Data Analytics Enabling Foreign Trade and Digital Finance for Vietnamese SMEs

Presented by:
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Introduction

• While data analytics has been well applied at consumer-focused model such as digital lending platforms, it has been quite limited in SME-focused model in supporting SMEs meeting their needs in access to finance supporting their growth and cross-border trades.

• Vietnam currently has around 1.1M registered enterprises and around 742 thousand are in active/operating. Of which, 97% are small and medium enterprises (SME) with annual revenue of less than US$5M. The Law on Assistance for SMEs (2017) expected to encourage new setups and registrations from household businesses.

• Around 100 thousand SMEs (14% of SMEs) by 2019 involved in cross-border trades which is part of the Vietnamese open trade economy.

• The purpose of this presentation is to discuss how we have been using data analytics and financial technologies to facilitate cross-border trades, investments and access to finance for SMEs in Vietnam.
Vietnamese SME Snapshot and their needs

Vietnamese SMEs in the context of global supply chain

Figure 1: Vietnamese Registered Enterprises in Active, 2019

<table>
<thead>
<tr>
<th>Corporate Type</th>
<th># in Active</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public companies</td>
<td>3,000</td>
</tr>
<tr>
<td>Joint Stock Companies</td>
<td>151,000</td>
</tr>
<tr>
<td>Limited Liabilities</td>
<td>541,000</td>
</tr>
<tr>
<td>Private Enterprise</td>
<td>30,000</td>
</tr>
<tr>
<td>Others</td>
<td>20,000</td>
</tr>
<tr>
<td><strong># of Registered Enterprises in Active</strong></td>
<td><strong>742,000</strong></td>
</tr>
</tbody>
</table>

Source: FiinGroup. State-owned enterprises (around 2,700) are included in JSC and Ltd companies categories

Figure 3: What do Vietnamese SMEs need?

- Find Supplier
- Legal
- Find Partners
- Human Resources
- Market Trend
- Access Capital
- Find Customer

- SMEs accounted for nearly 97% of all active registered enterprise in Vietnam and around 78% of them having charter capital under VND10bn.
- SMEs employed about 5.6 Mil people and created 0.5 million of new jobs on average each year in 2016-2018 period.
- SMEs accounted for appr. 45% of Vietnam GDP and 30% of export value.

Source: PCI report 2018 and 2019
Data analytics enabling trades and investments into Vietnam

The case study at FiinGroup

Application of Data Analytics: The case for Vietnam by FiinGroup

<table>
<thead>
<tr>
<th>Trade Finance/Insurance</th>
<th>Business Matching</th>
<th>Biz Intelligence</th>
<th>M&amp;A/PE Investments</th>
<th>Credit Lenders</th>
</tr>
</thead>
<tbody>
<tr>
<td>- KYC</td>
<td>- Buyer sourcing</td>
<td>- Performance positioning</td>
<td>- Target screening</td>
<td>- Customer navigating</td>
</tr>
<tr>
<td>- Trade Risk Mgt</td>
<td>- Vendor selection</td>
<td>- Competitor</td>
<td>- Market Research</td>
<td>- Customer acquisition</td>
</tr>
<tr>
<td>- Credit Risk Mgt</td>
<td></td>
<td>- Benchmarking</td>
<td>- Deal origination</td>
<td>- Underwriting process</td>
</tr>
<tr>
<td>- Compliance</td>
<td></td>
<td>- Market Sizing</td>
<td>- Due Diligence</td>
<td>- Credit Risk Magt</td>
</tr>
<tr>
<td>- Collection</td>
<td></td>
<td>- Business Planning</td>
<td>- Post-deal monitoring</td>
<td>- Compliance</td>
</tr>
<tr>
<td>- Insolvency Magt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Analytics Dashboard

Credit Scoring

Legal Beneficiary Ownership

Interconnection Map
The pandemic has changed the way that foreign investors and partners establish and develop business relationship with Vietnamese counterparts. Our platform enabling the process more efficient (quicker and cost-savings).

**Traditional Process**

- Navigating the market
  - Online search, meeting with trade missions, paying physical visits to Vietnam
- Paying visits to Vietnam
  - A must for commercial trades and investments
- Meetings potential partners
  - With a longlist of potential partners and taking weeks
- Site visits inspection, due diligence
  - Management background check and third parties’ service costly for FDD, LDD, CDD
- Making Negotiations
  - Various negotiation meetings and courtesy visits by both parties
- Executing the relationship
  - Starting the partnership/cooperation/alliance

**During Covid-19 Process**

- Navigating the market
  - Using analytics platform plus on-line search
- No visits to Vietnam
  - Cannot pay visit to Vietnam because of Covid-19
- Virtual meetings potential partners
  - Via online
- Virtual due diligence
  - KYC with support from Analytics Platform
- Negotiations via Virtual
  - Virtual meetings for negotiations
- Executing the relationship
  - Starting the partnership/cooperation/alliance
Our Data Analytics system in business

A sample of our financial data analytics platform in commercial to facilitate the cross-border trade, investments and capital flows in Vietnamese SMEs

Who should use our FiinGate?

- Financial Institutions
- Credit Risk Insurance
- FDIs
- Offshore & onshore investors
- Trading Houses

The common usages

**Partner Screening**
Screening for potential partners/ acquisition candidates to refined list of companies for further due diligence and/or consideration.

**Vendor Management**
Vendor sourcing and regular monitoring their financial performance and creditworthiness

**Due diligence**
Helps users minimize the chance of unwanted surprises after the transaction is completed

**Risk management**
- Adverse info checks
- Conflicts of interests

Benefits from subscribing our FiinGate

- Fast access to FiinGate’s business information database
- Automated tracking and warnings to keep you updated
- Economic way to carry out due diligence
- A simple and user-friendly web-base platform
- Open 24/7 - Access anytime

Product Key Features

- Advanced Search with detailed filter parameters, returning a list of best matched results tailored for each customer
- Comprehensive Company Business Information:
  - Company Key Information
  - Ownership & Groups
  - Industries Benchmarking
  - Financial Statements
  - In-depth Analysis
  - Credit Rating
- Saved Lists of Company with interested
- Saved Searches for frequent queries
- Account Management and Securities features
- Customizable Alerts
- Adverse Media Monitoring
Impacts that we made through the Pandemic

We analyze around 15 thousand Vietnamese SMEs per year via both technology-based and analyst-based reports to support KYC and risk management in x-border trades and investments.

**Figure 4: Number of credit reports over 2020**

![Number of credit reports over 2020](image)

**Figure 5: Credit Score across business sectors in Vietnam**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Credit Score</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Goods &amp;…</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Personal &amp; Household…</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Basic Resources</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Construction &amp; Materials</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Automobiles &amp; Parts</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** FiinGroup
Vietnam SME Connect Platform

Our strategic initiative: We are moving on with Data Analytics for Digital Finance to further support SMEs in Vietnam

VIETNAMESE SME

TERMS AND CONDITIONS:
- Financial data sharing
- Debtors and creditors identification
- Trade data sharing
- Other terms & conditions

BENEFITS TO SME:
- Access to finance and with Lower interest rates
- Improving Sales especially exports
- Risk management esp. debtor collection
- Searching for right commercial partners

SME SCORING PLATFORM

- SME Identity & Profiling
- Credit Data
- Financial Analytics
- Trade Reference

API

Lending as a Platform (LaaS)

- Trade Finance
  - Facilitate the x-border trade

InsurTech

- For trade insurance

Business Matching

- With foreign trade partners joining the global value chain

Credit Data

ANALYTICS ENGINE

- Corporate Credit Scoring
- Debtor Credit Scoring
- Vendor Credit Scoring
- Risk Analytics
Our Data Analytics underway…

1. Digital finance is a must as part of digital economy. For supply chain finance and cross-border trades, **data analytics and the rise of technology is helping KYC and Due Diligence process** in the underwriting process and risk management.

2. As a very open economy like Vietnam and in the context of various trade initiatives with the World, the application of **data analytics engine and its platform will help transform the old-fashion way** of trade promotion and KYC process.

3. As a service provider, we aim at increasing analytics coverage from 20% to 50% of all Vietnamese SMEs by 2024 by all major type of information coverage and **beyond the financial and credit data**. The data analytics capability would help us develop other platforms to enable digital transformation in cross-border trades and digital finance.

4. Going beyond the supply chain finance, we are working with partners to introduce the **SME Connect Platform where SMEs** are the focus and data analytics will help bring benefits to both SMEs, their counterparts in the supply chain finance and digital finance providers (digital banking, P2P, trade finance, trade insurance).

5. Data analytics for corporates/ SMEs in Vietnam now mainly focus on financial and credit data. **Trade data and other unstructured data** are yet developed for this purpose.

6. Not only supporting foreign investors and trade partners to Vietnam, we plan to work with international vendors to support Vietnamese exporters as well in their KYC their counterparts oversea.
FiinGroup as a Vietnam’s Leader in Financial Data & Analytics

We have 13-year track record in financial data analytics enabling domestic and cross-border trades, investments and capital markets Vietnam

- **Established in March 2008**, FiinGroup has become a market leader in providing financial data, business information, industry research and other data-driven analytics services in Vietnam.

- **In September 2014, our Company** entered a strategic capital and business alliance with Nikkei Inc. & QUICK Corp (Japan) under which the Japanese partners hold 35.1% equity stake in our company and jointly support Japanese investors in Vietnam.

- FiinGroup has been serving more than 1,000 local and foreign financial institutions and corporations through our fintech platform as a service (PaaS), annual packages and on-call services.

- In October 2019, FiinGroup expanded its B2C model with the introduction of FiinTrade Platform for individual investors and traders in Vietnam Stock Market.

- FiinGroup officially expanded into the field of Credit Rating Agency (CRA) after being licensed by the Ministry of Finance on 20/03/2020, the license number 02/GPXH/02/BTC dated 20/03/2020

- FiinGroup currently has over 100 staffs including data analysts, business analysts, market researchers, IT engineers and client advisors working at Hanoi Head Office and branch office in Ho Chi Minh City.

- **Date of establishment:** March 11, 2008

- **Legal representative:** Mr. Nguyen Quang Thuan

- **Charter capital:** VND26 billion

- **Shareholders:**
  - Nikkei: 17.55%;
  - QUICK: 17.55%;
  - Management and Others: 64.9%

- **Strategic Partners:**
  - Nikkei
  - QUICK
  - PricewaterhouseCoopers

- **Auditor:** PricewaterhouseCoopers

- **No. of employees:** 105 (as of December 2019)
  - Data Analysts, Business Analysts, Market Analysts, Risk Analysts incl. CFA, ACCA, CPA charterholders
  - IT Engineers & Client Advisors

- **Location:**
  - Hanoi Head Office
  - Ho Chi Minh City branch
FiinGroup as a Vietnam’s Leader in Financial Data & Analytics

Data analytics applied in all 4 domains of our business

- **FINANCIAL INFORMATION**
  - FiinPro Platform
  - FiinTrade Platform
  - API Datafeed

- **BUSINESS INFORMATION**
  - Business Credit Report
  - FiinConnex Platform
  - FiinGate Platform
  - BI Analytics

- **MARKET RESEARCH**
  - Industry Report
  - Customised Research
  - Business Due Diligence
  - Market Entry Advisory

- **CREDIT RATING**
  - Issuer Credit Ratings
  - Instrument Credit Ratings
  - Corporate Scoring Report
  - Credit Evaluation
FiinGroup as a Vietnam’s Leader in Financial Data & Analytics

We are serving all major foreign and local institutional investors in Vietnam and thousands of corporate investors via Platform as a Service (PaaS) and on-call service.

<table>
<thead>
<tr>
<th>Platform/Service</th>
<th>Key Value</th>
<th>Sellside Securities</th>
<th>Institutional Investors</th>
<th>Retail Investors</th>
<th>Domestic Corporates</th>
<th>Foreign Corporates</th>
</tr>
</thead>
<tbody>
<tr>
<td>FiinPro</td>
<td>financial data analytics platform</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FiinTrade</td>
<td>stock research information platform</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FiinGate</td>
<td>corporate financial scoring analytics system</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>FiinConnex</td>
<td>corporate ownership &amp; relationship and corporate profile</td>
<td></td>
<td>✔</td>
<td></td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>FiinResearch</td>
<td>paid market and industry research reports</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>FiinRating</td>
<td>Credit Ratings</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
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</table>
Thank you for your attention!