

Legal Alert

May 2025



SANDBOX MECHANISM FOR FINTECH, INCLUDING P2P LENDING, UNDER NEW DECREE 94/2025/ND-CP

On 29 April 2025, the Government of Vietnam issued Decree No. 94/2025/ND-CP ("**Decree 94**") on the controlled pilot testing of financial technologies ("**Fintech**"). This long-awaited official regulation follows years of multiple draft versions, particularly regarding peer-to-peer lending and certain technology solutions in financial services. Decree 94 will take effect from 1 July 2025.

Below is a detailed breakdown of key aspects of Decree 94.

Scope of governed activities

The sandbox applies to Fintech solutions serving banking-related business activities, specifically: **(1)** credit scoring; **(2)** data sharing via open application programming interfaces (Open API); and **(3)** peer-to-peer (P2P) lending.

Eligible participants and sandbox licenses

Eligible sandbox participants include:

- (i) Credit institutions not under special control pursuant to the Law on Credit Institutions and foreign bank branches in Vietnam (not applicable to P2P lending); and
- (ii) Fintech companies in Vietnam.

These entities are required to apply for a license on sandbox participation ("**Sandbox License**") with the State Bank of Vietnam ("**SBV**") for the corresponding Fintech activity. A Sandbox License is valid for a maximum of **2 years** and may be renewed twice, with each extension not exceeding 1 year.

Importantly, the issuance and renewal of Sandbox Licenses are subject to the applicant's fulfillment of the conditions specific to each Fintech activity. Below is a focus on the conditions applicable to P2P lending.

Conditions for P2P lending sandbox

Licensed P2P lending companies serve as intermediaries in financing activities between:

- Lenders: Legal entities (including also credit institutions and foreign bank branches) established in Vietnam, or Vietnamese citizens; and
- Borrowers: Legal entities (excluding credit institutions and foreign bank branches) established in Vietnam, or Vietnamese citizens.

To enable this, P2P lending companies are permitted to use technology to connect customer information and facilitate contract execution on digital platforms.

a) Major conditions to apply for a Sandbox License in P2P lending

- **Eligible P2P lending companies** must, among other conditions:
 - be a legally established and licensed Fintech company in Vietnam;

- not be classified as a foreign-owned enterprise (*note: As Decree 94 lacks a definition, the Law on Investment's definition of "foreign-owned economic organization" may be referred to for assessment*); and
 - not be undergoing reorganization (i.e., division, separation, consolidation, merger), conversion, dissolution, or bankruptcy.
- **Legal representative:** A P2P lending company's legal representative must be a Vietnamese citizen; not concurrently be an owner/shareholder or hold a managerial role in an enterprise engaged in financial services, banking, pawnshop, or multi-level marketing businesses; and meet additional criteria on qualifications, experience, existing positions, and criminal record.
 - **Currency and payments:** Lending must be in Vietnamese Dong (VND). Disbursement and principal/interest repayment shall be made via bank accounts or licensed e-wallets.
 - **Contract term and debt control:** P2P lending companies are required to present adequate measures to (i) ensure that the lending contracts' term must not exceed 2 years; and (ii) identify and manage the maximum debt balance of a borrower.
 - **Technology solutions:** P2P lending-related technology must meet the technical standards under Decree 94, including requirements for innovation, risk management, limited systemic impact, consumer protection, comprehensive testing, etc.

b) Application dossier and Licensing timeline

- The application dossier for a Sandbox License in P2P lending includes, among others, a detailed proposal describing the P2P lending model, a testing plan, and documents evidencing personnel qualifications.
- The SBV's statutory review timeline is 95 working days, comprising 5 working days for verification of document completeness and 90 working days for substantive assessment, inter-ministerial consultation, and on-site inspections (if any). Note that the timeline may be extended if additional information is required or delays occur in obtaining opinions from relevant ministries.

Monitoring, reporting and data protection requirements

- Sandbox participants must operate strictly within the licensed scope. The SBV will conduct regular and ad-hoc inspections, including on-site inspections.
- Sandbox participants are required to submit periodic reports on their operations, and report to the SBV within 24 hours of any incidents posing disruption or serious operational risks.
- During operation, sandbox participants shall comply with applicable regulations on data collection, usage and protection, and protection of customer rights.

Key considerations

- Decree 94 requires P2P lending applicants to include templates of (i) agreements between the P2P lending company and its users, and (ii) agreements between lenders and borrowers. However, the Decree is silent on whether standard templates or key terms will be further detailed in subsequent implementing guidance.
- Decree 94 does not address pricing or interest rate-setting mechanisms, or rules for debt collection and enforcement in P2P lending. Additional regulations are expected to follow to enable full implementation.
- In conjunction with the newly issued Regulation No. 68-NQ/TW dated 4 May 2025 by the Politburo on private economic sector development, Decree 94 is expected to provide a wider source of financial supply to private businesses and attract capital from a broader base of Vietnamese institutions and individuals, beyond traditional credit institutions.

If you have any questions or require any additional information, please contact Ms. Bui Thi Thanh Ngoc – Partner or Ms. Nguyen Thi Thuy Dung – Associate Director, [KPMG Law in Vietnam](#).

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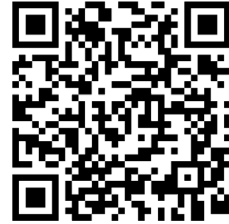
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