



# Vietnam



# Vietnam :

## Led by Prudential, foreign insurers dominate

### Life industry

Penetration:	1.0% GDP
Density:	US\$ 6 per cap
Total premium:	US\$ 0.5 bn
New business:	US\$ 0.1 bn
# Policies:	3.6 million
Liberalization:	1999
# Players:	7 (6 foreign / JV)

### Vietnam



### Characteristics

- Agency driven, unsophisticated in terms of distribution and products
- Still quite rural – wealth more evenly distributed
- Foreign companies dominate

### Top players H1 2006

1.	<b>Prudential</b>	<b>39%</b>
2.	Bao Viet	39%
3.	BaoMinh-CMG	8%
4.	Manulife	7%
5.	AIA	6%

### Recent developments

- Fast take-up in early years, slowing down since 2003
- WTO accession - opening of banking industry



# Vietnam : Challenges and strategies

Infrastructural challenges	Strategy	Success
<ul style="list-style-type: none"><li>• Fluid regulatory environment</li></ul>	<ul style="list-style-type: none"><li>• Work closely with regulators before market entry</li></ul>	<ul style="list-style-type: none"><li>✓ Best FDI enterprise in Vietnam 2005 awarded by The Ministry of Planning and Investment</li></ul>
<ul style="list-style-type: none"><li>• Emerging nature of capital market and investment environment</li></ul>	<ul style="list-style-type: none"><li>• Leverage regional expertise: build up in house investment capacity</li></ul>	<ul style="list-style-type: none"><li>✓ Largest investor of long government and corporate bonds</li><li>✓ Launched first 100% foreign owned fund management company</li></ul>
<ul style="list-style-type: none"><li>• Poor infrastructure for customer service and distribution support</li><li>• Lack of options to diversify distribution channels</li></ul>	<ul style="list-style-type: none"><li>• Invest and build own infrastructure and strong operating platform to support current business and future expansion</li></ul>	<ul style="list-style-type: none"><li>✓ Largest branch network of all foreign financial institutions, including banks, covering all major geographic areas</li></ul>

# Vietnam : Challenges and strategies

Industry Challenges	Strategy	Success
<ul style="list-style-type: none"><li>• Market dominance by local incumbent</li></ul>	<ul style="list-style-type: none"><li>• Fast ramp up of agency channel. Build and maintain the largest agency force</li></ul>	<ul style="list-style-type: none"><li>✓ Largest direct agency force (41% of industry total)</li><li>✓ Dominate face to face sales</li></ul>
<ul style="list-style-type: none"><li>• Competitive pressure associated with market opening</li><li>• Challenges associated with building distribution channels</li></ul>	<ul style="list-style-type: none"><li>• Distribution arrangements with key State owned and private banks</li></ul>	<ul style="list-style-type: none"><li>✓ Partners for bancassurance<ul style="list-style-type: none"><li>– 2 largest state-owned banks</li><li>– Leading private sector bank</li></ul></li></ul>
<ul style="list-style-type: none"><li>• Limited number of insurance professionals</li></ul>	<ul style="list-style-type: none"><li>• Invest in our people and foster an "employer of choice" image</li></ul>	<ul style="list-style-type: none"><li>✓ 5 non Vietnamese out of 1,500 staff</li></ul>

# Vietnam : Challenges & strategies

## Market Challenges

- Due to its turbulent history, Vietnamese people place strong emphasis community support

- Lack of market / customer sophistication in financial services and limited knowledge of Prudential brand



## Strategy

- Place extra focus on social & charitable activities and community services e.g. Prudence Foundation



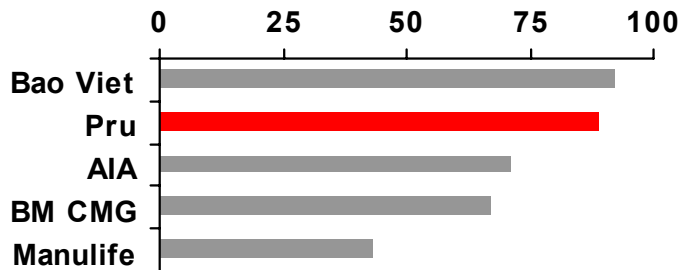
- Identify customers' needs and meet them. Successful examples include
  - children education savings plan
  - regular savings plan with added protection
- Adapt international standard for customer services in contrast to those provided government owned financial institutions
- Bricks and mortar strategy – highly visible customer service centres

# Vietnam : Some recent achievements

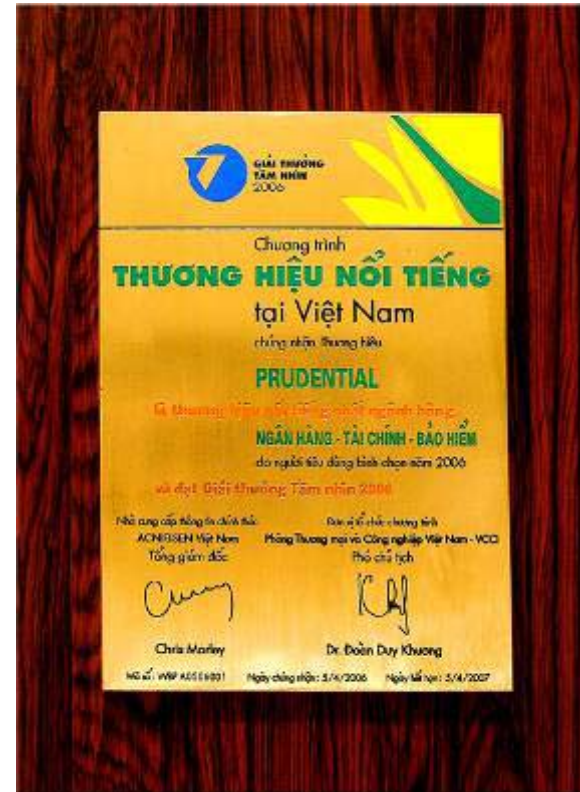
- ✓ 4 consecutive Golden Dragon Awards (2002 – 2005): best life insurance company in Vietnam by customers



- ✓ Top brand awareness among all foreign insurers



- ✓ Best brand for Finance, Banking, Insurance and Investment Award by Vietnam Chamber of Commerce and Industry





# Vietnam: Best in class insurer with tremendous RFS potential

## Developments

- RFS landscape will change significantly with WTO membership
- Fast development of capital markets especially equities
- Local retail banking industry changing rapidly in preparation for foreign competition
- Favourable demographics and strong foreign investment drives high growth of RFS sector

## Prudential's position

- Best in class life operation platform
- Outpacing other foreign insurers
- Strong track record of managing agency productivity
- Leading market with introduction of new products e.g. unit linked
- Regulatory approval for 1<sup>st</sup> retail fund management & consumer finance operations