

Presentation to Da Nang University of Economics
**Vietnam's Economic Future:
Mechanisms for continued
International Economic Development**
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Vietnam's Economic Future

- In brief, please consider the following suggestions with respect to
 - Currency Mechanisms, either
 - Maintain the VND but permit legal use of selected currencies: USD, EURO, Bitcoin
 - Establish a non-mint Synthetic Regional Over-the-Counter currency with similar neighboring economics similar to the European Currency Unit, which preceded the EURO
 - A non-minted currency under the supervision of a Committee of State Banks or participating countries
 - Transactions can be conducted only electronically using established banking transfer systems.
 - Financial Reporting Mechanisms
 - Document a strong similarity to the IFRS accounting model, and
 - Consider adopting the legal use of up to three accounting models, using the Japanese model – Vietnam GAAP, IFRS, and US GAAP
 - Use of either US GAAP or IFRS can be a first step to access US and European capital
 - Use of recognized accounting models, supported by recognized audit opinions will attract foreign investor capital and the borrowing activity with foreign banks, if wanted by the Government

Vietnam's Economic Future

AGENDA

- A Brief review of Vietnam's recent economic history
- Major Growth Opportunities
- Major Risks
- Mechanisms available for further international economic growth

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A Brief Review of Vietnam's Economic History

(or “what the speaker believes he knows about Vietnam”)

- Population - 100 million +
- GDP Growth Rate exceeding 6%
- A currency that has experienced three devaluations
- Membership in the World Trade Organization (WTO)

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A Brief Review of Vietnam's Economic History

(or “what the speaker believes he knows about Vietnam”)

- The Western Perspective
 - The Economist: “ardently capitalist communists”
 - Government policies are Socialist with increasingly capitalist attributes
- Major industries or centers of economic activity
 - Agriculture – the traditional economic center
 - Oil
 - Hi-tech
 - Other

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A Brief Review of Vietnam's Economic History

(or “what the speaker believes he knows about Vietnam”)

- A simple model for Vietnam's International Trade Patterns
 - Imports from China
 - Exports to the west, mostly the United States: Reuters 2/5/2025

Vietnam's trade surplus with the U.S. rose annually by nearly 20% in 2024 to a record level exceeding \$123 billion, according to the latest data from the U.S. government.

In the same period the gap with China grew by less than 6% to \$295.4 billion, far below its peak in 2018; the EU's surplus went up by nearly 13% to a high of \$235.5 billion; and the deficit with Mexico increased by 12.5% to almost \$172 billion, also an all-time record.

→ *China – USA trade tensions and realignments should be evaluated*

→ *USA reticence to accept foreign technology has heightened (TikTok, Chips)*

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- Petroleum Industry
 - 3rd largest oil producer in Southeast Asia
 - 9th largest petroleum industry participant in Asia and Pacific Region
 - Early thoughts of entry into nuclear power are understood to be dormant
- Self reliance may become more critical in the short term as a response to new US oil and energy policy*
- A major source of US Dollar Currency, depending on exports*
- Not part of the Climate Change-Sustainability culture of the West*

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- Successful participation in hi-tech industries
 - Ranked 44th in the Global Innovation Index
 - Responsible for most of the Stock Exchange activity

→ What is Vietnam's short- and medium-term economic growth engine?
→ Hi tech is an export growth driver, and ensures global communication
→ US reticence

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- Stock exchanges

- Ho Chi Minh Stock exchange (HOSE) – since 2000
- Hanoi Stock Exchange (HNX) – since 2005
- Unlisted Public Company Market – since 2009

→ Elsewhere around the world, exchanges set and regulate the rules for information exchanges that determine market prices and market dynamics.

In the United States, added to this is one powerful regulator, the SEC.

→ Accounting and financial reporting are the basic tools of information economics.

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Suggestion 1 – various strategies involving Currency Mechanisms

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- Vietnam's currency – the Vietnamese đồng (đ) (VND)
- Suggestion – consider expanding the currency choices available domestically and for international trade for the Vietnamese economy



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- Vietnam's currency – the Vietnamese đồng (đ) (VND)
- The economic future of Vietnam may depend on new approaches to its currency.
- Alternative approaches
 - Easiest, and immediate: Permission to use certain Crypto currencies
 - Achievable: The creation of a synthetic trading currency, such as the ECU
 - Unlikely Long Term Strategy: The Formation of a multinational integrated currency such as the EURO
 - Remotely Possible: Adopt a Foreign currency as legal tender within Vietnam (as the US Dollar, the EURO and Bitcoin have been adopted)



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- Cryptocurrencies

- The rise of Bitcoin and other cryptocurrencies has been tied to trade in Southeast Asia.
- What is the role of Cryptocurrency in Vietnam

→ The role of Cryptocurrencies in international trade continues to expand even if some countries have declared it as illegal for use in their country.

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- The Formation of the EURO ✓
 - The ECU
 - The ECU was formed through a combination of less than 8 European currencies as compared with the formal composition of today's Euro from 20 national currencies
 - The ECU contained the UK pound sterling, the EURO never did
 - was composed of participating currencies with participation backed by the Central Banks of the underlying countries.
 - It was not available in paper and coin form; it could only be transmitted electronically within the established European bank transfer systems.
 - An ECU at any time could be decomposed into its component currencies and this composition determined its market price
 - The ECU could be lent and borrowed, and it could be used to settle debts (senior bank officials including myself were permitted to write bank checks in the ECU).
 - The ECU became the EURO on January 1, 1999, and the underlying currencies continued
 - The component European currencies ceased to have value circa 2002.

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- The Formation of the EURO
 - Consider re-assessing the formation of the EU as regards the EURO
 - The EU is a new legal jurisdiction but the currency and military resources of Europe are organized outside the direct control of the EU parliament
 - There are now 27 EU members and only 20 have adopted the EURO
 - NATO is a separate military alliance which includes the UK and Canada and several Scandinavian countries, none of which are EU members
 - A number of states used the EURO as their official currency even though not members of the EU
 - The EURO was formed after a trial period for currency integration over more than 20 years using a synthetic or non-government sponsored currency, the ECU. The EURO replaced the ECU on January 1, 1999.

→ *The ECU can be of particular interest to Vietnam and its region.*

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- Currency alternatives – an integrated multinational currency
 - The State Bank of Vietnam would need to consider
 - **Risks: a loss of sovereignty (control of the home currency) depending on the degree of integration....and the legal and banking mechanisms for it;**
 - Risks: possibly importing inflationary vectors from other countries within the integration unit
 - Risks: loss of direct control over the value of the currency, impacting international trade
 - Benefits: wider economic integration;
 - Benefits: facilitation of trade by reducing currency risk perceived by customers and vendors.
 - Benefits: enhanced economic integration into the global banking system
- Example and precedent – the formation of the EURO.

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- A Broader Strategy: Adopting a Foreign Currency as State Currency
 - Example: Many Non-EU members using the EURO
 - Example: El Salvador
 - In 1991, El Salvador adopted the US Dollar as its state currency
 - From 2021 to January 2025 El Salvador designated BITCOIN as a legal currency
- If the domestic currency lacks liquidity or convertibility, the legal permission to use a foreign currency or even adopt it as a national currency has been used elsewhere (principally Europe and the Americas)

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SUGGESTION 2: Financial Reporting Mechanisms – Evolve Vietnamese GAAP

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FINANCIAL REPORTING

- Suggestion: Consider an evolutionary step in Vietnam's Accounting Model
- This step been implemented by many others, notably in the EU.

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- “ACCOUNTING is the LANGUAGE OF BUSINESS”
- Accounting models
 - US GAAP (“Generally Accepted Accounting Principles” _
 - IFRS
 - Other “home country” GAAP models

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FINANCIAL REPORTING

- “Generally Accepted Accounting Principles”
 - The accounting rules that are adopted authoritatively have emerged from consensus
 - Systems vary as to autocratic rulemaking from a government authority and consensus building from the private sector

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US GAAP

- History – a product of the 1933-1934 Securities Acts, passed after the 1929 market crash
- Rule maker: Financial Accounting Standards Board
 - 7 board members
 - Privately funded
- Government Role – SEC Chief accountant can dictate “GAAP”
- The FASB publishes the Accounting Standards Codification, the ACS.
- Published online at www.fasb.org

IFRS

- Began with international consultations between the US and UK in the 1970s that quickly spread to Europe and then worldwide.
- Rule maker: the IASB (or IFRS)
 - 14 board members
 - Privately funded as a not-for-profit
- An NGO – non-government entity
 - No single individual can dictate IFRS
- IFRS published online at www.ifrs.org

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US GAAP

- Rules-based
- Compliance Tool
- All public companies in the US must use the ACS

IFRS




























- Principles-based
- Adoption requires
 - Law passed at the national level
 - Licensing agreement with IFRS
 - At each national level departures can be permitted

Upon legal adoption IFRS becomes THE or ONE OF THE Generally Accepted Accounting principles permitted in the nation's jurisdiction.

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Largest companies in Vietnam by market capitalization

Companies: 37 total market cap: \$117.73 B  

Rank	Name	Market Cap	Price	Today	Price (30 days)	Country
1	 BIDV (Commercial Bank for Investment and Development of Vietnam) BID.VN	\$ 10.85 B	\$ 1.57	▼ 0.13%		 Vietnam
2	 VinFast Auto VFS	\$ 8.99 B	\$ 3.84	▲ 0.39%		 Vietnam
3	 FPT Corporation FPT.VN	\$ 8.55 B	\$ 5.82	▲ 0.07%		 Vietnam
4	 Hoa Phat Group HPG.VN	\$ 6.81 B	\$ 1.07	▼ 0.19%		 Vietnam
6	 Petrovietnam Gas GAS.VN	\$ 6.31 B	\$ 2.69	▲ 1.04%		 Vietnam
7	 VPBank (Vietnam Prosperity Joint Stock Commercial Bank) VPB.VN	\$ 6.00 B	\$ 0.76	▲ 1.60%		 Vietnam
8	 Vingroup Company VIC.VN	\$ 5.92 B	\$ 1.59	▼ 0.12%		 Vietnam
9	 Vinamilk (Vietnam Dairy Products) VNM.VN	\$ 5.10 B	\$ 2.44	▲ 2.16%		 Vietnam
10	 Asia Commercial Joint Stock Bank ACB.VN	\$ 4.50 B	\$ 1.01	▲ 0.59%		 Vietnam

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• Listing Requirements – example from HOSE

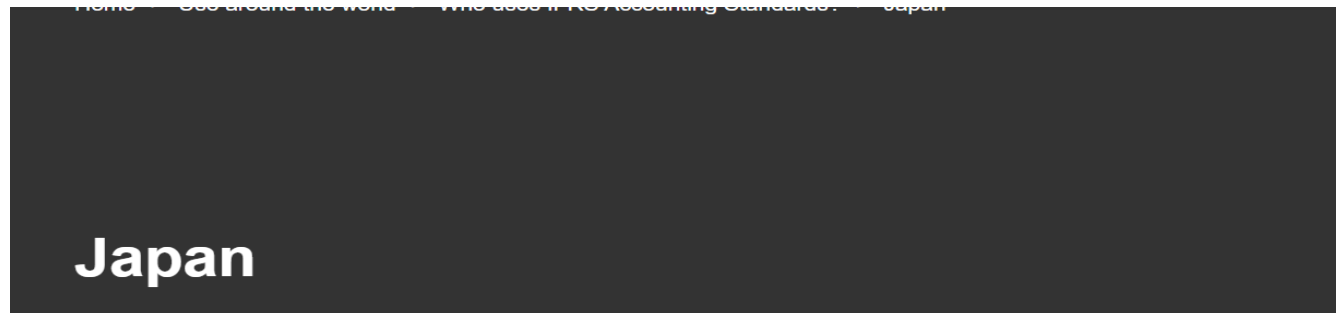
Financial Statements. The listing applicant must submit its financial statements for the last two years, satisfying the following key requirements under Article 107.1 of Decree No. 155:

- If the listing applicant has subsidiaries, the consolidated financial statements must also be submitted.
 - All submitted financial statements must be audited by a qualified auditing company.
 - The auditing company's opinion on the financial statements must be unqualified. In the event that qualifications are included in the audit opinion, they must not adversely impact on the company's compliance with the listing conditions. The company must have an explanatory document to this effect, certified by the auditing company.
 - In the event of a consolidation or merger, the financial statements of the last accounting period from the beginning of the fiscal year to the time of the consolidation of the companies participating in the consolidation or merger, and the financial statements of the first accounting period after the time of consolidation or merger to the end of the fiscal year of the consolidated entity must satisfy the second and third requirements above, and the annual financial statements of the companies participating in the consolidation or merger must be audited by a qualified auditing company.
 - If the complete and valid listing application dossier is submitted after the deadline for disclosure of semi-annual or quarterly financial statements, the listing applicant must supplement such semi-annual or quarterly financial statements, as appropriate. In the case of semi-annual financial statements, these must be reviewed by a qualified auditing company.
 - If, after the most recent audited accounting period, the listing applicant has made any additional issuance to increase its charter capital (with the exception of shares issued to pay dividends, or increase capital from equity, or to convert bonds, or as bonus shares issued to employees), the listing applicant must submit a supplementary equity statement or financial statement audited by a qualified auditing company.
- • Vietnamese accounting standards must be used in preparing the financial statements.

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FINANCIAL REPORTING

- IFRS ADOPTION – JAPAN



Extent of IFRS application	Status	Additional Information
IFRS Accounting Standards are required for domestic public companies		
IFRS Accounting Standards are permitted but not required for domestic public companies	✓	IFRS Standards are one of four permitted financial reporting frameworks. The others are Japanese GAAP, Japan's Modified International Standards (JMIS), and US GAAP.
IFRS Accounting Standards are required or permitted for listings by foreign companies	✓	Permitted.

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- IFRS ADOPTION – CHINA

Home > Use around the world > Who uses IFRS Accounting Standards? > China

China




Extent of IFRS application	Status	Additional Information
IFRS Accounting Standards are required for domestic public companies		China's national standards are substantially converged with IFRS Standards, and China has committed to adopt IFRS Standards for reporting by at least some domestic companies although there is no timetable for completion of the process. Chinese companies representing more than 30 per cent of the total market capitalisation of the domestic market produce IFRS-compliant financial statements as a result of their dual listings in Hong Kong and other international markets.
IFRS Accounting Standards are permitted but not required for domestic public companies		
IFRS Accounting Standards are required or permitted for listings by foreign companies		Foreign companies do not trade currently in Chinese securities markets. Therefore, there is no relevant regulation on whether those companies would be permitted to use IFRS Standards.

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- IFRS ADOPTION – United States of America

Home > Use around the world > Who uses IFRS Accounting Standards? > United States



United States

Extent of IFRS application	Status	Additional Information
IFRS Accounting Standards are required for domestic public companies		No. Domestic public companies must use US GAAP.
IFRS Accounting Standards are permitted but not required for domestic public companies		
IFRS Accounting Standards are required or permitted for listings by foreign companies	✓	Permitted. Currently, more than 500 foreign SEC registrants, with a worldwide market capitalisation of US\$7 trillion, use IFRS Standards in their US filings.

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FINANCIAL REPORTING

- IFRS ADOPTION – Vietnam

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Vietnam



Extent of IFRS application	Status	Additional Information
IFRS Accounting Standards are required for domestic public companies		No. Vietnam has not adopted IFRS Standards. National standards are required.
IFRS Accounting Standards are permitted but not required for domestic public companies		
IFRS Accounting Standards are required or permitted for listings by foreign companies		No.

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- FPT Corporation

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FPT CORPORATION (continued)

Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence
No. 0048-2023-006-1

A blue ink signature of Tran Khắc Thế, consisting of a stylized 'V' followed by a horizontal line.

Tran Khắc Thế
Audit Practising Licence
No. 2043-2023-006-1



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- FPT Corporation
- Investor relations webpage <https://fpt.com/en/ir>



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- Foreign Direct Investment through Corporate Investment and the Role of the Accounting Model

→ *consider adopting IFRS as the nation's generally accepted accounting model for public companies*

→ *consider Japan's "reporting model solution" which is the broadest and most flexible*

→ *Caveat: consider carefully the stature of the auditing profession in Vietnam and the role of the exchanges and securities regulators*

→

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SUGGESTION 1: Currency Mechanisms

SUGGESTION 2: Financial Reporting Mechanisms

THANK YOU!

