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Vietnam Telecommunications
Opportunities Report

No. 165340

Chapter 1: EXECUTIVE OVERVIEW

1.1 Telecommunications in Vietnam: Banking, Oil and Mining Perspectives

Vertical Market Growth as Commitment to the Market Increases

Telecommunications is the backbone of the *banking industry* in Vietnam; without connections to domestic clients and overseas branches, the banks are simply unable to function. That being said, banks in Vietnam have been able to conduct their business without much of the sophisticated services and equipment available elsewhere in Asia. A frontier mentality is in place in Vietnam, and the current volume of business is low, so banking institutions do without leased lines or database services.

The basic infrastructure is in place, and a number of stop-gap measures are undertaken to overcome deficiencies in service or cut down on costs - faxes arrive from bank headquarters in Singapore daily with foreign exchange rates in lieu of subscriptions to electronic financial information, companies will compile correspondences and send them via courier to save on IDD faxes.

Despite the high operating costs and the level of business, most banks in Vietnam are bullish, and expect to increase expenditures on office space, personell - and communications equipment and services. Most of the banks with only representative offices interviewed also plan to start full branches, involving a significant upscaling of premises and facilities over the next two years.

The *oil companies*, by contrast, have more immediate communications needs, particularly for secure dedicated links and mobile systems. The acquisition of such systems has been hampered by lengthy licensing procedures and the time-consuming process of system selection and acquisition overseas.

Petroleum exploration and service companies enjoy favored status as they work under the auspices of the state oil company, PetroVietnam, which does give them an easier time applying for lines and dedicated network systems than the average company. Data communications are more vital: here the low quality of public lines and the high cost of leased circuits and packetswitched services is a major obstacle.