

Vietnam's Digital Transformation Plan Through 2025

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- > *Vietnam Briefing discusses Vietnam's recently released National Digital Transformation Programme by 2025 with a vision towards 2030.*
- > *As Vietnam seeks to attract hi-tech FDI and progress from a middle-income economy it plans to accelerate a digital shift, automating several processes to help achieve these goals.*
- > *This will not only benefit the country but also presents significant opportunities for foreign investors in the medium to long term.*

Vietnam recently approved the National Digital Transformation Programme by 2025, with an orientation towards 2030. The initiative will help accelerate digital transformation through changes in awareness, enterprise strategies, and incentives towards the digitalization of businesses, administration, and production activities.

The programme will target businesses, cooperatives, and business households that want to adopt digital transformation to improve their production, business efficiency, and competitiveness.

To meet targets the [Ministry of Planning and Investment](#) (MPI) will issue documents and tools guiding the digital transformation and boost cooperation with the relevant agencies. This includes a roadmap for production facilities and offering them a 50 percent reduction in consultancy costs.

Digital transformation programme highlights

The National Digital Transformation Programme includes some of these goals by 2025:

- > 80 percent of online public services at level 4 to be online with access on mobile devices;
- > 90 percent of work records at ministerial and provincial levels are online while 80 percent of work records at district level and 60 percent of work records at commune level are processed online;
- > All national databases including those for population, land, business registration, finance, and insurance are online and connected, with shared data on a government reporting information system;

- > 50 percent of decisions on lending, small and consumer loans of individual customers made digitally and are automated;
- > 70 percent of work and service records at credit institutions to be processed and stored digitally; and
- > Fiber optic internet infrastructure covers 80 percent of households and 100 percent of communes.

In addition, to the above the government wants the digital economy to contribute 20 percent by 2025 and 30 percent by 2030 to the country's economy. It also aims to be in the top 50 countries on the UN's ICT Development Index as early as 2025.

Digital transformation has also been prioritized in eight sectors which include finance and banking, [healthcare](#), [education](#), agriculture, transport, [logistics](#), energy, natural resources, and environment and manufacturing.

Digital transformation makes headway, but more can be done

In the past few years, Vietnam has reached important milestones in the digital economy. For example, its internet economy has grown 16 percent from 2019 to US\$14 billion among the highest in Southeast Asia as per a report by Google. The report projected Vietnam to grow its digital economy from 2020 to 2025 by 29 percent, second only to the Philippines at 30 percent. It is also estimated that by 2025, Vietnam's internet economy would be worth about US\$52 billion.

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The pandemic has accelerated this shift amid strict lockdowns and movement restrictions. Supermarkets and traditional stores have also resorted to online avenues to reach out to more consumers during this time, while e-commerce sites have increased sales. Nevertheless, even these businesses have found it challenging amid Vietnam's strict lockdown measures and limited movement.

Cash is king in Vietnam and most people do not have bank accounts. While the use of mobile wallets has risen, most consumers still prefer to use cash on delivery (COD) for online shopping and e-commerce sites. A solution to this is mobile money which is the use of telecommunications for payment of small value transactions. The government in March 2021 allowed a pilot program for mobile money service which will run for two years. Even so, around 70 percent of Vietnam's population are internet users and thus opportunities for digital payments are immense.

As Vietnam moves from low-tech manufacturing to a service-oriented economy, fintech, artificial intelligence, [e-commerce](#), and software will play a bigger role in the digital economy and while there are challenges, it presents significant opportunities for the government, as well as domestic and international investors.

While Vietnam has made important progress, more work needs to be done to address the digital skills development gap. This is to ensure that in pursuit of the nation's digital economy achievements, everyone has equal opportunity. The World

to raise awareness. The WB estimated that around two-thirds of enterprises have access to technologies related to the digital economy.

All these factors bode well and present significant opportunities for Vietnam. The government can take advantage of existing conditions to become a digital economic center.

Opportunities for investors

To aid with this project the [Asian Development Bank](#) (ADB) will partner with the [Ministry of Information and Communications](#) (MIC), which will help in raising Vietnam's digital economy contribution to 20 percent of GDP by 2025.

Under the agreement, ADB will assist four technical activities including research and development of legal frameworks, policies and solutions to promote the digital economy, finding resources to develop national digital platforms, and researching and promoting investment in digital infrastructure projects towards a comprehensive and sustainable digital society.

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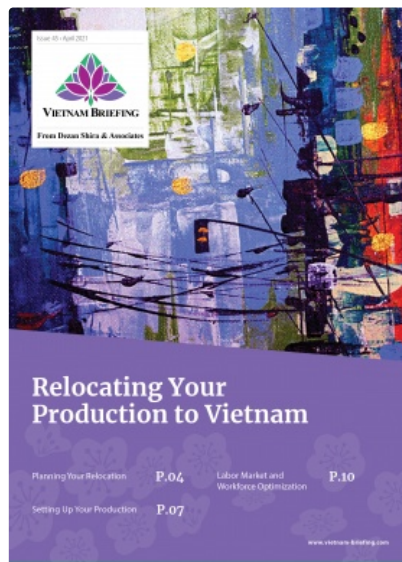
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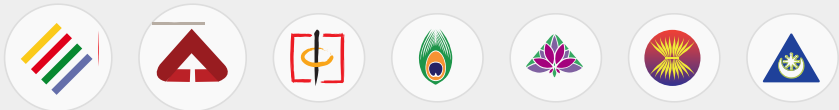
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