

Winning financial consumers during uncertain times



FINANCIAL TRENDS REPORT 2023

06/2023

Agenda

Introduction

Key financial trends

AN INCREASE OF CAUTIOUS OPPORTUNITY-SEEKERS

LINES ARE BLURRING BETWEEN FINANCIAL PROVIDERS

IT IS BECOMING INCREASINGLY DIFFICULT TO RECRUIT CUSTOMERS

Helping brands navigate the market

This report was reviewed and audited by the following project team members. For further questions or inquiries please contact:



THUE QUIST THOMSEN

CEO

tqt@decisionlab.co | +84 946 270 280



TRAN MINH HOANG

Manager

tmh@decisionlab.co | +84 868 529 898

Introduction

The Vietnamese economy is facing significant challenges. COVID-19 and the war in Ukraine has weakened the economic growth, directly impacted the exports & imports, and has led to the business leaders' skepticism in the Vietnamese economical outlook. And, as seen globally, the rising prices have contributed to the cost of living crisis in Vietnam too.

New Decision Lab data explores how the consumers' financial behaviour has changed over the last 12 months and the outlook for the year ahead. Our research delved into the way the astute Vietnamese consumers have adapted their financial priorities and activities to cope with the financial crisis, and whether that behavior is going to stick in the future.

This study will help financial services marketers gain a better understanding of consumer sentiment, behaviour, and attitudes around the evolving financial landscape, to be able to meet the ever-changing consumer demands and needs.



Methodology

The purpose of this study is to collect the consumers' opinions about their current financial priorities, financial activity choices, brand evaluations and the drivers & motivations behind that behaviour to help the financial services marketers identify any potential changes in the Vietnamese financial landscape.

The data was collected from:

FINANCIAL TRENDS REPORT SURVEY

The survey is conducted using an online questionnaire, scripted and managed by YouGov's surveying and data management platform, with specifications as below:

- Sample size: N = 1,027
- Tracking period: 4th April 2023 – 17th April 2023
- Population representation: Vietnam's national online, aged 18+

YUOGOV PROFILES

Profiles is an ever-growing source of living data, helping you understand your audience with 10,000+ data variables from the YouGov proprietary panel, updated weekly.

- Sample size: N = 6,575–7,745
- Tracking period: 1st April 2021 – 31st March 2023
- The Profiles data illustrated in this report is based on the Vietnam's national online population aged 18+. Sample size varies across questions, and it will be shown in respective slides.

YUOGOV BRANDINDEX

BrandIndex is an industry-leading brand health tracker that collects daily data from thousands of consumer interviews every day on 16 vital brand health metrics, giving your business the edge it needs to succeed.

- Sample size: N = 13,729–21,659
- Tracking period: 1st January 2021 – 31st March 2023
- The BrandIndex data illustrated in this report is based on the Vietnam's national online population aged 18+. Sample size varies across brands featured, and it will be shown in respective slides.

Key highlights

01.

An increase of cautious opportunity seekers

02.

Lines are blurring between financial providers

03.

It is becoming increasingly difficult to recruit customers

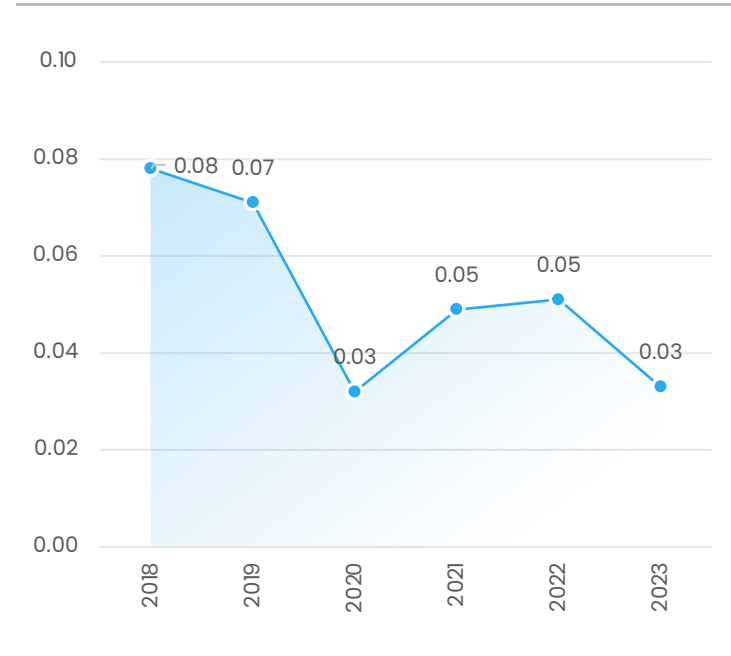
01.

**An increase of
cautious
opportunity-
seekers**



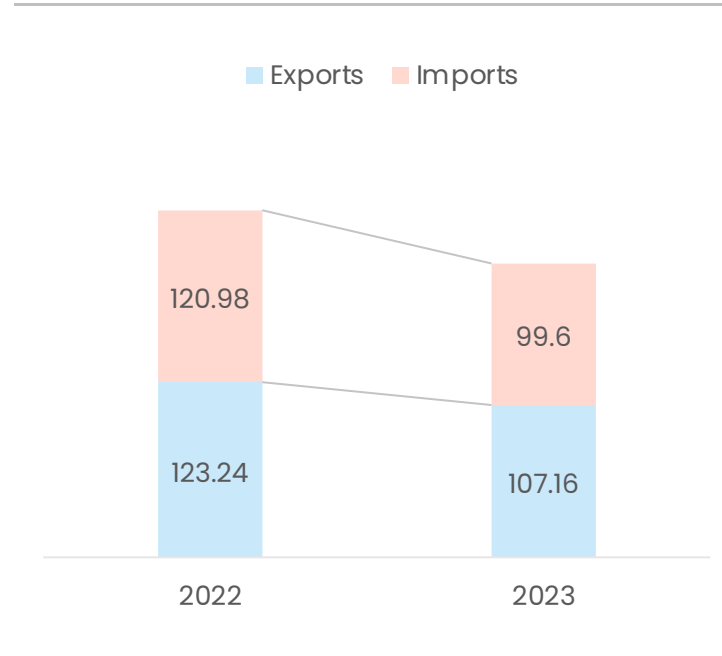
Weak economic growth, significant decline in exports & imports, along with business leaders' skepticism in economy's performance indicate that the consumers' financial status is still challenging.

GDP Growth in Quarter 1 (2018-2023)



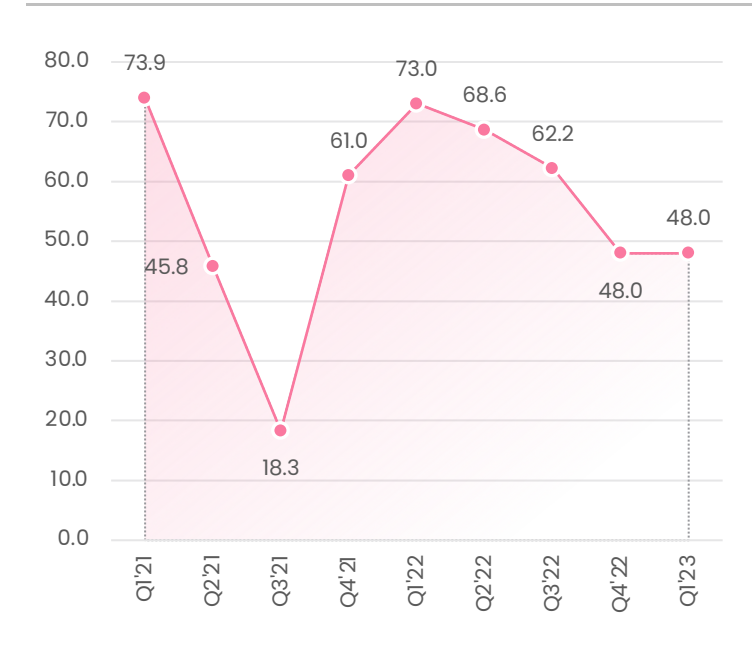
Source: GSO

Cumulative Vietnam's trade-in goods (first 4 months of 2022 vs. 2023)



Source: Vietnam Customs

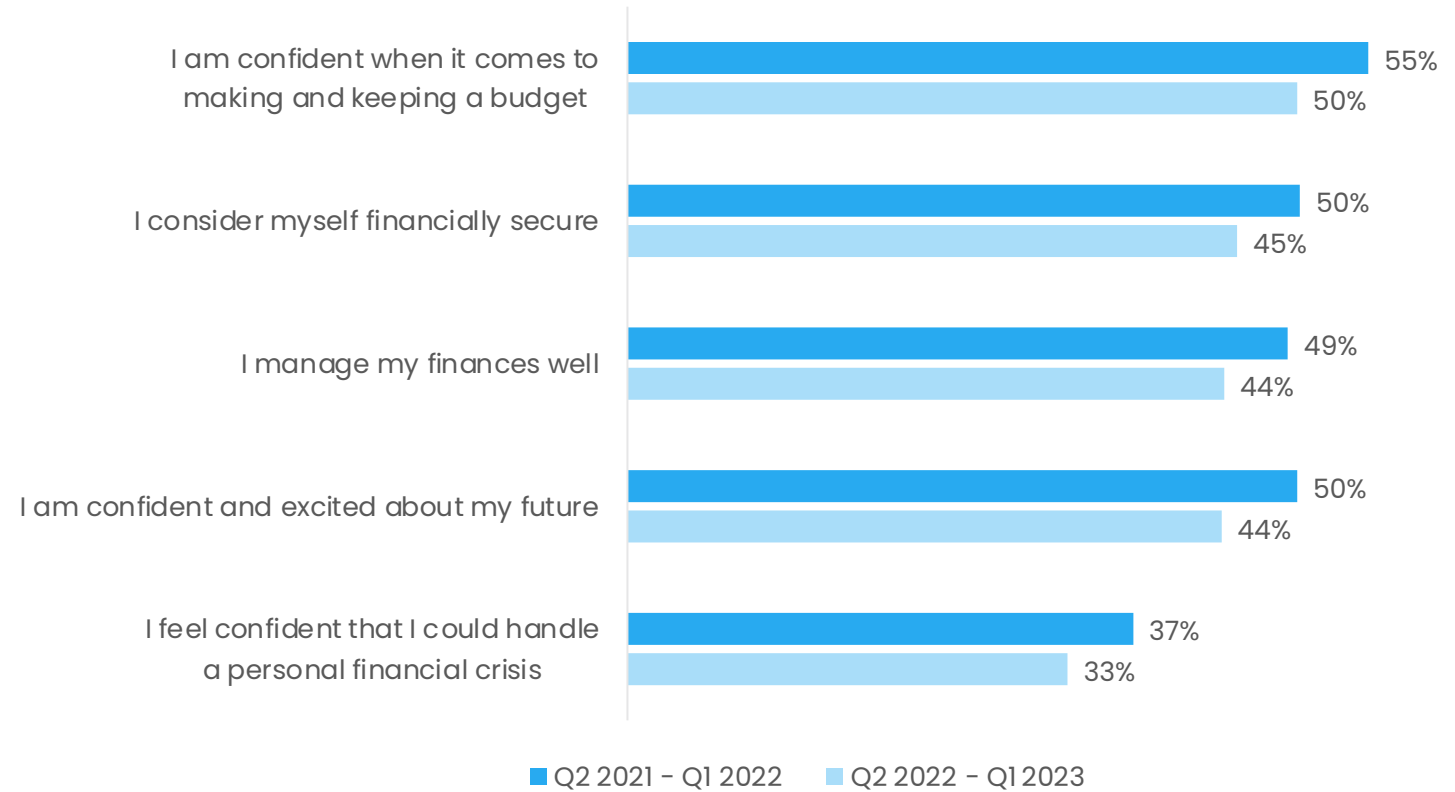
Business Climate Index - Vietnam



Source: Eurocham Business Climate Index Q1 2023

According to YouGov Profiles data, the consumer confidence in future financial security, budgeting and personal finances has declined in the past 12 months

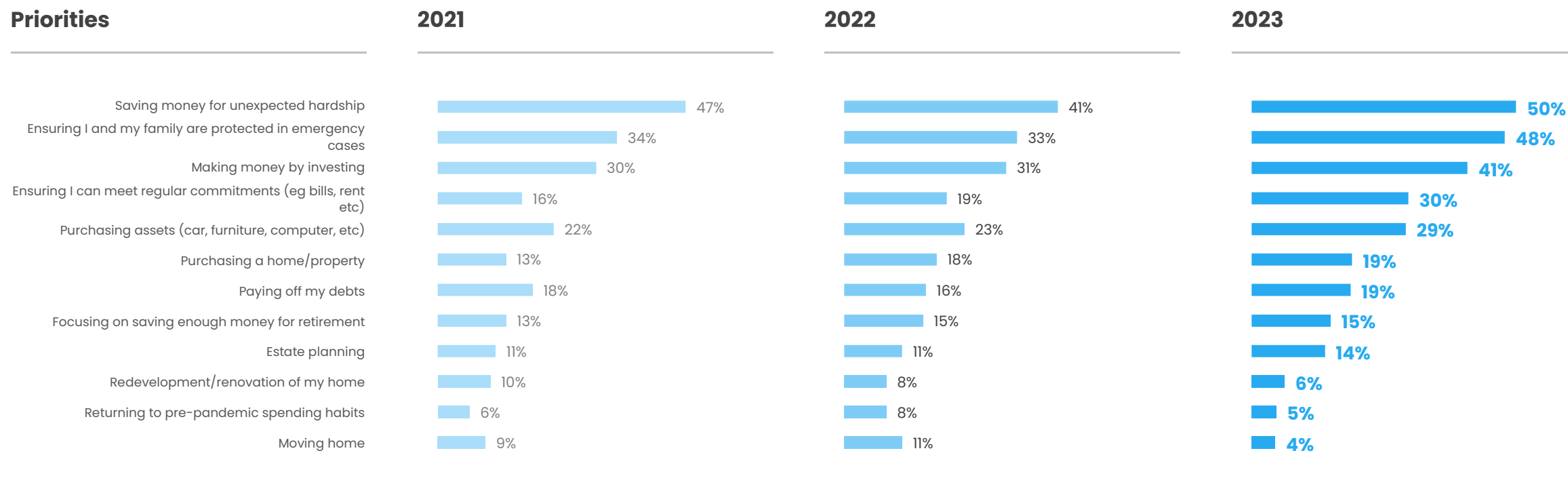
Statements agreed with about Finance



Source: YouGov Profiles - Time range: by 02/04/2023

n=6,575-7,745

Amidst the skeptical economic outlook the consumers' top financial priorities are amplified: they want to ensure the financial safety for themselves and their family, but at the same time they want to invest for a higher return in this uncertain time.



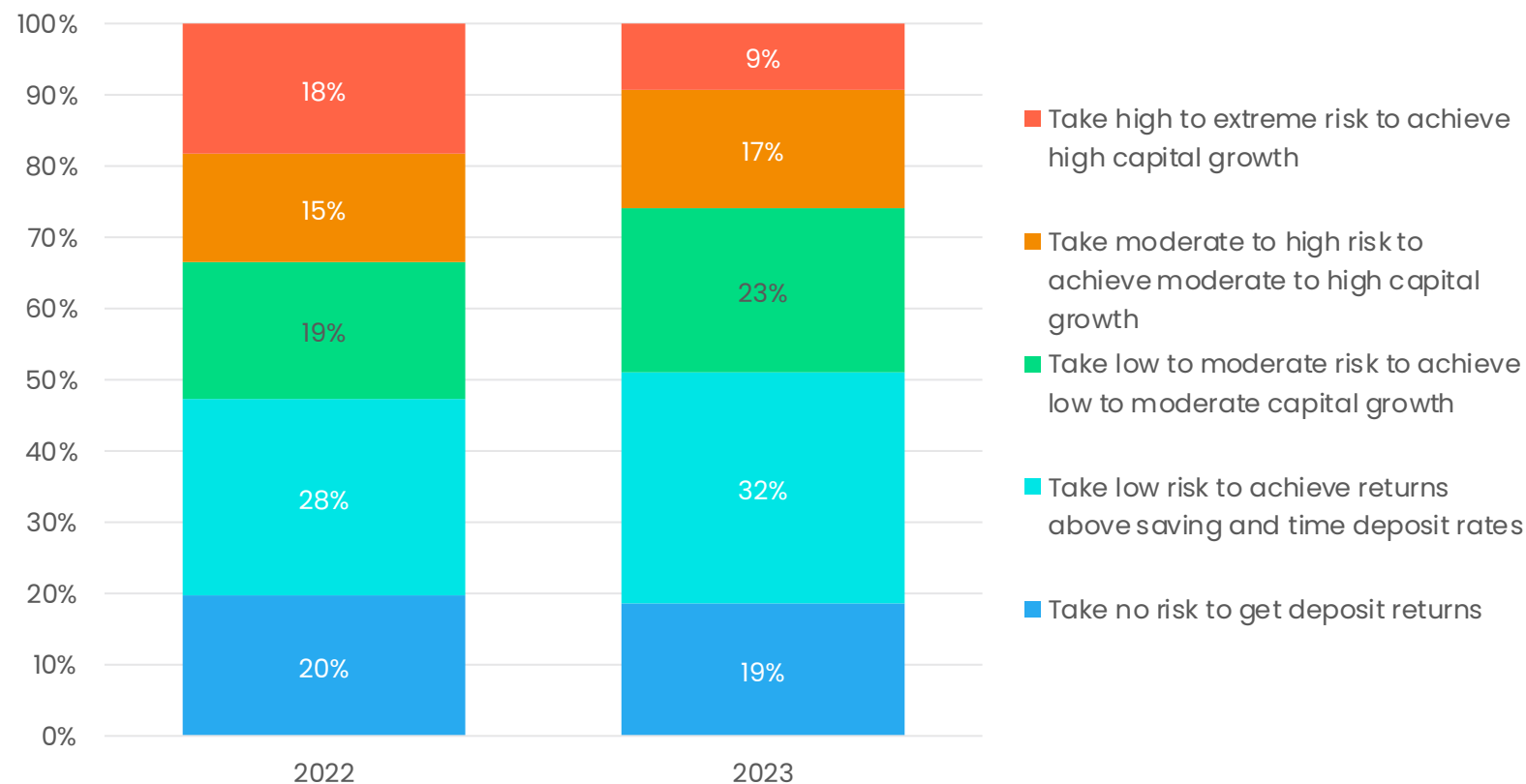
Source: Decision Lab Financial Trends Report Survey 2023

Q Which, if any, of the following would you say are your TOP THREE financial priorities for the next 12 months?

In 2023 the need to increase funds has pushed the consumers to explore higher-risk opportunities, but still within low to moderate risk boundaries.

Extreme risk options are unlikely to be taken upon.

Statements agreed with about Finance

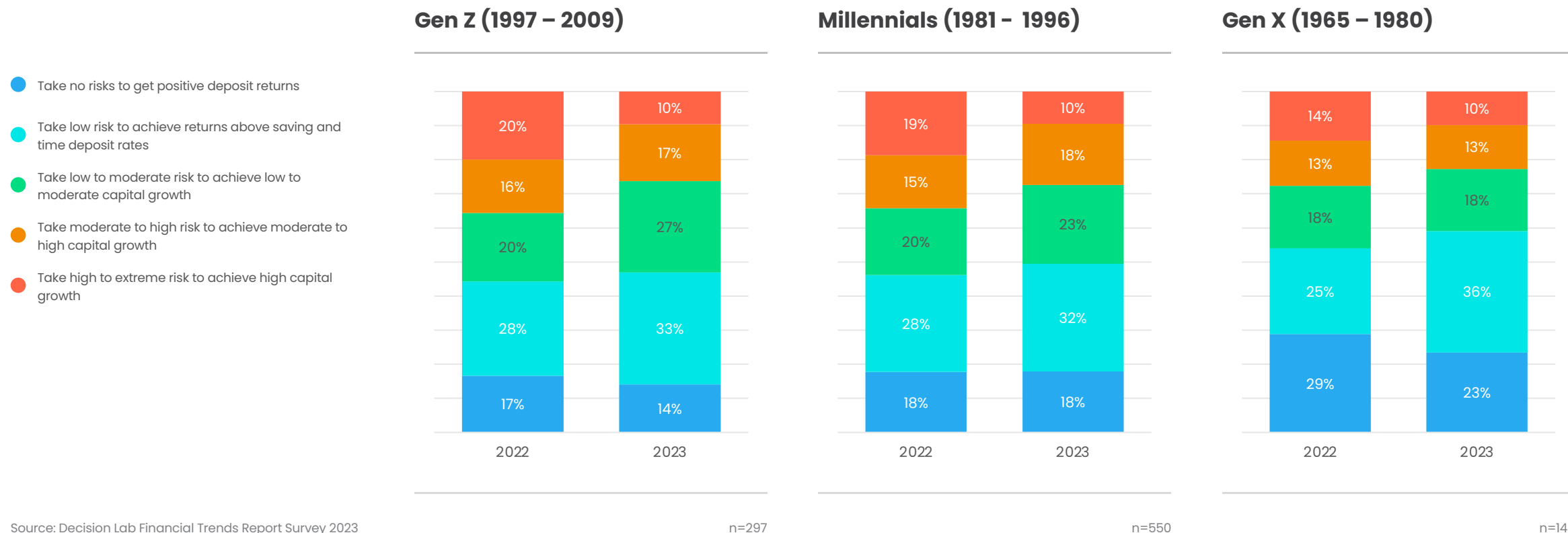


Source: Decision Lab Financial Trends Report Survey 2023

n=1,027

Q Which, if any, of the following best describes your investment objective?

Last year younger generations were more willing to explore high risk investments to ride the post-COVID surging wave in economical outlook. This year the temptations are much more controlled, almost on par with Gen X.

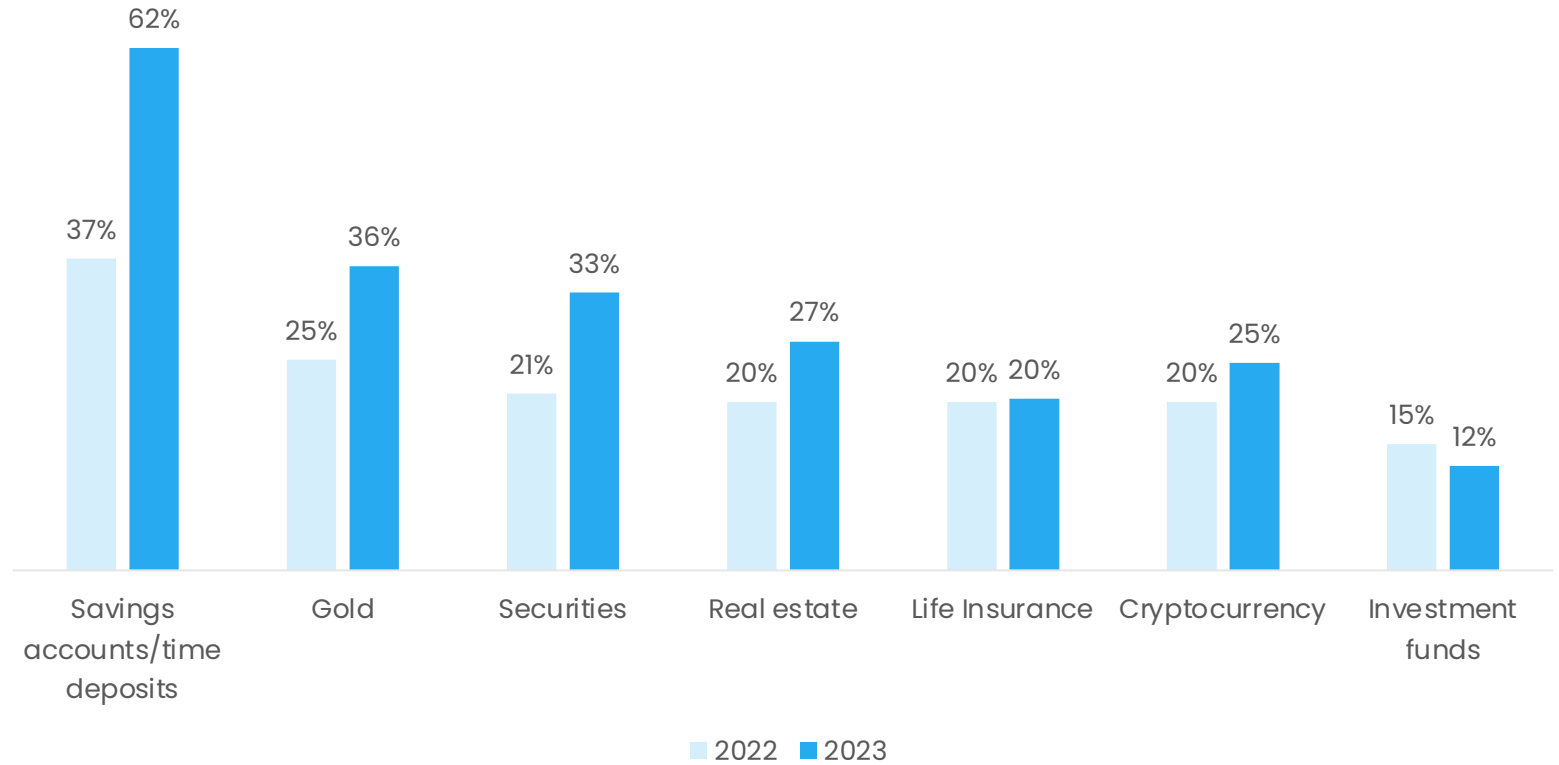


Which, if any, of the following best describes your investment objective

Risk-averse investments, like savings and gold, have soared in the past 12 months.

Higher-yield investments with high liquidity like securities have also been explored more.

Current investment product ownership



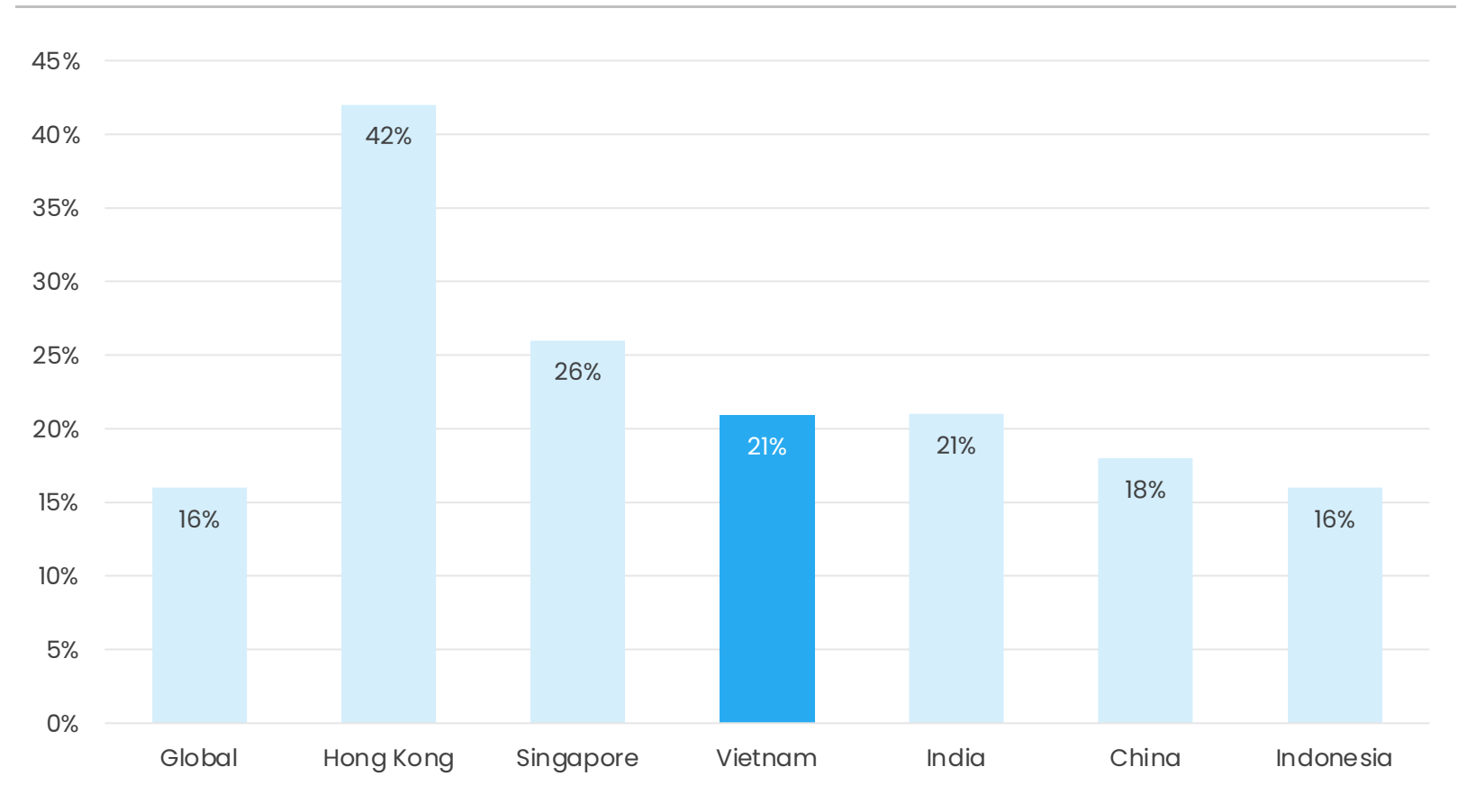
Source: Decision Lab Financial Trends Report Survey 2023

n = 1,027

Q Which, if any, of the following investment products do you own?

In the past 12 months Vietnamese investors have been actively involved in the stock market, at a higher rate than Indonesia and China. Democratization of investing in Vietnam is growing fast.

Financial activities in the past 12 months: Investments into securities



Source: Decision Lab Financial Trends Report Survey 2023; YouGov Global Financial Services Outlook Whitepaper 2023

n = 1,027

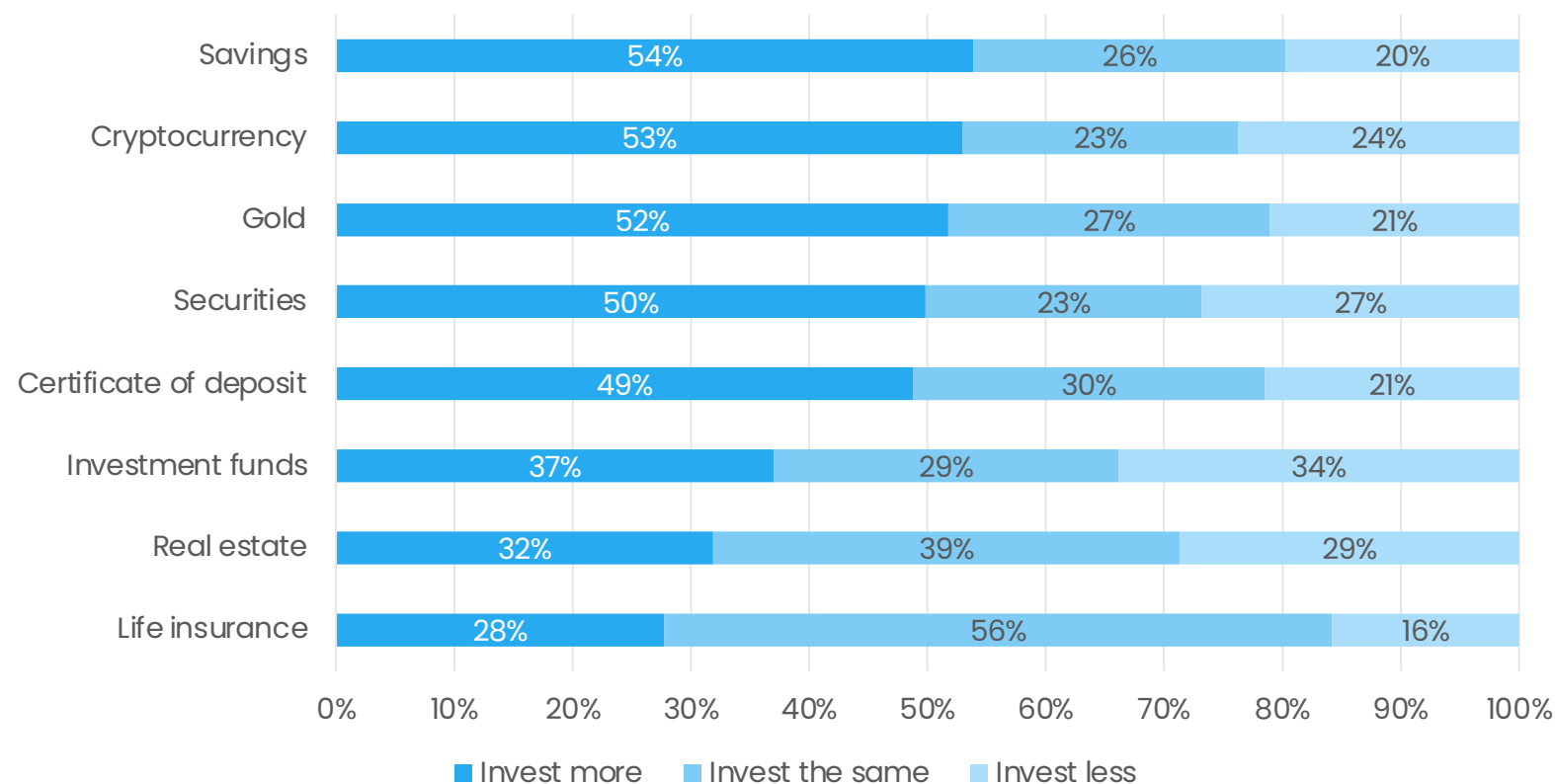
Q Which, if any, of the following have you done in the past 12 months: making investments into stocks, bonds, shares, index funds, CFDs...?

In the next 12 months the general risk-averse behaviour will still prevail: savings, time deposits & gold are expected to be invested in further.

The market for securities products will grow as well even with current market fluctuations.

Cryptocurrency, interestingly enough, is seen as the risk worth gambling for Vietnamese investors.

Investment expectations in the next 12 months



Source: Decision Lab Financial Trends Report Survey 2023

n = 1,027

Q In the next 12 months, do you think you are likely to invest more, less, or about the same in the following?

Summary

Key takeaways

- ◆ Consumers are prioritising financial safety and monetary protection in this uncertain economy
- ◆ However, they are actively seeking investment opportunities to get higher returns, but within low & moderate risk level.



Implications

- ◆ When it comes to financial products, the providers must make the consumer feel safe: trust, security & transparency are the key factors for 2023.
- ◆ Savings, time deposits, gold & securities are the key investment products in the next 12 months.

CASE STUDY

HSBC & FidelityFunds Network new SIPP

THE ISSUE

In 2015 the pension freedoms legislation came into force, allowing savers to flexibly access their defined contribution pension from the age of 55 and use the funds for a wider range of options, including cash withdrawal, retirement income products or a combination of the two.

By 2020 HSBC UK had approximately 1.22 million clients approaching retirement age, and it wanted to target the ones who are looking for greater flexibility with retirement planning.

THE APPROACH

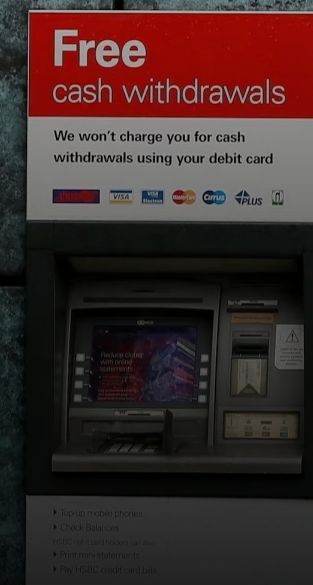
In April 2020 HSBC UK partnered with Fidelity FundsNetwork, a retirement solutions provider, to launch a new SIPP (self-investment pension plan).

SIPP customers can invest their pension in a choice of funds, including seven HSBC world selection multi asset funds, two HSBC sustainable multi-asset funds, and five third-party multi asset funds.

THE IMPACT

The partnership with Fidelity and the launch of the SIPP means that now HSBC can provide retirement advice to a wider pool of customers and offer them more value and choices than a traditional pension plan.

With SIPP HSBC customers could take control of their pension with advisory support from the bank and aim for higher returns for their pension plans without introducing much more risk, which is an opportunity that was not available before.



What's next?

DIVE DEEPER

- Understand the underlying financial behaviour and attitude of your target customer group
- Determine the key triggers and barriers of financial product choice
- Align your product portfolio & adjust product development to match customer needs

SOLUTIONS

YouGov Profiles

Profiles captures consumers' usage and attitudes with 10,000+ variables 365 days a year and is updated weekly. It is the essential tool for on-demand studies into consumers profiling and targeting.

RealTime Research

A quick-turn, custom survey research service to meet a variety of tactical business needs such as uncover your target audience's behaviors and attitudes.

TALK TO US TO GET STARTED



NGUYEN THUY DUNG

HEAD OF ACCOUNT MANAGEMENT

About Dung: an expert in connecting insights from multiple sources and providing business consulting for financial clients



02.

**Lines are blurring
between financial
providers**

In their quests to find the most lucrative deal available, consumers are considering more choices.

Banking industry is becoming a very competitive market.



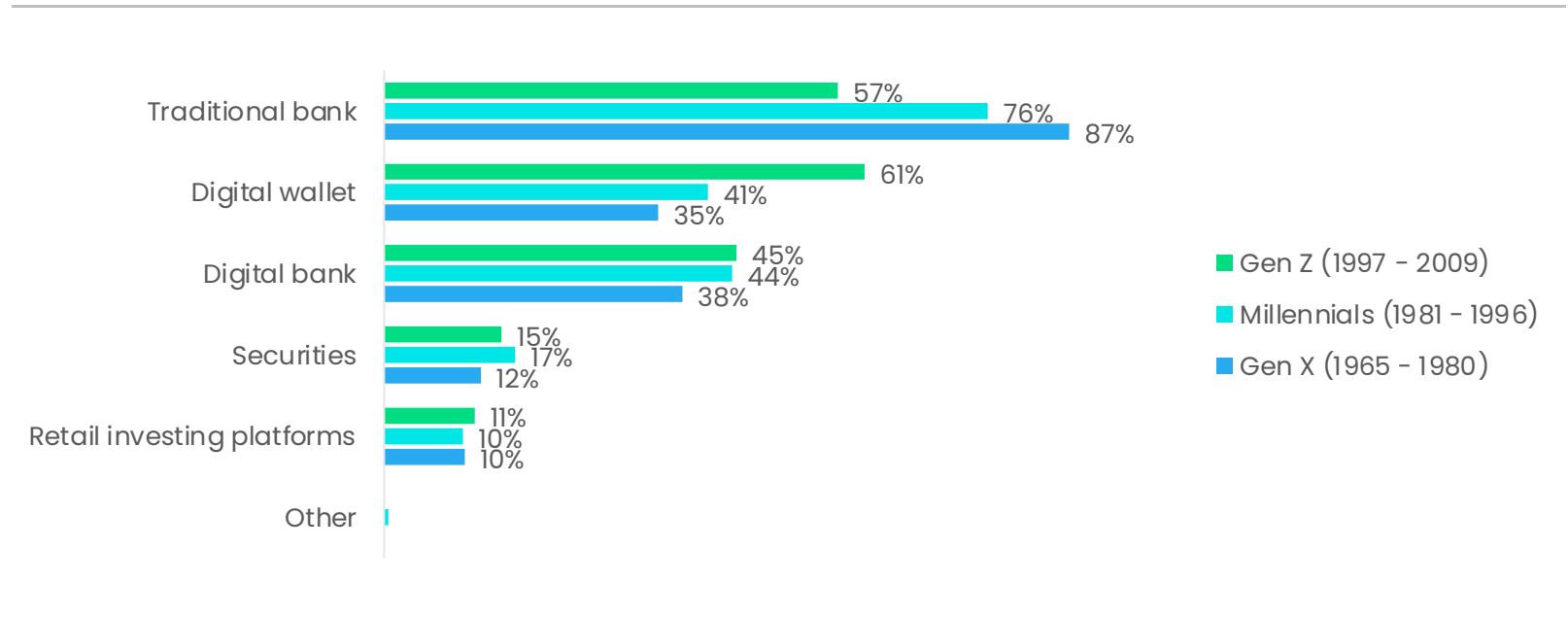
Source: Syndicated Finance Omnibus - All bank users (nationwide)
Time range: Q1 2023 (01 January 2023 - 31 March 2023), Q1 2022 (01 January 2022 - 31 March 2022)

Q1 2023: n=1,499
Q1 2022: n=1,520

Consumers are also starting to consider multiple types of financial providers for their monetary funds. Savings & time deposits do not go to just traditional banks anymore. For Gen Z the top option is actually digital wallets.



Type of institutions used to keep savings/time deposits



Source: Decision Lab Financial Trends Report Survey 2023

N=634

Q In which type of institutions do you currently keep your savings/time deposits?

Securities companies are still the go-to platforms for trading, however younger generations are starting to use the alternative options too, like digital wallets & retail investing platforms.

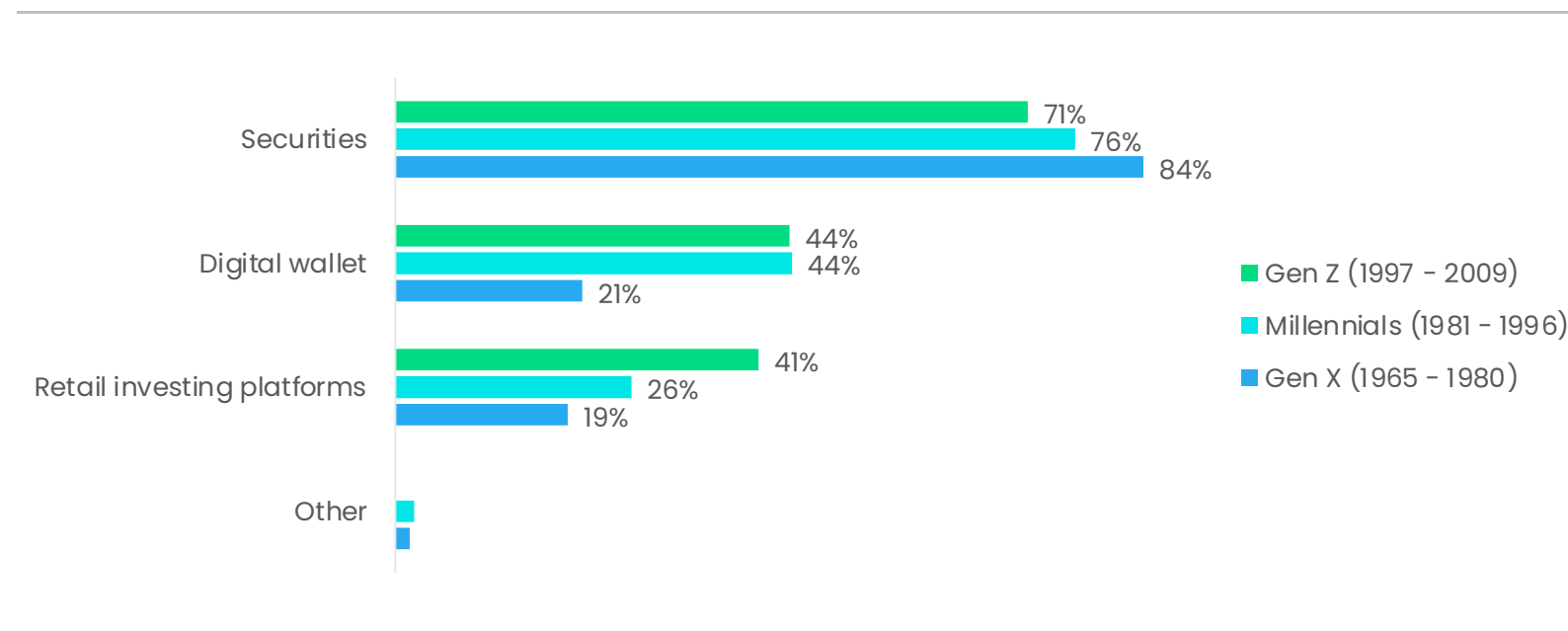
ON AVERAGE, A CUSTOMER USES

1.46

institution types

to trade & invest in securities products

Type of institutions used to trade securities (stocks, bonds, index funds, ETFs, investment packages...)



Source: Decision Lab Financial Trends Report Survey 2023

N=342

Q In which type of institutions do you currently trade stocks, bonds, index funds/ETF...?

The 'search for the best available opportunity on the market' behaviour has moved towards other financial activities too: cashless payments & transactions are now conducted across multiple providers with a growing preference for digital, app-based platforms.

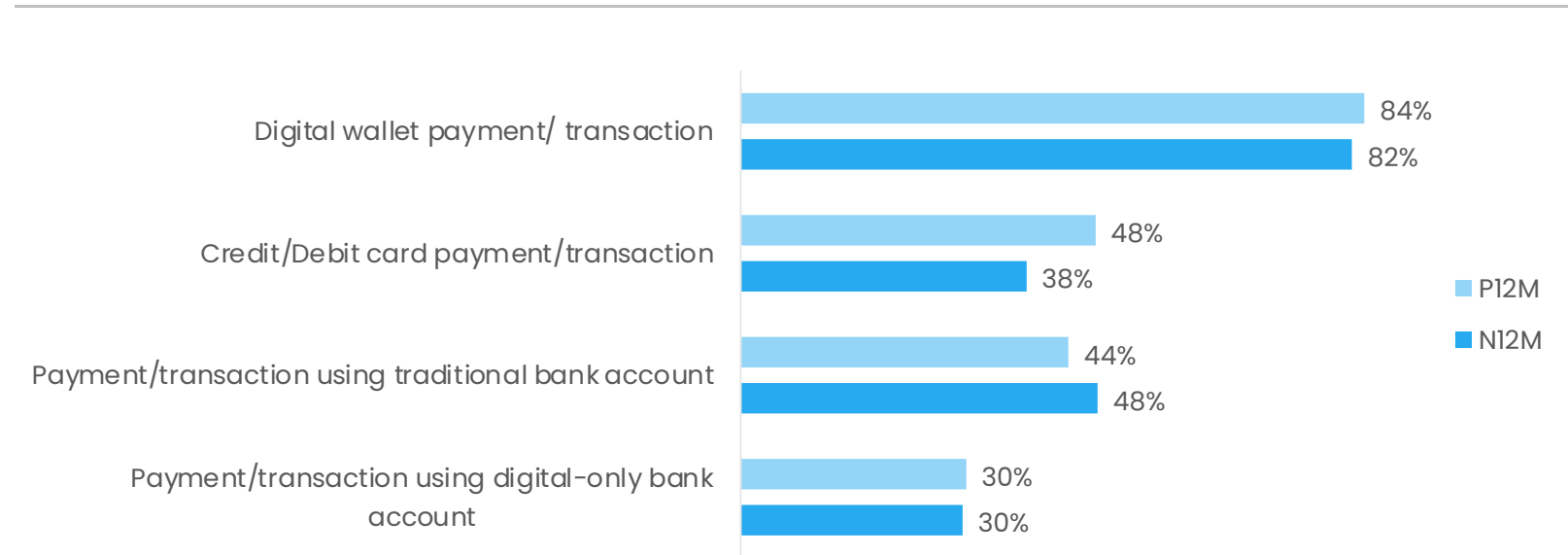
ON AVERAGE, A CUSTOMER USES

2.18

cashless methods

to make payments & conduct transactions

Financial activities done in the past 12 months & expected to do in the next 12 months



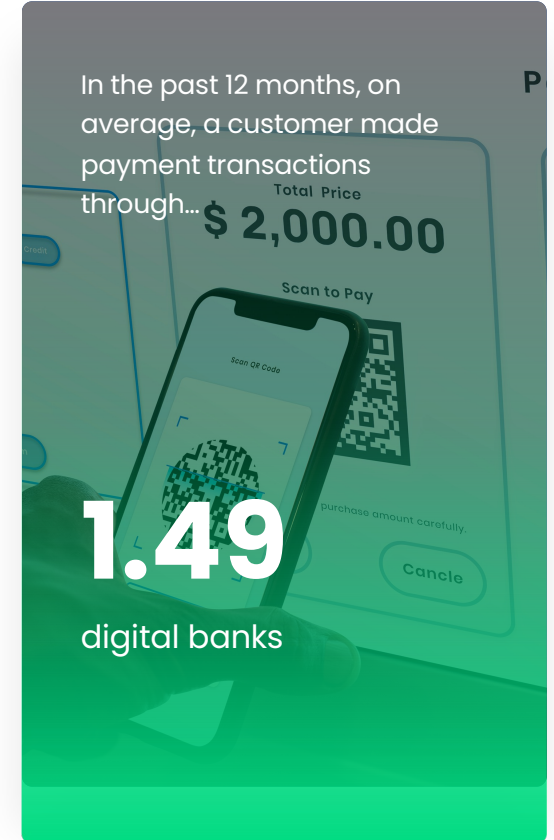
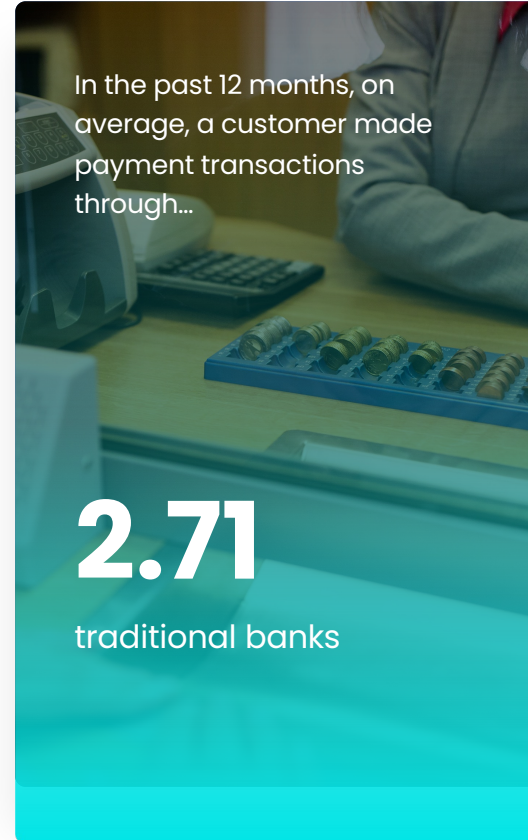
Source: Decision Lab Financial Trends Report Survey 2023

n-1,027

Q Which, if any, of the following have you done in the past 12 months?; Which, if any, of the following are you likely to do in the next 12 months?

The competition for the control of the consumers' monetary flow is getting fiercer across providers.

It's getting harder to become the top choice for the consumers, because they just simply don't use only one option anymore.

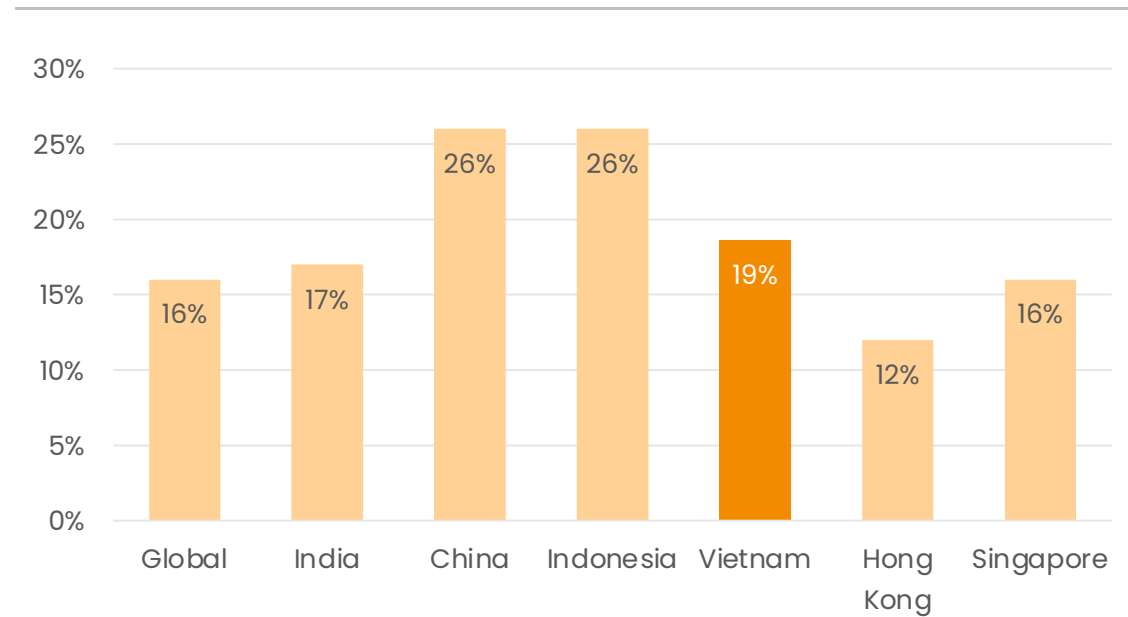


Source: Decision Lab Financial Trends Report Survey 2023

n=1,027

The growing need for asset purchasing means that the Vietnamese consumers are now adopting new consumer financing options, like buy-now-pay-later (BNPL) plans.

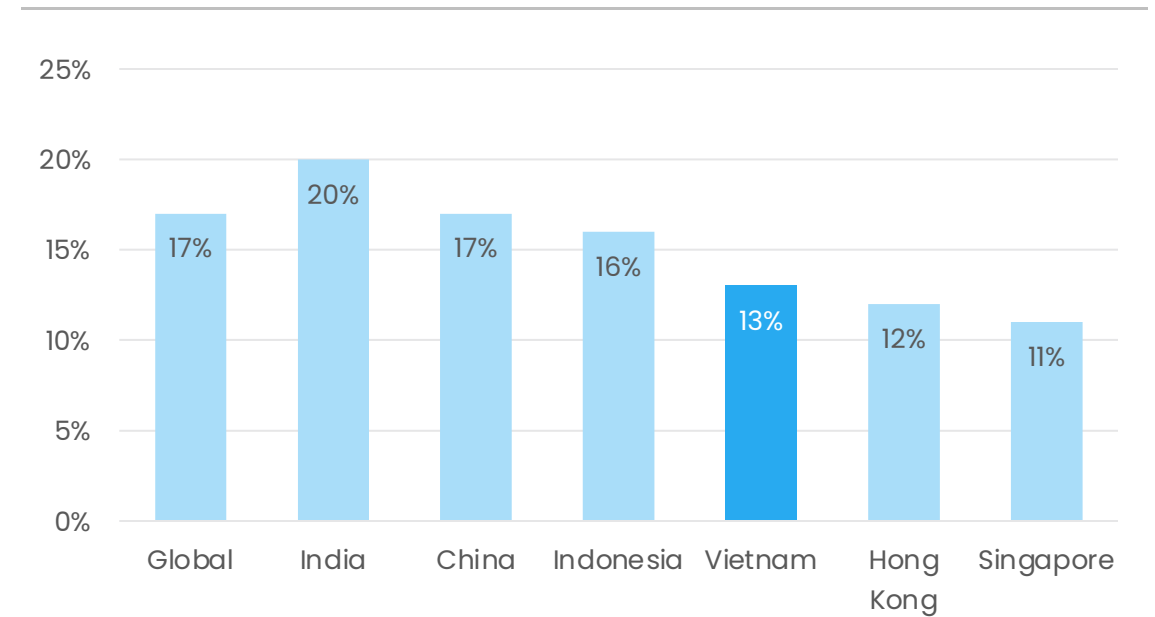
BNPL activities in the past 12 months



Source: Decision Lab Financial Trends Report Survey 2023; YouGov Global Financial Services Outlook Whitepaper 2023 n=1,027

Q Which, if any, of the following have you done in the past 12 months: make a purchase using a BNPL plan?

Short-term borrowing activities in the past 12 months



Source: Decision Lab Financial Trends Report Survey 2023; YouGov Global Financial Services Outlook Whitepaper 2023 n=1027

Q Which, if any, of the following have you done in the past 12 months: use a short-term borrowing (consumer credit loans, pawnshop loans)

The competition for the brand with strongest values is now between multiple types of financial providers

Ranking analysis: Brand Index (Total)

Top Financial Services Brands by Brand Index

| Rank | Brand Name | Current Period (Q2 2022 – Q1 2023) | Previous Period (Q2 2021 – Q1 2022) | Change in Score | Change in Rank |
|------|---------------|------------------------------------|-------------------------------------|-----------------|----------------|
| 1 | MoMo | 33.4 | 31.7 | 1.8 | - |
| 2 | Vietcombank | 29.2 | 31.5 | -2.3 | - |
| 3 | MB | 24.6 | 18.0 | 6.7 | ▲5 |
| 4 | ZaloPay | 24.0 | 22.9 | 1.1 | ▲1 |
| 5 | BIDV | 23.1 | 24.3 | -1.2 | ▼2 |
| 6 | VietinBank | 19.6 | 20.7 | -1.1 | ▲1 |
| 7 | Techcombank | 18.9 | 23.2 | -4.3 | ▼3 |
| 8 | Viettel Money | 17.2 | 21.4 | -4.1 | ▼2 |
| 9 | ShopeePay | 16.0 | 15.3 | 0.7 | ▲2 |
| 10 | Visa | 15.2 | 16.6 | -1.3 | ▼1 |

Source: YouGov BrandIndex – All respondents (nationwide) – Time range: 01 April 2021 – 31 March 2023

n=18,907-19,108

I Brand Index = average of 6 brand health metrics: Impression (Net), Quality (Net), Value (Net), Reputation (Net), Satisfaction (Net), Recommend (Net)

Summary

Key takeaways

- ◆ Searching for the best deal means consideration of all options available for the financial need, making the competition fiercer within & across the categories.
- ◆ The defined role of a financial service provider is getting blurry: consumers will use the brand that will serve their need the best, period.



Implications

- ◆ The competition now is based on the financial needs, not on the type of institution. Devise a solution that can satisfy the consumer's need with your institution's strengths.
- ◆ There is a big opportunity for all players to introduce new financial products that cross over financial segments.

CASE STUDY

Mastercard's BNPL service

THE ISSUE

BNPL use is on the rise. In the United States, the number of users is expected to increase from 45.1 million this year to 76.6 million in 2025, posing a significant threat to card volume due its relatively simple model of operation.

The newcomers like Affirm, Afterpay & Klarna have become the market leaders in the BNPL space. Even though their financial reputation is not yet settled in the market, younger generations have been welcoming the new financing model.

THE APPROACH

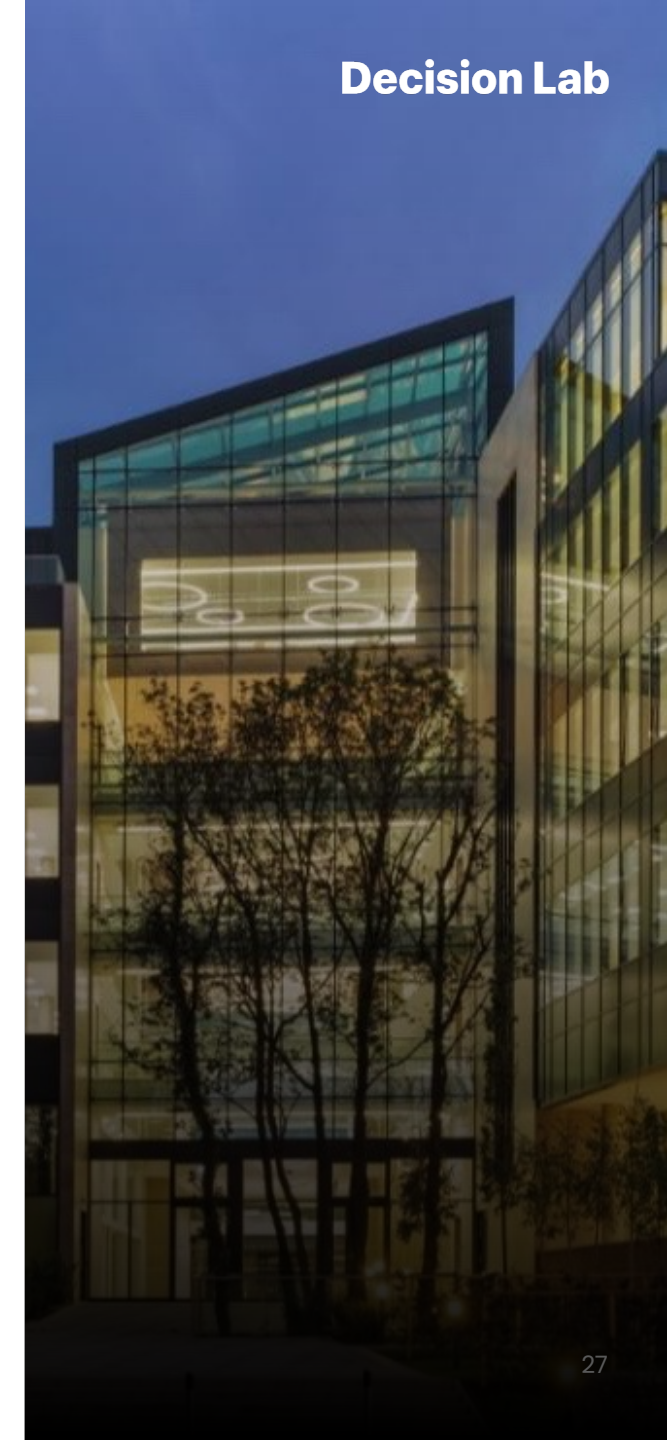
In late 2021 Mastercard launched its own BNPL service, Mastercard Installments. By using its huge global acceptance network and the strengths of its existing credit card user base, it created a seamless BNPL experience between the consumers, Mastercard, the banks, the lenders & the merchants.

And because Mastercard's usage of an established "open loop" network, where it is just a transaction facilitator between the parties involved, it doesn't exposes exposes itself to consumer credit risk like other pure-play BNPL companies.

THE IMPACT

Mastercard Installments is currently thriving with more and more partners connecting its financial service to Mastercard's platform: SoFi, Synchrony, Marqeta, HSBC, J.P. Morgan, Natwest and etc. In its first year it has expanded from US to UK, Australia and even Saudi Arabia.

Mastercard's global acceptance network allows it to reap benefits from scale, acquire users with ease and enlist BNPL to its service portfolio without worrying that the rise of BNPL at the expense of card spending can affect the company's revenue.



What's next?

DIVE DEEPER

- Investigate your brand health & key attributes from the point of view of consumers
- Track your brand performance across financial segments & within product categories
- Benchmark your customer conversion against the competition to strengthen the market positioning

SOLUTIONS

YouGov BrandIndex

BrandIndex continuously measures the public perception of brands everyday. It is necessary for the demand to monitor brand performance and place it into the competitive landscape.

Finance Omnibus

Syndicated Finance Omnibus is used for custom research on ad-hoc areas of interest, helping brands to track awareness KPIs, brand imageries & track financial products on a regular basis

TALK TO US TO GET STARTED



TRAN MINH HOANG

FINANCIAL SECTOR LEAD

About Hoang: a financial research consultant with experience in multiple segments: fintech, securities, life insurance

03.

It is becoming increasingly difficult to recruit customers



Critical success factors for financial institutions that provide savings/time deposits

The list of consideration factors is getting bigger. A brand for savings must be trustworthy and provide high interest rate, but it also needs to have fast process and be present online: burdening customers with tedious offline paperwork means losing your competitive edge.

Top 5 factors considered when choosing an institution to open a savings/time deposit account

| | |
|---|-----|
| Trustworthy, established brand | 72% |
| High interest rate | 56% |
| Quick process to withdraw the fundings | 54% |
| Cybersecurity | 47% |
| Online access to the savings/time deposit account | 39% |

Source: Decision Lab Financial Trends Report Survey 2023

n=634

Q What factors do you value the most when you consider an institution to input your savings/make a time deposit?

Critical success factors for trading institutions

Intangible factors' importance is rising too. For investment institutions transparency has surfaced as a crucial factor. The financial literacy in Vietnam is still low, so players who can provide clarity to the investors is bound to win their trust & the market in the long run.

Top 5 factors considered when choosing an institution to trade securities

| | |
|---------------------------------|-----|
| Cybersecurity | 50% |
| Low platform/trading fees | 45% |
| Trustworthy, established brand | 38% |
| Transparent transaction process | 36% |
| Fee transparency | 34% |

Source: Decision Lab Financial Trends Report Survey 2023

n=342

Q What factors do you value the most when you consider an institution to trade stocks, bonds, index funds/ETF... with?

To be competitive in the payment market a brand needs to strike a balance between the trustworthy reputation, digital presence & functionality with an excellence in customer service. Meeting the customers' expectations for your category only won't be enough.

Top 5 factors considered when choosing a financial provider to make payments/transactions with

| Digital Wallet | | Traditional Bank | | Digital Bank | |
|--|------------|-----------------------------------|------------|-----------------------------------|------------|
| Easy to register & connect with the bank account | 67% | Trustworthy, established brand | 65% | No transaction fees | 68% |
| Availability of multiple financial services | 65% | Cybersecurity | 55% | Cybersecurity | 66% |
| No transaction fees | 60% | Low account fees | 52% | Trustworthy, established brand | 56% |
| Cybersecurity | 50% | Fast & attentive customer service | 46% | Fast & attentive customer service | 44% |
| Benefits, discounts & promotions | 44% | No transaction fees | 40% | Good user experience on the app | 38% |

Source: Decision Lab Financial Trends Report Survey 2023

n = 858

n = 686

n = 310

Q What factors do you value the most when you consider a brand of a traditional bank/ digital bank/ digital wallet/ credit card provider to make payments/make transactions with?

Critical success factors for BNPL or short-term borrowing providers

In short-term financing, the provider will need an aggregate effort of both brand and product marketing to achieve the image of a trustworthy, transparent brand that serves all customer's needs at a fast speed.

Top 5 factors considered when choosing a BNPL or short-term borrowing provider

| | |
|---|-----|
| Transparency of terms & fees | 72% |
| Easy & quick payment processing | 61% |
| Flexible payment structure | 55% |
| Trustworthy, established brand | 50% |
| Availability with many products on the market | 45% |

Source: Decision Lab Financial Trends Report Survey 2023

n=285

Q What factors do you value the most when you consider a BNPL/ short-term borrowing provider brand to use?

Summary

Key takeaways

- ◆ The standards are getting higher: consumers will consider multiple aspects of the brand for their final selection
- ◆ Just meeting the criteria list of your financial category is not enough to survive the competition.



Implications

- ◆ Financial providers will need to showcase their holistic brand experience to win the consumer's interest.
- ◆ Utilize the customer-centric thinking and solve customer issues from their point of view.

Charles Schwab's subscription-based pricing model

THE ISSUE

In the financial advisory industry, the most popular billing method is assets-under-management (AUM) fee, which is based on a percentage of the funds under management of the advisor.

While its concept does sound fair in terms of aligning investments with compensation, this pricing model may discourage the advisor to spend and invest the money for lucrative opportunities to keep the balance high. Moreover, the AUM-based fee can get expensive with growth of the funds, and at some point the investor will question if the advisory quality is worth the big fee.

THE APPROACH

Charles Schwab disrupted the retail investing market by simplifying the pricing model of its automated investing service, Schwab Intelligent Portfolios, into a subscription-based model.

By providing a holistic account package (unlimited 1:1 guidance from a certified financial planner & provision of an in-depth financial plan) for a flat subscription fee, Charles Schwab aimed to meet the consumer expectations for simplicity, transparency and value by breaking the cost & complexity barriers.

THE IMPACT

Subscription-based model with a flat fee allowed Charles Schwab to deliver the message of serving the high-quality professional service to all consumers, no matter how big their funds are, and also encourage new investors to try the service and help Charles Schwab expand their customer base.

3 months after launch of the new fee model Charles Schwab attracted \$1 billion in new assets under management, achieved a 25% increase in account openings, a 40% increase in average household assets enrolled and a 37% rise in new enrollments.



What's next?

DIVE DEEPER

- Apply customer-centric thinking & identify the brand core values to deliver to the customers
- Understand the customer's decision-making process and highlight the competitive advantage of the brand within the product categories.
- Align the products' competitive advantages with brand's core values to provide a holistic brand positioning for the customers.

SOLUTIONS

Bespoke Research

A full end-to-end research service from Decision Lab experts to help brands inform the strategy with deep dive research & customized data insights.

TALK TO US TO GET STARTED



THUE QUIST THOMSEN

CEO

About Thue: strategic advisor for clients on brand building and consumer understanding across finance, e-commerce, education and FMCG

Summary

01.

AN INCREASE OF CAUTIOUS OPPORTUNITY SEEKERS

- ◆ Prioritising financial safety, but still looking for high-gains opportunities
- ◆ Financial products that can balance these factors will win in 2023

02.

LINES ARE BLURRING BETWEEN FINANCIAL PROVIDERS

- ◆ Consumers will look into financial providers across segments to find the best available deal
- ◆ Financial brands should not be limited by their category and provide best solutions possible that target the market's need

03.

IT IS BECOMING INCREASINGLY DIFFICULT TO RECRUIT CUSTOMERS

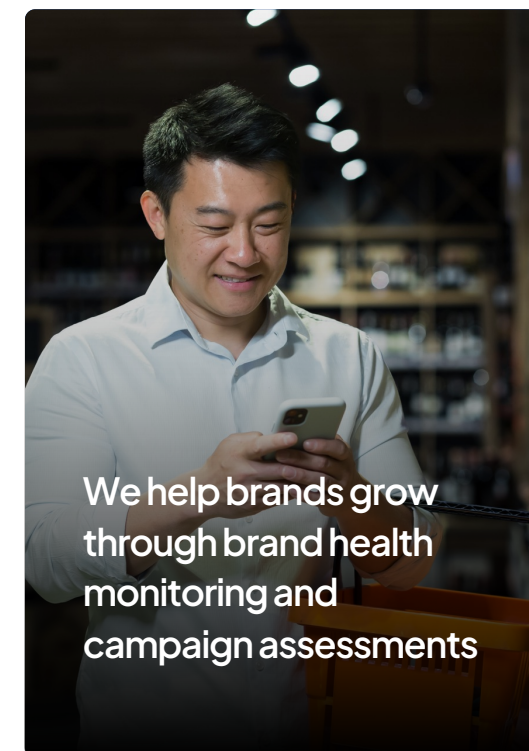
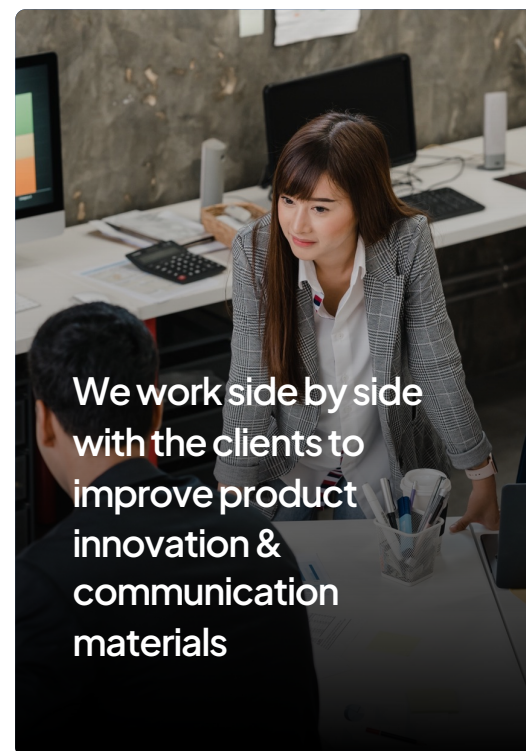
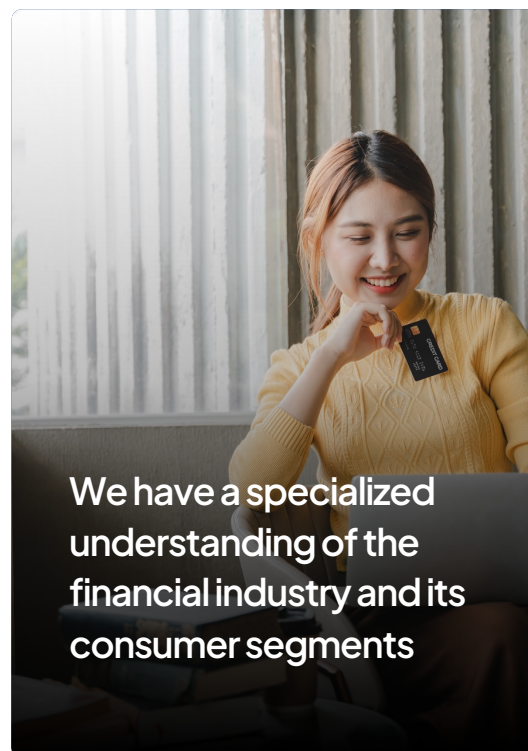
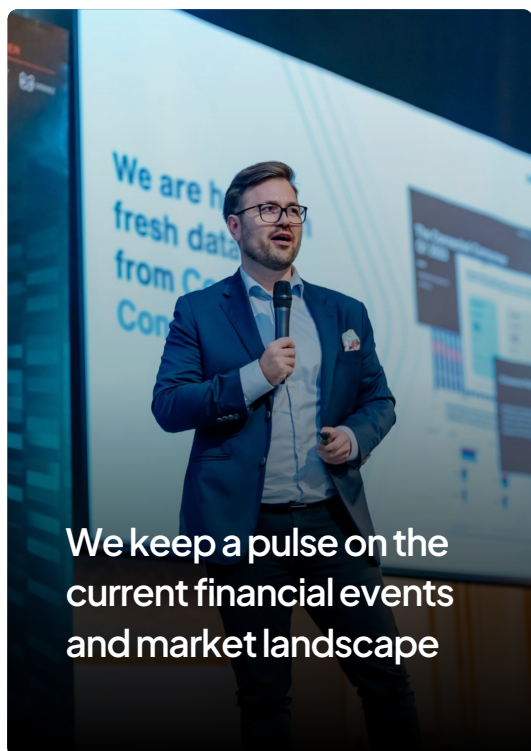
- ◆ The brand consideration standards are getting higher
- ◆ Financial providers must use customer-centric thinking to provide customers a holistic brand solution for their needs



How does Decision Lab help brands to navigate the market?

We give brands deep insight into consumer behavior and market trends, helping them make the right decisions.

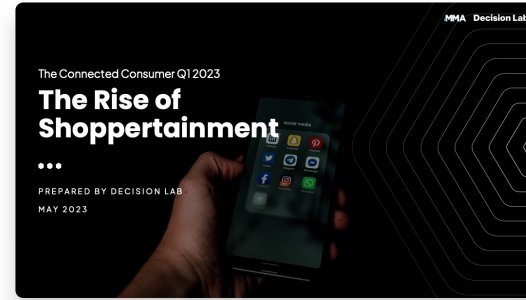
We give brands deep insight into consumer behavior and market trends, helping them make the right decisions.



We keep a pulse on the current financial events and market landscape



Facebook Commerce Vertical Report



The Connected Consumer



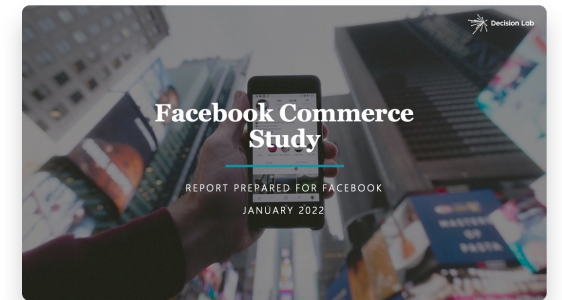
BrandIndex Brand Ranking



Annual Finance Whitepaper

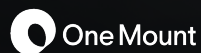


The rise of e-wallets in Vietnam



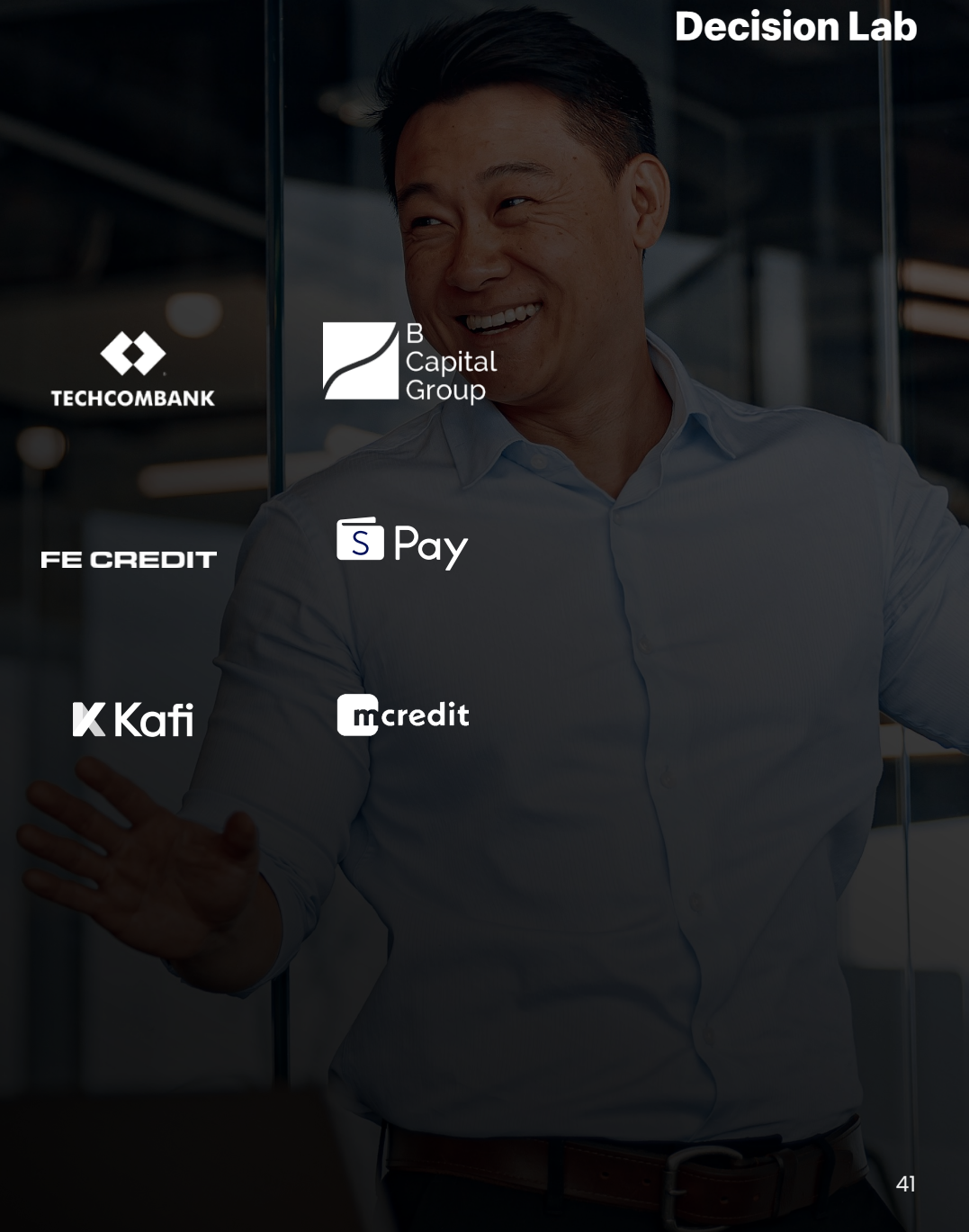
Eurocham Business Climate Index

A few of our selected finance clients



+40

Financial Institutions and Services Companies across Vietnam have optimized their go-to-market speed and efficiency with Decision Lab.



Reach out to us



2nd Floor – Sonatus Building,
15 Le Thanh Ton, District 1,
Ho Chi Minh City, Vietnam

+84 28 7101 0199

decision@decisionlab.co

www.decisionlab.co

