## Key Takeaways from the Forum:

# Deepening Vietnam's Corporate Bond Market: Insights from International Experience

*The analyses and perspectives presented in this report are synthesized from the panel discussion titled "Global Perspectives on Building a Deeper Corporate Bond Market for Vietnam's Next Growth Phase" in the Vietnam Bond Market Forum 2026, co-organized by FiinRatings, FiinGroup, and S&P Global Ratings in Hanoi on April 2, 2026. The speakers included:*

- *Mr. Guy Deslondes, Global Head of Emerging Markets Development, S&P Global Ratings*
- *Mr. Kengo Mizuno, ASEAN Secretariat Consultant, Nomura Research Institute Thailand*
- *Mr. Do Viet Dung, Senior Country Officer, World Bank*

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*This report does not constitute a credit rating action.*

### Key Highlights:

- Despite a clear recovery in 2025, Vietnam's corporate bond market remains at an early stage of development, with relatively modest size compared to regional peers. Limitations in liquidity, pricing mechanisms, and the ability to channel the economy's large pool of savings into long-term capital indicate a significant gap relative to more mature markets.
- The public issuance channel has yet to play a commensurate role, as it remains small in scale and overshadowed by private placements. This calls for reforms to make issuance processes more flexible and efficient, thereby gradually improving transparency and price discovery.
- The issuer base is concentrated in a few familiar sectors, particularly banking and real estate, reflecting a lack of diversification. Attracting leading corporates from a broader range of industries would not only expand market size but also help raise overall market quality.
- The investor base remains heavily reliant on the banking system, while participation from long-term institutional investors and foreign investors is still limited. For sustainable development, gradually broadening and diversifying the investor base, especially by attracting long-term and international capital, is critical.
- Discussions highlighted that developing the corporate bond market requires a comprehensive and coordinated approach rather than a single solution. Above all, effective implementation will be the key determinant in advancing the market toward greater depth and sustainability, guided by clear strategic objectives, similar to the roadmap for the Reclassification of the stock market.

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**Background:** The year 2025 marked a notable acceleration in issuance activity in Vietnam's corporate bond market, reflecting improvements on both the supply and demand sides. In particular, the return of real estate developers, alongside strong issuance from the banking sector, played a key role in reviving market activity. At the same time, a new wave of regulatory reforms was introduced, laying an important foundation for the next phase of development. Notably, these included mandatory credit rating requirements for most public issuances, as well as tighter financial safety indicators such as limits on liabilities-to-equity ratios. Together, these measures have helped enhance transparency and market discipline, while bringing the market closer to international standards.

However, a fundamental question remains: is Vietnam's corporate bond market sufficiently "deep" to meet the economy's growing financing needs? As Vietnam targets higher growth and faces substantial demand for long-term funding, particularly for infrastructure, international experts convened at the Vietnam Corporate Bond Market Forum 2026 to provide comparative perspectives and practical insights from regional and global markets. By benchmarking Vietnam against international standards and successful market models, the discussion offered a comprehensive assessment of the market's level of development and highlighted existing gaps. More importantly, it outlined key lessons and enabling conditions for Vietnam to further deepen and strengthen its corporate bond market, thereby supporting sustainable economic growth in the years ahead.

## 1. Where does Vietnam's corporate bond market stand?

The discussion began by positioning Vietnam's corporate bond market not merely as a component of the financial system, but as a critical pillar for the country's long-term growth strategy. As Vietnam targets double-digit growth in the coming years and faces substantial investment needs (with capital formation projected to reach around 40% of GDP), the banking system, currently the dominant financing channel, will no longer be sufficient to meet total funding demand. This creates a clear imperative to further develop capital markets, particularly the corporate bond market, as a more efficient channel for mobilizing long-term capital.

However, in assessing current conditions, the panelists agreed that the market remains at a relatively early stage by international standards. Despite a strong recovery in recent years, driven by the return of issuance, especially from banks and real estate developers, the overall market size is still modest. Outstanding corporate bonds account for only around 9% of GDP, significantly lower than regional peers such as Malaysia (55%), Singapore (27%), and Thailand (24%). Long-tenor bonds also remain limited. As noted by Mr. Guy Deslondes, Vietnam enjoys above-average saving rates (estimated at around 30% of GDP) yet this capital remains largely within the banking system and has not been effectively channeled into capital market instruments such as corporate bonds to support long-term investment projects.

**Chart 1:** Outstanding C-bonds/GDP in some ASEAN markets (as of the end of Q3/2025)

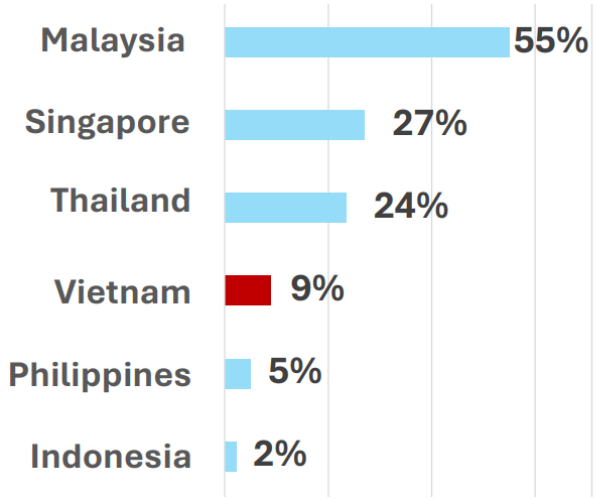
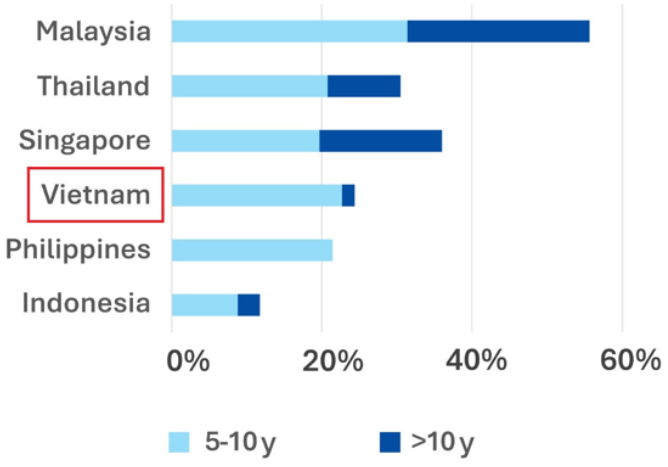



**Chart 2:** Tenor of outstanding C-bonds (as of the end of Q2/2025)




*Source: ADB, "AsianBondsOnline"*

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More importantly, the issue is not just one of scale, but of market depth. A well-developed market is not only large, but also functions efficiently, with strong liquidity, transparent pricing mechanisms, and broad participation from both institutional and international investors. In reality, Vietnam's market still lacks these core features. Secondary market liquidity remains limited, the formation of a corporate yield curve is weak, and the investor base is not yet sufficiently diversified. Critically, there is also limited linkage between key market segments, including the money market, government bond market, and corporate bond market. As noted by Mr. Do Viet Dung, "the connectivity between these markets remains relatively weak," constraining effective price transmission and overall market efficiency.

## 2. Developing the public issuance channel as a key to deepening the market

Public corporate bond issuance currently accounts for only around 1% of GDP, a very modest figure relative to the economy's financing needs. Private placements dominate the market, representing over 90% of total issuance. While this structure is not inherently negative, many developed markets maintain both channels, the overwhelming dominance of private placements limits key market features such as transparency, secondary liquidity, and, importantly, effective price discovery.

From a policy perspective, a key recommendation is to reform the public issuance process toward a more streamlined, risk-based approach, rather than the current approval-based regime, which can take several months. Mr. Kengo Mizuno pointed out that the reason private placements dominate in Vietnam is due to the significant difference in processes: while private placements are filing-based, public issuance requires detailed approval (approval-based), with the actual timeline potentially extending to several months. This significantly reduces flexibility and market access for enterprises.

Drawing on experiences from Malaysia and Thailand, he suggests introducing a "fast-track" mechanism for qualified issuers, such as listed companies with strong compliance records and high credit ratings, allowing them to benefit from simplified or expedited approval. This shift from ex-ante control to ex-post supervision would enable faster market access for high-quality issuers while focusing regulatory resources on higher-risk cases, and would also incentivize better governance and transparency.

In parallel, standardizing bond documentation, particularly covenant provisions, can further enhance efficiency. In markets like Malaysia and Thailand, regulators provide standardized templates, especially for investor protection clauses, which issuers can adopt directly. If these core terms remain unchanged, issuers can qualify for faster approval. This approach ensures a baseline level of investor protection and market consistency, while significantly reducing legal negotiation and review time, one of the main bottlenecks in the issuance process.

**Chart 3:** Fast tracks for public offering in Malaysia and Thailand

| PO approval scheme | | Malaysia | Thailand |
|---|---|---|---|
| **Normal** | Timeframe | 40 days | 120 days |
| **Fast track** | Timeframe | 14 days | - 24 days if using T&C template<br>- 44 days otherwise |
| | Issuer | Have issued or guaranteed bond of >RM500 mil in the past 5 years | Listed company with no corporate governance issuers |
| | Credit rating | >AA- | >BBB- |
| | Product | Plain | Plain |

*Souce: Malaysia: Guidelines of the Securities Commission Malaysia on the Issuance of Corporate Bonds or Sukuk to Retail Investors*
*Thailand: Notification No. TorJor. 15/2565 of the Securities and Exchange Commission of Thailand*
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In addition, both Mr. Guy Deslondes and Mr. Do Viet Dung emphasized that the market can only function effectively when supported by strong underlying conditions. First and foremost is macroeconomic stability, which is a prerequisite for sustainable bond market development. Investor confidence depends on a stable macro environment, including controlled inflation, exchange rate stability, and fiscal discipline. International experience

shows that even well-developed markets can deteriorate rapidly in the absence of macro stability. Maintaining this foundation is therefore not only a broad economic objective, but also a direct condition for attracting long-term capital, particularly from institutional and international investors.

Second, a credible legal and institutional framework is essential, not only in terms of regulations on paper, but in consistent and effective implementation. This includes investor protection mechanisms, clear processes for handling defaults, and transparency in disclosure. As Mr. Deslondes noted, market confidence is built not on written rules, but on how they are applied in practice, especially during periods of stress. Well-managed credit events, handled transparently and with discipline, can strengthen long-term confidence, whereas poor handling can undermine the market for years.

Third, the development of market infrastructure and supporting institutions is equally critical. This includes credit rating systems, clearing and settlement mechanisms, and, importantly, a functioning secondary market with active market makers. A market can only truly operate when there is sufficient liquidity to allow investors to trade and price assets continuously; without it, even primary issuance will be constrained, as investors lack viable exit options.

### 3. How to develop the issuer base: lessons from international experience

A key challenge in Vietnam's corporate bond market is the lack of diversity and imbalance in the issuer base, which remains heavily concentrated in sectors such as banking and real estate. Other sectors, manufacturing, technology, services, and infrastructure, are underrepresented relative to their scale and financing needs, limiting both market diversity and the role of bonds as a strategic funding channel. As noted by Mr. Do Viet Dung, state-owned enterprises in infrastructure sectors such as energy, transport, and telecommunications should be encouraged to tap long-term funding from the bond market, reducing reliance on bank credit. At the same time, enabling project companies (SPVs) to issue bonds and relaxing restrictions on the use of proceeds, allowing general corporate purposes, would help broaden participation from a wider range of industries.

In parallel, diversifying instruments and improving market infrastructure are essential. The development of thematic bonds (green, social, sustainability-linked) in line with international standards can attract new investors, while instruments such as infrastructure bonds and securitized products can expand supply and extend tenors. Lowering entry barriers, through mechanisms like shelf registration, fast-track approvals for qualified issuers and more flexible collateral requirements, can further facilitate market access, provided this is accompanied by stronger supervision and market discipline to safeguard transparency and investor protection.

From international experience, Mr. Guy Deslondes emphasized that issuer quality often follows investor quality. A strong base of institutional investors, such as pension funds, insurers, and asset managers, naturally demands higher standards of transparency, disclosure, and financial discipline, creating positive market pressure for issuers to improve governance and creditworthiness. In this context, attracting leading corporates (Tier 1 issuers) is critical. These issuers not only bring scale but also serve as anchors of market confidence, setting benchmarks for transparency and governance. Some countries like Mauritius have actively promoted this shift, for example, by encouraging large corporates to move from bank financing to bond issuance, creating a demonstration effect that attracts both issuers and investors.

Finally, policy can also play a catalytic role in broadening the issuer base by creating incentives (or constraints) that encourage firms to access the bond market. As seen in India, restrictions on bank lending for certain activities, such as land acquisitions or M&A, have indirectly pushed corporates toward bond financing. Such measures can help rebalance the financial system, expand the role of capital markets, and support the development of a more diversified and resilient corporate bond market.

### 4. Diversifying the investor base to unlock long-term capital

Finally, the development of the investor base is considered a decisive factor for the depth, liquidity, and sustainability of the corporate bond market. At present, Vietnam's market still bears the characteristics of a "bank-led" system, in which banks are both the main issuers and the largest investors in the bond market. Meanwhile, the participation of long-term institutional investors such as insurance companies, pension funds, and foreign investors remains very limited.

One of the main reasons lies in policy and regulatory barriers. As noted, the current legal framework still imposes many restrictions on bond investment activities of financial institutions, from banks to insurers and pension funds. Mr. Kengo Mizuno emphasized that these decisions "should be professional decisions of investors, rather than being rigidly prescribed by law." Relaxing these restrictions could unlock a very large pool of domestic capital. In particular, pension funds and insurance companies are considered "anchor investors" that can reshape market structure. Experience from Malaysia and Thailand shows that these institutions have played a leading role in developing bond markets, thanks to their long-term investment horizon and appropriate risk appetite. In Vietnam, if institutions such as the Social Security (VSS) can allocate part of their portfolio to corporate bonds, the impact on the market would be very significant.

According to Mr. Do Viet Dung, for VSS, allowing diversification of the portfolio beyond government bonds and deposits, accompanied by conditions on asset quality such as credit rating requirements, could create substantial long-term demand, especially if combined with the use of professional fund managers in the initial stage. For private pension funds, recent adjustments under Decree 85, such as allowing diversification into listed securities, including listed corporate bonds, are positive signals. However, to truly promote participation, it is necessary to consider removing the pre-condition of VSS participation in order to expand access to informal and self-employed workers, a group that accounts for a large share of the labor force but is currently not fully covered.

For insurance companies, the current investment structure also remains quite conservative, with around 80% of assets allocated to government bonds and deposits. A relative shift, for example, around 20% of the portfolio into corporate bonds and equities, could generate up to USD 15 billion in new demand for the corporate bond market by 2030. At the same time, policies should encourage investment in rated bonds to improve issuance quality, rather than only limiting investments based on the "non-restructuring" criterion as at present.

From an international perspective, attracting foreign investors is an important but challenging objective. Mr. Guy Deslondes emphasized that foreign investors seek an investment environment with a transparent, easy-to-understand legal framework that is compatible with international standards. This includes processes from settlement and custody to disclosure standards and investor protection. In this context, initiatives such as building international financial centers or designing a dedicated legal framework for foreign investors are considered strategic directions. Experience from countries such as India with the IFSC (International Financial Services Centre) model shows that creating a separate legal space, where international standards on trading, settlement, and disclosure are applied, can help attract capital that would otherwise be raised abroad. This not only attracts foreign investors but also helps develop the domestic capital market toward deeper integration with the global financial system.

Closing the discussion, the speakers agreed on a key point: the sustainable development of the market does not depend on a single solution but requires the strengthening of core foundations in a coordinated manner, together with strong enforcement discipline. Mr. Do Viet Dung emphasized the decisive role of implementation capacity. Vietnam does not lack policy directions or technical recommendations; the decisive factor lies in the ability to translate these directions into concrete, consistent, and effective actions in practice. In this context, establishing a guiding objective, such as upgrading the bond market in line with international standards, can serve as an important "anchor," driving coordinated reforms in infrastructure, transparency, and operational standards, thereby helping Vietnam's corporate bond market transition from a recovery phase to a deeper, more sustainable, and more integrated stage.

***Speakers' presentation from the Forum are available at: THIS LINK***

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