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Vietnam Regulator Calms Market After Bank Run Tied to Probe

- Police announce detention of chairwoman of property firm
- Customers race to pull money from fifth largest bank

By

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Vietnam's central bank sought to calm markets after investors sold financial stocks and customers of the nation's fifth-largest commercial bank raced to withdraw their money following a police probe into a prominent real estate tycoon.

Early Monday, Vietnam's benchmark index and bank stocks plunged after the police over the weekend announced the detention of Truong My Lan, chairwoman of real estate conglomerate Van Thinh Phat Holdings Group and other company officials for allegedly obtaining property through fraudulent means. The move was in relation to an ongoing investigation into the issuance and trading of bonds of some companies where trillions of dong were allegedly appropriated in 2018 and 2019, the public security ministry said in a statement on its website. Van Thinh Phat didn't respond to requests for comment.

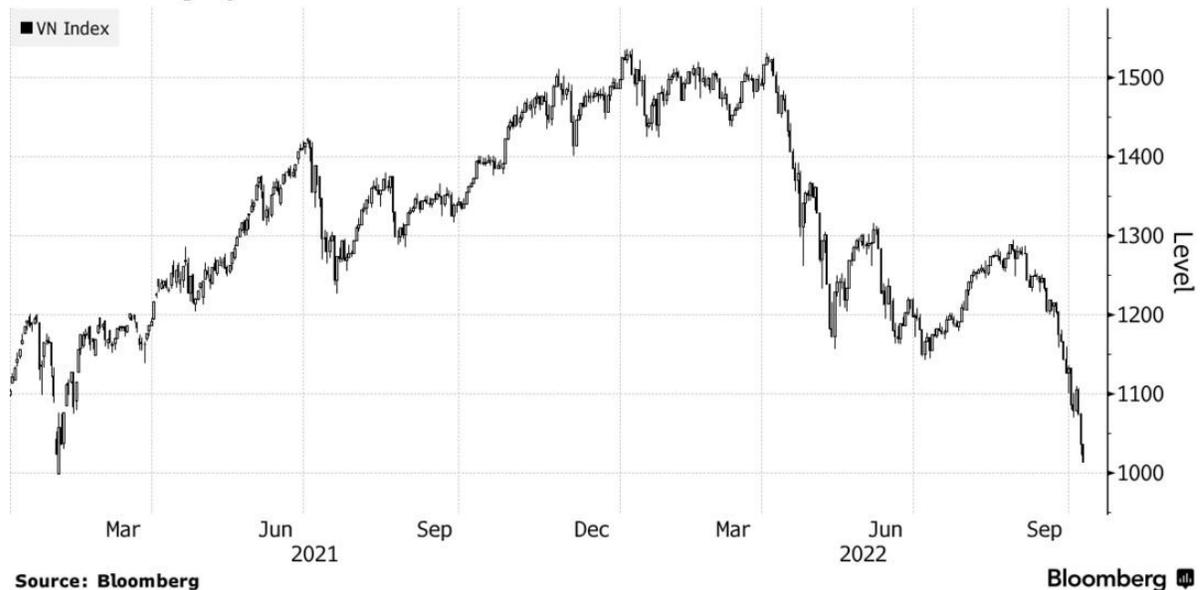
The State Bank of Vietnam worked to calm customers of privately held Saigon Commercial Bank, the fifth largest commercial bank by deposits and assets, after customers descended on its branches across the country to withdraw money. Lan and her conglomerate were believed to be major stakeholders in SCB, the local news website Tri Thuc Tre reported in 2014. The bank did not immediately respond to questions, but it said in a statement that "Ms. Truong My Lan does not participate in the management and administration of SCB."

Governor Nguyen Thi Hong reaffirmed that deposits at banks, including those at SCB, as the Saigon Commercial Bank is commonly known, are guaranteed by the state in all cases while saying that customers who deposit money at SCB need to remain calm and should not withdraw money, especially before maturity. The central bank also said it has applied "necessary measures" to ensure the normal operations of Saigon Commercial Bank and the lender's liquidity.

The benchmark VN Index advanced 0.5% as of 2:07pm local time after falling as much as 2% to the lowest level since January 2021 earlier. Banking stocks that had fallen earlier in the day also recovered. SCB Deputy CEO Hoang Minh Hoan said by phone the bank "affirms that its liquidity situation is stable and fully ensures the rights and interests of depositors."

Vietnam Slump

Vietnam's equity benchmark falls to lowest since 2021



The central bank has past experience with panicked bank customers and unnerved investors and will be able to maintain the system's stability, said Le Dang Doanh, an economist and former government adviser in Hanoi.

Kato Mukuru, head of frontier-markets research in Dubai for EFG-Hermes, does not see a "contagion risk" in Vietnam and is "very encouraged by the strong response" from the State Bank, he wrote in a research note. "In our opinion, the problems at SCB are a reflection of weak market sentiment and concerns the individual owners of banks are still using these banks for their own interests and at the cost of minority shareholders," he said.

The impact of the detention adds to recent pressures on Vietnam's benchmark index -- the world's second-worst performing primary index over the last month -- according to data compiled by Bloomberg. The gauge has lost over 18% over that period amid a wave of [forced selling](#) due to concerns about rising interest rates.

Van Think Phat "bondholders will face an issue if the debt goes bad or the company is unable to repay. The banks who hold the bonds of the company, and if it's a large portion, they may have to do a writeoff," said Ruchir Desai, fund manager at Asia Frontier Capital Ltd. "On SCB, that is more to do with the fear on the street. That's more the fear of the depositors thinking that something might go wrong."

SCB Bank branches opened this morning to hundreds of customers lining up to withdraw money. Thirty-three-year-old Nguyen The Hai joined a throng of other customers at an SCB bank branch in Hanoi to pull his money out. "I have been suffering from insomnia," said Hai, who has personal savings of about 2 billion dong (\$83,700) in the bank. He said he was told by the bank it would take several days for him to retrieve his funds.