiliary financial services on all activities listed in from 2.1.1 to 2.1.10, including credit reference and analysis, investment and</p>	<p>agreements; and</p> <p>(d) Other negotiable instruments and financial assets, including bullion;</p> <p>2.4.7. Money broking;</p> <p>2.4.8. Asset management, such as cash or portfolio management, all form of collective investment management, pension fund management, custodial, depository and trust services;</p> <p>2.4.9. Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;</p> <p>2.4.10. Provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services; and</p> <p>2.4.11. Advisory, intermediation and other auxiliary financial services on all activities listed from 2.4.1 to 2.4.10, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.</p>	<p><u>report of such foreign bank branches is required.</u></p> <p><u>Nothing in this paragraph shall be construed to prevent Viet Nam's authority to occasionally request such foreign bank branches to submit reports for supervisory purposes and secure compliance with the prudential ratios as stipulated in Viet Nam's laws and regulations.</u></p> <p>2.9.4. <u>Foreign credit institutions are allowed to issue credit cards on national treatment basis.</u></p>

Sectors and Sub-sectors	WTO	CPTPP ¹	EVFTA
	<p>portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.</p> <p>2.2. Form of investment:</p> <p>2.2.1. Foreign commercial banks may set up: representative office, branch, commercial joint venture bank with foreign capital contribution not exceeding 50% of charter capital, joint venture financial leasing company, 100% foreign-invested financial leasing company, joint venture finance company, 100% foreign-owned bank.</p> <p>The foreign commercial bank must have total assets of more than (a) US\$ 20 billion or (b) US\$10 billion at the end of the year prior to application for establishment of a branch, or a joint venture/wholly foreign owned bank in Vietnam respectively.</p> <p>2.2.2. Foreign finance companies may set up: representative office, joint venture finance company, 100% foreign-invested finance company, joint venture financial leasing company, and 100% foreign-</p>	<p>2.5. Form of investment:</p> <p>2.5.1. Same as WTO's commitment (see 2.2).</p> <p>2.5.2. In addition, the following Existing Measures may apply:</p> <p>(a) <u>Only a natural persons having Vietnamese nationality can be allowed to be founding shareholders of joint stock commercial banks;</u></p> <p>(b) <u>A foreign credit institution or a foreign institution engaged in a banking operation is only permitted to establish one representative office in each province or city under the central authority;</u></p> <p>(c) <u>A foreign credit institution does not include branch or an entity that has no independent legal existence of investor; and</u></p> <p>(d) <u>[General] directors, deputy [general] directors, chief accountants, directors of branches and directors of subsidiary companies must reside in Viet Nam during their term of office whether they assume the positions in the Board of Directors of a</u></p>	

Sectors and Sub-sectors	WTO	CPTPP ¹	EVFTA
	<p>invested financial leasing company.</p> <p>2.2.3. Foreign financial leasing companies may set up: representative office, joint venture financial leasing company and 100% foreign-invested financial leasing company.</p> <p>A foreign credit institution at 2.2.2 or 2.2.3 must have total assets of more than US\$10 billion at the end of the year prior to application for the establishment of a 100% foreign-invested finance company or a joint venture finance company, a 100% foreign-invested financial leasing company or a joint-venture financial leasing company.</p> <p>2.2.4. Branching of a foreign commercial bank is allowed, provided that the branch is not allowed to open other transaction points outside its branch office.</p> <p>2.3. Foreign ownership limit:</p> <p>2.3.1. Vietnam may limit equity participation by foreign credit institutions in equitized Vietnamese state-owned banks to the same level as equity participation by</p>	<p><u>credit institution.</u></p> <p>2.6. Foreign ownership limit:</p> <p>2.6.1. Vietnam reserves the right to adopt or maintain any measure relating to the equitisation of State-owned commercial banks and restructuring process of credit institution in Vietnam.</p> <p>2.6.2. In addition, the following Existing Measures may apply:</p> <p>(a) Total equity held by foreign institution and individuals in each Vietnam’s joint-stock commercial bank may not exceed 30% of the bank’s charter capital, unless otherwise provided by Viet Nam’s laws or authorized by a Viet Nam’s competent authority;</p> <p>(b) <u>Equity held by a foreign strategic investor and its affiliated persons in Vietnam in each commercial joint stock bank may not exceed 20% of the bank’s charter capital;</u> and</p> <p>(c) <u>Exception on the above foreign ownership limits may be granted by the Prime Minister in special cases to restructure weak credit institutions for the sound of banking system.</u></p>	

Sectors and Sub-sectors	WTO	CPTPP ¹	EVFTA
	<p>Vietnamese banks.</p> <p>2.3.2. Capital contribution in the form of buying shares in joint-stock commercial bank: not exceeding 30% of the bank's charter capital, unless otherwise provided by Viet Nam's laws or authorized by a Viet Nam's competent authority.</p>	<p>2.6.3. In addition, the following Existing Measures may apply:</p> <p>(a) <u>A foreign bank branch is not allowed to carry out activities outside the scope of activities of the foreign bank in its home country, to make capital contribution or purchase shares; and</u></p> <p>(b) <u>Prudential ratios of foreign bank branch in Viet Nam must be calculated based on its regulatory capital, which must be located in Viet Nam.</u></p>	

Sectors and Sub-sectors	WTO	CPTPP ⁴	EVFTA
3. Securities	<p>3.1. Scope of commitment:</p> <p>3.1.1. Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>(a) Derivative products including futures and options;</p> <p>(b) Transferable securities; and</p> <p>(c) Other negotiable instruments and financial assets, excluding bullion.</p> <p>3.1.2. Participation in issues of all kinds of securities including under-writing and placement as an agent (publicly or privately), provision of services related to such issues;</p> <p>3.1.3. Asset management, such as portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust</p>	<p>3.4. Scope of commitment:⁴</p> <p>3.4.1. Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>(a) Derivative products, including futures and options;</p> <p>(b) Transferable securities; and</p> <p>(c) Other negotiable instruments and financial assets, including bullion;</p> <p>3.4.2. Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues;</p> <p>3.4.3. Asset management, such as portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services;</p> <p>3.4.4. Settlement and clearing services for financial assets, including securities, derivative products, and</p>	<p>3.7. Scope of commitment:</p> <p>3.7.1. Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>(a) Derivative products including futures and options;</p> <p>(b) Transferable securities; and</p> <p>(c) Other negotiable instruments and financial assets, excluding bullion.</p> <p>3.7.2. Participation in issues of all kinds of securities including under-writing and placement as an agent (publicly or privately), provision of services related to such issues;</p> <p>3.7.3. Asset management, such as portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services;</p>

⁴ The scope of commitments about Securities is not entirely clear under the CPTPP. It appears that the scope of Securities-related services is incorporated in the definition of “Banking and other financial services (excluding insurance)”.

Sectors and Sub-sectors	WTO	CPTPP ¹	EVFTA
	<p>services;</p> <p>3.1.4. Settlement and clearing services for securities, derivative products, and other securities-related instruments;</p> <p>3.1.5. Provision and transfer of financial information, and related software by suppliers of securities services; and</p> <p>3.1.6. Advisory, intermediation and other auxiliary securities-related <u>excluding 3.1.1</u>, including investment and portfolio research and advice, advice on acquisition and on corporate restructuring and strategy.</p> <p>3.2. Form of investment:</p> <p>3.2.1. Foreign securities service suppliers may set up:</p> <p>(a) representative office;</p> <p>(b) branches for the services from 3.1.3-3.1.6;</p> <p>(c) joint ventures with Vietnamese partners in which foreign capital</p>	<p>other securities-related instruments; and</p> <p>3.4.5. Advisory, intermediation and other auxiliary financial services on the activities listed from 3.4.1 - 3.4.4, including investment and portfolio research and advice, advice on acquisition and on corporate restructuring and strategy.</p> <p>3.5. Form of investment:</p> <p>3.5.1. No limitation except that foreign participation from above 49% to less than 100% of charter capital of a securities company, <u>fund management company is subject to conditions and approvals by the government of Vietnam</u>. This will be deemed as an Existing Measure after five years following the effective date of the CPTPP;</p> <p>3.5.2. Branching of foreign securities companies <u>and fund management companies</u> are permitted, subject to conditions and approvals by the government of Vietnam; and</p> <p>3.5.3. Existing Measure: <u>The Viet Nam Securities Depository is the only organization authorized to act as a Central Securities Depository which typically supply services on registration, depository, clearing and settlement of securities</u></p>	<p>3.7.4. Settlement and clearing services for securities, derivative products, and other securities-related instruments;</p> <p>3.7.5. Provision and transfer of financial information, <u>and financial data processing</u> and related software by suppliers of securities services;</p> <p><i>For greater certainty, Viet Nam reserves the right to apply authorization for the provision and transfer of financial data processing in accordance with Articles 8.19 (Conditions Licensing and Qualification) and 8.20 (Licensing and Qualification Procedures) of the EVFTA.</i></p> <p>3.7.6. Advisory, intermediation and other auxiliary securities-related on all activities listed in subparagraphs 3.7.1 to 3.7.5, including <u>credit reference and analysis</u>, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.</p> <p>3.8. Form of investment: Foreign securities service suppliers may set</p>

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	<p>contribution not exceeding 49%; and</p> <p>(d) 100% foreign invested capital companies.</p> <p>3.2.2. Branching of foreign securities services suppliers shall be permitted.</p> <p>3.3. Foreign ownership limit: Unlimited except where the foreign invested securities companies set up joint venture companies, the foreign ownership is subject to the 49% limit.</p>	<p><u>and securities transactions.</u></p> <p>3.6. Foreign ownership limit: Unlimited</p>	<p>up:</p> <p>3.8.1. representative offices;</p> <p>3.8.2. branches for the services from 3.7.3 to 3.7.6;</p> <p>3.8.3. joint ventures with Vietnamese partners in which foreign ownership not exceeding 49%; and</p> <p>3.8.4. 100% foreign-invested capital companies.</p> <p>3.9. Foreign ownership limit: Same as 3.3.</p>