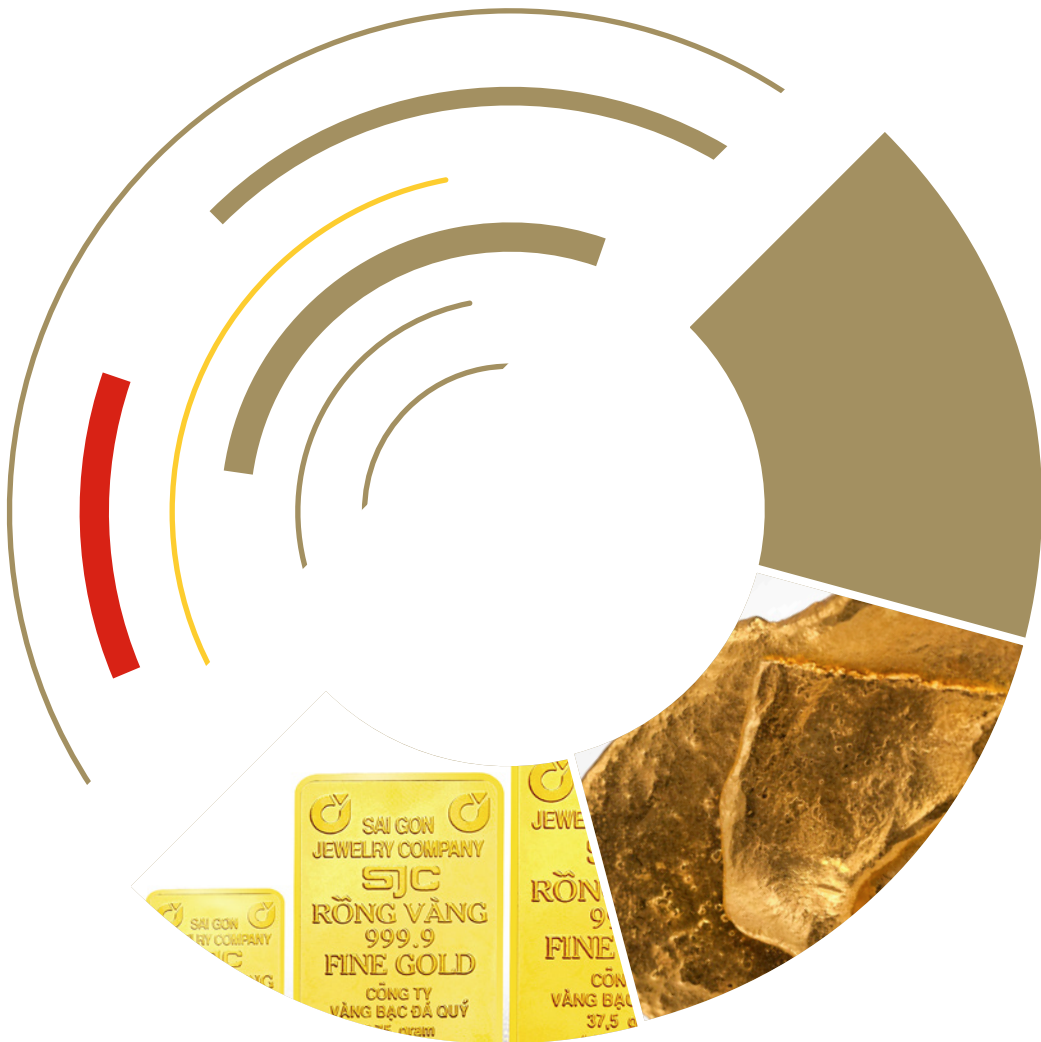


# Retail gold insights: Vietnam Investment



## About the World Gold Council

The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership, and be the global authority on the gold market.

We develop gold-backed solutions, services and products, based on authoritative market insight, and we work with a range of partners to put our ideas into action. As a result, we create structural shifts in demand for gold across key market sectors. We provide insights into the international gold markets, helping people to understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, China, Singapore and the USA, the World Gold Council is an association whose members comprise the world's leading gold mining companies.

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For more on our global retail insights programme, visit:

[www.retailinsights.gold](http://www.retailinsights.gold)

# Foreword

Vietnam plays a huge role in the global gold market. In 2019 consumer demand was 56.4 tonnes, making it the seventh largest consumer gold market in the world and the largest in South East Asia. Gold plays an important role in individual and household finances – our research has found that 72% had invested in gold in the previous twelve months. And there is still huge potential for the market to grow – demand is limited to jewellery, tael and chi rings bought through a shop. As Vietnam’s banking system continues its transformation, new opportunities for investing in gold – including digital gold accounts – will open. Our research explores some of these themes, and identifies new channels for growth.

This report is part of our global consumer research programme.<sup>1</sup> We designed this programme to deepen our understanding of retail investors across key markets worldwide. We explore perceptions of gold, buying behaviour, and uncover challenges to investing in gold. Our research in Vietnam was carried out in 2020, during the pandemic. Whilst Vietnam was one of the countries most effective in dealing with COVID-19, the economic consequences of the pandemic will have an impact on perceptions of gold and likely buying behaviour. We explore this in the report.

Gold is foremost in the thoughts of many investors in Vietnam; our research shows that 68% view gold as the most top of mind investment product. 81% see gold as a good safeguard against periods of uncertainty and 79% consider it to be a protection against currency fluctuations and inflation. It is therefore an investment of choice, recognised as a safe store of value.

However, there is still room for growth. The digitisation of banking and the development of the financial services sector means the gold industry needs to evolve to ensure gold remains “top of mind” in the financial environment of the future. We also identify some barriers to investing in gold: primarily, lack of knowledge and affordability. Digitisation has a role here as digital gold accounts could allow investors to buy and sell smaller denominations of physical gold, or accumulate gold in incremental amounts.

The insights in this report can be used by businesses selling gold products in Vietnam to improve their understanding of consumer behaviour, aspirations and gold product preferences. It is our hope that these insights will be used to further enhance the gold product offering in Vietnam, supporting the future growth of the market.



*Andrew Naylor*

**Andrew Naylor**  
Head of ASEAN  
World Gold Council

<sup>1</sup> [www.retailinsights.gold](http://www.retailinsights.gold)

# Executive summary

## Gold is part of everyday life in Vietnam.

For centuries it has been used for trade and today it is valued for its attributes as a safeguard as well as a currency. The Vietnamese have faith in gold, yet there are limits on the range of gold products that are permitted. But the promise of a more open market brings opportunities for gold. Our research has uncovered a thirst for wider investment product choice, safer storage and – for the young in particular – digital routes into owning gold.

## One of the fastest growing countries in the world, Vietnam enjoys a GDP growth rate the envy of many western nations.

And it expects to bounce back to near pre-COVID levels of growth in 2021.<sup>2</sup> It has coped well with the global pandemic and is emerging with relatively minor battle scars. The country's business and manufacturing base has grasped opportunities whilst the government has successfully contained the virus, but it has not been able to escape the economic fallout that has reverberated around the world. This is, however, far from bad news for gold.

If anything, the Vietnamese place more faith in it now than they did pre-COVID. In times of economic instability, gold has proven its worth as a means of protecting wealth.

## For many Vietnamese, gold is front of mind.

It is their investment of choice, valued for its safeguarding properties in a country with a history of rampant inflation. But it is more than a commodity. It is thought to impart respect and is valued as a bringer of luck and a reminder of happy times. This is reflected in the fact that 'aspiration' is a far more important driver of investment for the Vietnamese than it is for the global investor.

## Our research found that 72% of investors own gold.

But a lack of investment opportunities creates a real dilemma for the Vietnamese. Their investment is almost always in physical gold – sometimes worn as jewellery, sometimes carried on their person, sometimes stored at home. And this is a problem. They worry about security and would welcome the chance to buy into investments where gold is vaulted or held by a third party.

## For some, the lack of knowledge around gold deters them from investing in it.

We discovered that 24% of people who have not bought gold but would consider doing so – these we call 'considerers' – say they don't know enough about it and 44% perceive it as unaffordable. In fact, a total of 72% of considerers quoted either issues around knowledge or affordability as reasons not to invest.

Surprising as this may be in a society where gold is used habitually, the closed market and lack of investment products has, it would appear, led to a substantial knowledge gap.

## Gold's headroom for growth will be largely dictated by moves within the internal gold market.

The warmth our survey respondents have shown towards gold, together with the role it currently plays in society, will offer a tremendous foundation upon which to introduce new retail investment products. And because 81% of Vietnamese investors regard investing as a hobby, digital gold is likely to be welcomed with open arms for its new and exciting possibilities. The nation's investors seek a deeper relationship with gold and are hungry for the opportunities that an open market could bring. As Vietnam continues on its path of growth there is no doubt that the role of gold will change...for the better.

## Within Vietnam, we conducted:

2,003

online interviews with retail investors across the country\*

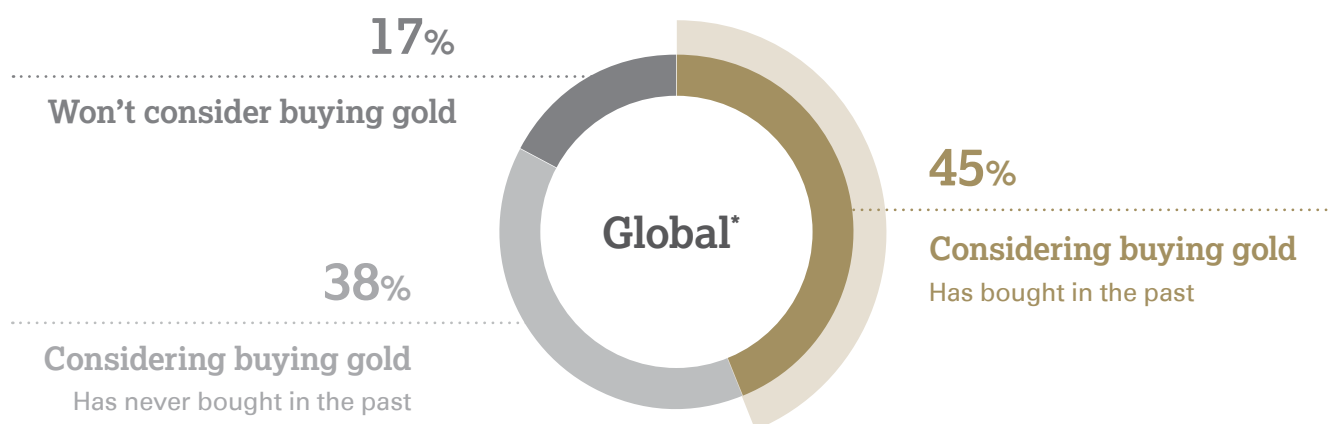
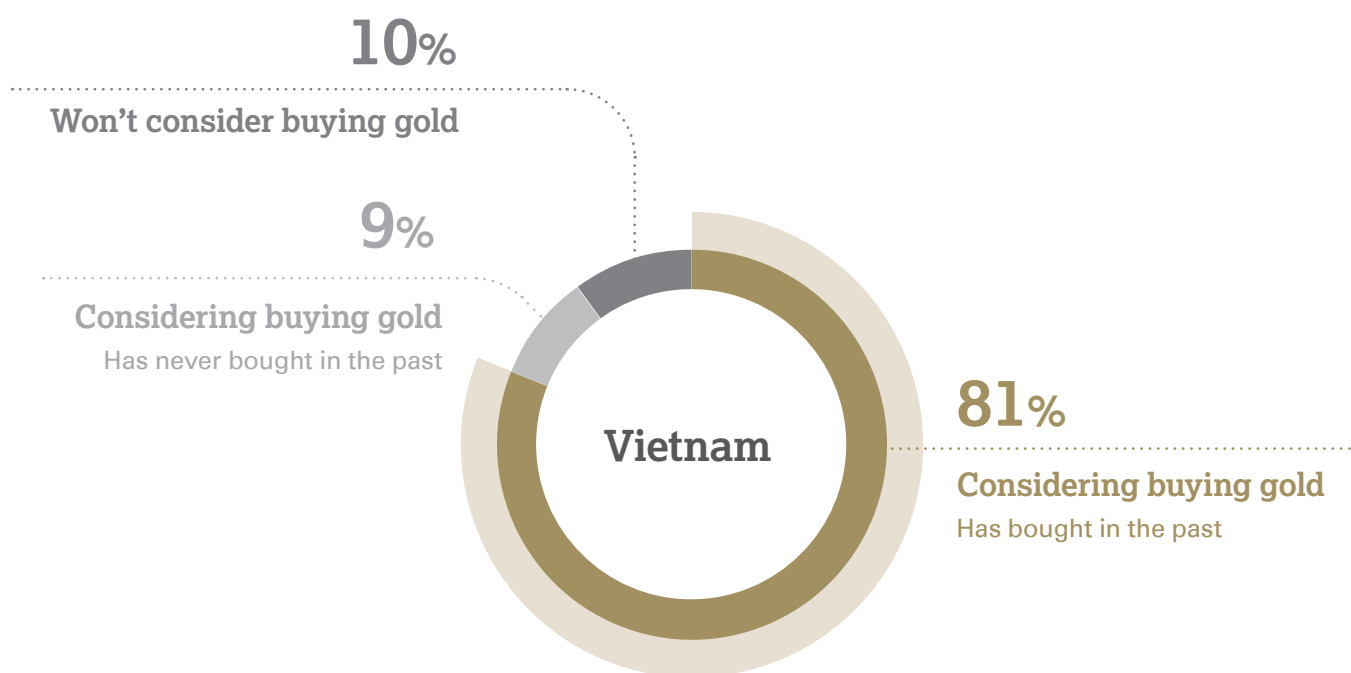
\* Please see **Methodology**

2 [www.adb.org/sites/default/files/publication/658721/ado-supplement-december-2020.pdf](http://www.adb.org/sites/default/files/publication/658721/ado-supplement-december-2020.pdf)



# Snapshot of investment behaviours

## Penetration and purchase intent



\* Numbers do not add to 100 due to rounding

## Growth in the face of uncertainty.

Vietnam is one of the fastest growing countries in the world and the 15th most populous. Its 96 million people have seen a rapid rise in their living standards since economic and political reform in 1986. More recently, GDP grew by at least 7% through both 2018 and 2019.<sup>3</sup>

While most global economies have battled with COVID-19, Vietnam has remained comparatively untouched by its effects – both in clinical and economic terms – and is looking towards 2021 with the anticipation of further significant growth. The wider impact of the pandemic has, however, been impossible to avoid: investors have not been immune to the reverberations that have shuddered through global stock exchanges nor have they escaped the effect on the local real estate market, which has all but seized up in the face of economic uncertainty.

## Investment choices and gold's standing.

Investment choices in Vietnam are limited due to national regulations. Consequently, consumers have less choice and are not able to benefit from contemporary gold investment products, such as digital gold accounts. Opening up and bringing greater transparency to the gold market could reduce smuggling and

enhance consumer protection. The government is also keen to persuade investors to support the country's banks via savings accounts, and with these objectives in mind new plans are afoot to move the industry forward.

Against a backdrop of global turmoil, gold has done well in Vietnam. Already a habitual investment, interest has increased as investors have watched its price climb over recent years. Our research showed that 81% of people who have previously bought gold would do so again, and only 10% say they have no interest in gold.

Gold is seen as a way of protecting wealth and has historically been a hedge against inflation.<sup>4</sup> From 1996 to 2020, inflation averaged 6.1% – at the time of writing, one US dollar is worth more than 23,000 Vietnamese Dong (VND).<sup>5</sup>

## Gold is part of everyday life.

Gold is intrinsic to life in Vietnam. Used as currency as well as a savings mechanism, many transactions are still made with cash and gold, and major purchases, such as vehicles and property, are commonly settled using physical gold alone. Among the investor population 72% had invested in gold in the previous 12 months, and the uptake of gold investment over the same period was twice that of savings accounts.

In Vietnam, 81% of investors have previously invested in gold and say they would consider doing so again. This suggests it is more mainstream than in China and India, where 72% and 67% (respectively) of investors fall into this category. Globally, the figure stands at 45%.

With government control over imports and exports of gold, and regulations that prohibit banks from involvement in that process, investors trade their gold through jewellery shops, where it is often bought as fine jewellery pieces or in the form of chi rings threaded on to a cord or chain. Larger amounts of gold are bought in tael weights – equal to 37.5 grams or 1.2057 troy ounces. Most gold is stored by the investor, either at home or worn on the person.

“Gold is easy to buy, resell, and is profitable in times of economic instability.”

MALE, 59, AGILE STRATEGIST

3 World Bank Data: [data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=VN](https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=VN)

4 World Gold Council: [www.gold.org/goldhub/research/investment-update-gold-efficient-hedge](https://www.gold.org/goldhub/research/investment-update-gold-efficient-hedge)

5 World Bank Data: [data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=VN](https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=VN)

# Gold holds a uniquely strong position in the Vietnamese market

Gold is the top of mind investment for

**68%**

of investors, more than for any other product

Gold is viewed as a hedge against risk

**81%**

see gold as a good safeguard against political/economic uncertainty

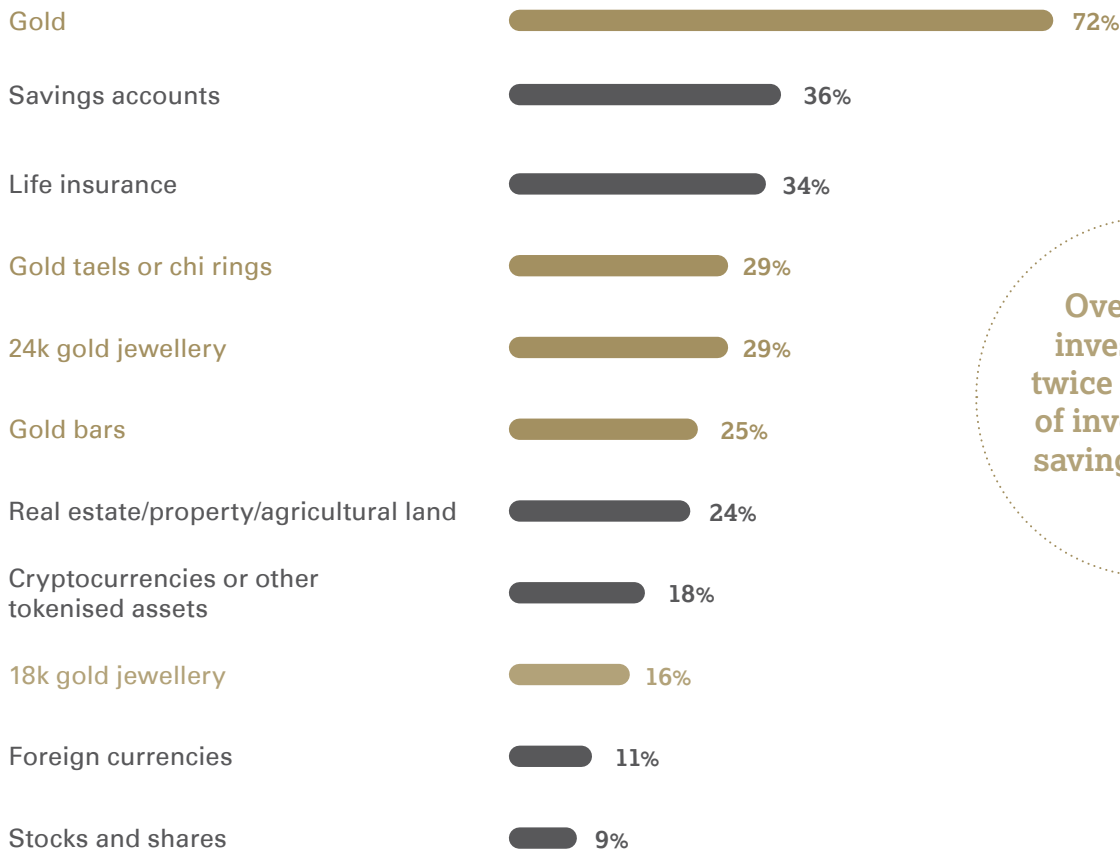
Gold accounted for

**4** out of **10**

investment products bought over the previous 12 months

## Type of investment owned

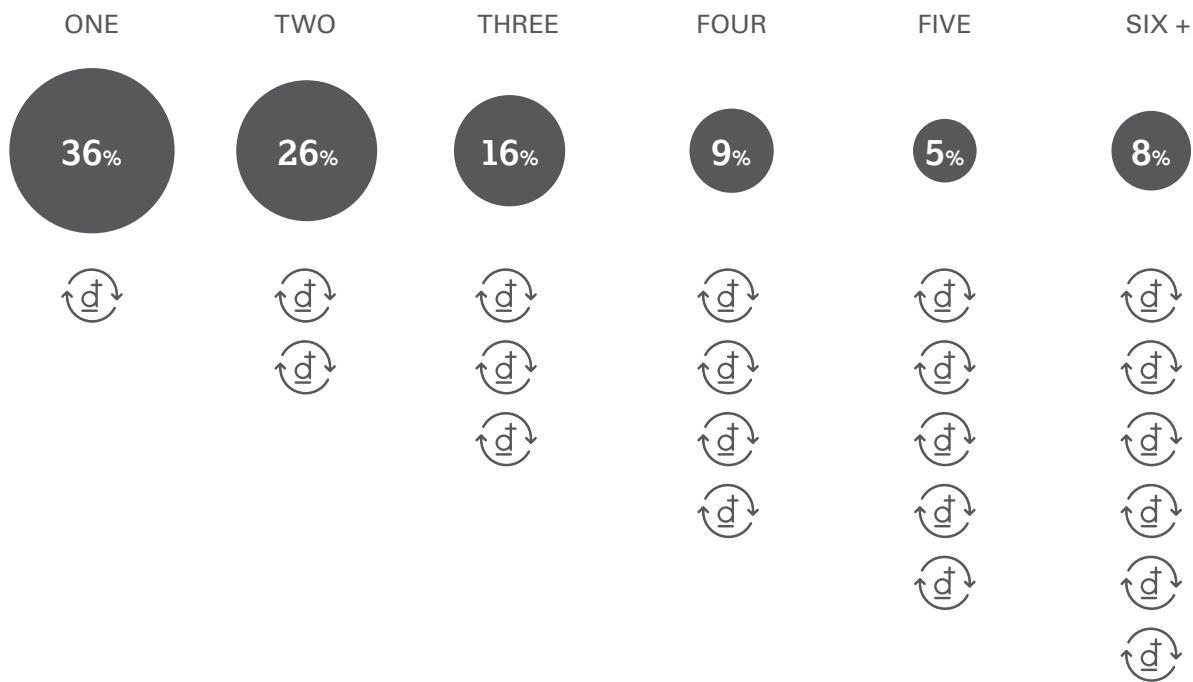
Invested in past 12 months



Overall gold investment is twice the uptake of investment in saving accounts



## Number of investments currently owned



## 2019 – Global excluding Vietnam

Proportion of income saved or invested

**23%**

Average number of investment products owned

**3.4**

## 2020 – Vietnam

Proportion of income saved or invested

**30%**

Average number of investment products owned

**2.6**

Top 5 investments

1. Savings account
2. Life insurance
3. 24k gold jewellery
4. Gold taels/chi rings
5. Investment fund

## The domination of physical gold.

Portfolios in Vietnam contain an average of just 2.6 products; savings accounts rank highly, followed by life insurance, 24k gold jewellery, gold taels/chi rings, and real estate. In fact, 36% of investors only have one product in their portfolio and just 8% have six or more. Investors save an average of 31% of their income, significantly above that of other global investors (23%).

Our research showed that during the previous 12 months, 29% of respondents had bought gold taels or chi rings and 29% had bought 24k gold jewellery; 25% had bought gold bars and 16% had invested in 18k jewellery. Only 1% said they had been able to access gold-backed Exchange Traded Funds (ETFs). In fact, gold taels and 24k jewellery make up a high proportion of the portfolios of our respondents – 47% and 45% respectively.

The absence of digital products leaves few routes to ownership other than to buy physical gold. Any that do invest in physical gold through digital or online accounts are likely to be high net worth individuals who have access to overseas investment accounts. The lack of access to digital

gold products is reflected in low ownership rates among Vietnamese investors – only 7% said they currently owned such investments. But among those who do own them, digital gold products on average account for 30% of their portfolios. Gold therefore has a clear opportunity here if the promise of a more open market comes to fruition.

## Attitudes to gold and future opportunities.

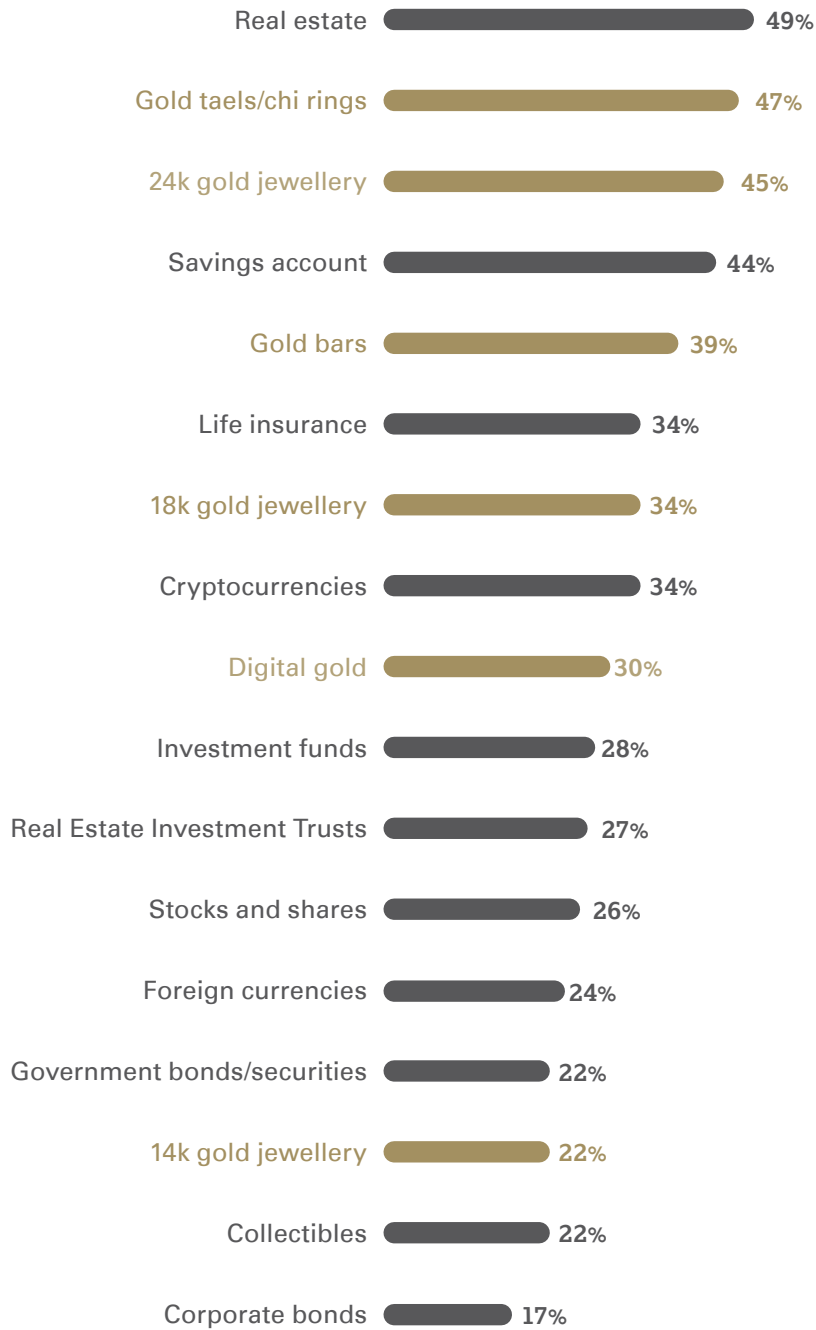
In a society where gold is worn, used as currency and stored as an investment, it is natural for it to be top of mind when thinking how to save for the future and protect wealth. Our survey indicated that 68% immediately think of gold when asked how they might invest. Gold also featured high on the list of products in which people would invest if they were to receive an unexpected bonus. Around half of our respondents believe gold to be a safe way to protect their wealth, while 81% told us they regard it as a good safeguard against periods of political or economic uncertainty, and the same percentage agreed that it makes them feel secure for the long term. Furthermore, 79% consider gold to be a protection against inflation and currency fluctuations.



While ownership levels for digital gold products are low (7%), average investment levels among those who do own digital gold products are high (30%).

## Share of portfolios

Average proportion invested among those who own each product\*



\* Numbers do not add to 100 as non-owners are excluded from the average

But our survey uncovered indications that gold is more than a commodity: 75% of respondents believe it can bring them luck and 67% value its ability to bring back happy memories. Gold is also deemed to command respect (58%) and owning it is seen as a realisation of childhood dreams (59%). In examining the key drivers behind the decision to invest in gold, 'aspiration' was a significantly more important driver in Vietnam than in other countries globally.

But we identified reassurance as the top driver behind the decision to invest in gold. This is likely reflective of gold's physical nature and the widely-held view that it provides protection against uncertainty and inflation.

There is an interesting divergence between considerers of physical gold and those who say they would like to buy digital gold products.

Those keen on physical gold seem largely disinterested in online benefits, while those who prefer the concept of digital gold products value other attributes: the ability to monitor performance, secure third-party storage, and the ease of buying and selling. Because gold is as much a currency as an investment, a shift in the culture that surrounds it may be required if new products are to be brought to the widest possible audience.

Physical gold is easy to buy and sell in small amounts and – because it is part of the fabric of life – readily understood. It is not, however, viewed as a particularly exciting way to invest and in a country where 81% of investors consider investing as a hobby, new channels of investment such as digital gold accounts or ETFs could present an opportunity for enhanced market share.



.....

**While physical gold is easy to buy and sell, and is readily understood, it is not considered seen as particularly exciting in Vietnam. New channels of gold investment, e.g. digital gold accounts, will be key to developing the market.**

.....

## Top ten attitudes to gold



# Understanding the different retail investors

Four distinct retail investor segments were identified by our global research. Investors are grouped into these segments according to their similar characteristics. The segments differ from each other in terms of their broad profiles of investment attitudes, behaviours and needs.



## Segmentation of retail investors

While there are specific market differences in terms of size and behaviour, as well as cultural nuances, these segments are globally relevant and thus help to establish a common language for engaging with investors.



## Agile Strategists

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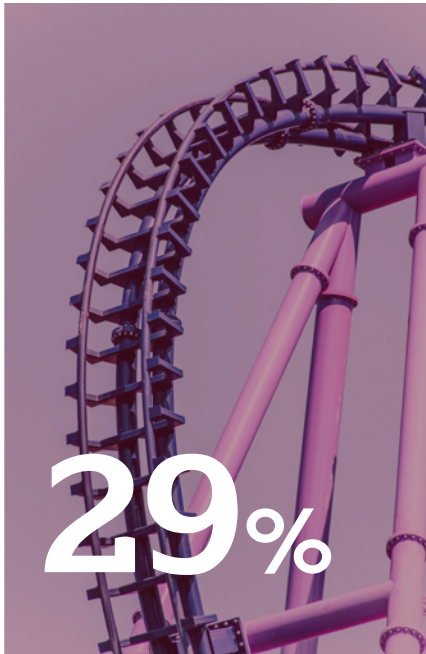
These are the most engaged investors who see investing as a hobby. They are confident investors who take a long-term view, so while they may take advantage of fluctuations in the market, they are focused on creating a diverse portfolio to protect and grow their wealth. They tend to be the first amongst their peers to consider new investment options.

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## Adventurous Traders



These investors want to live for today; they take a more short-term view on investment, seeking more immediate returns, and are happy to take advantage of fluctuations in the market to get them. Less risk averse and more experimental, these are often the people that peers turn to for investment advice.



## Guided Risk Takers



These investors are looking for high returns in the short term rather than looking to invest for the long term. While they are open to taking risks to get exponential growth, they rely on others to help them make their investment decisions.



## Cautious Savers



These highly risk averse investors are the least engaged. They seek to protect their money from external impact. They believe in investing for the long term and look for reliable investments that minimise risk as well as give steady returns.

# Profiling the investor segments

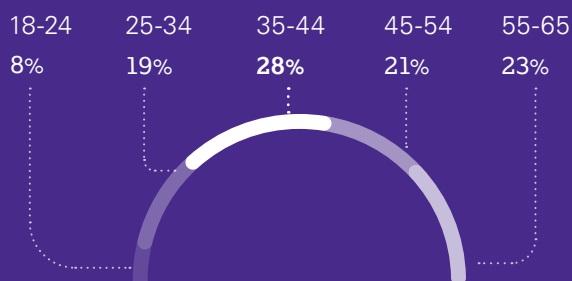


## Agile Strategists

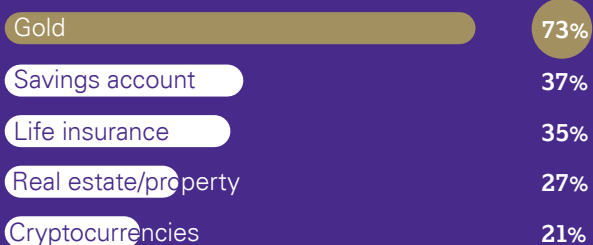
### Gender



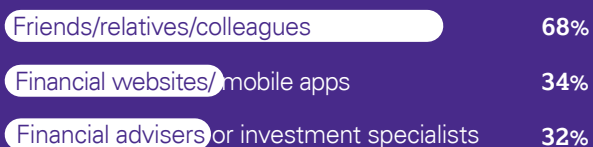
### Age



### Top investments



### Sources of information



Average number of investments owned **2.9**

### Attitudes to gold

<b>84%</b> Agree that owning gold makes me feel secure for the long term	<b>83%</b> Agree that gold is a good safeguard against periods of political/economic uncertainty
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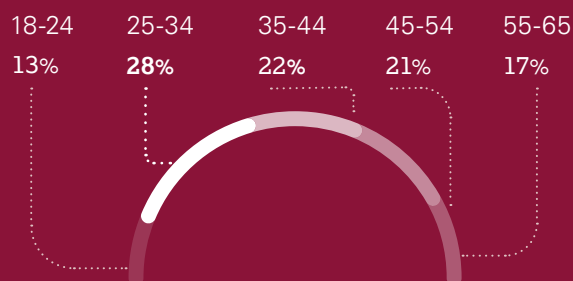


## Adventurous Traders

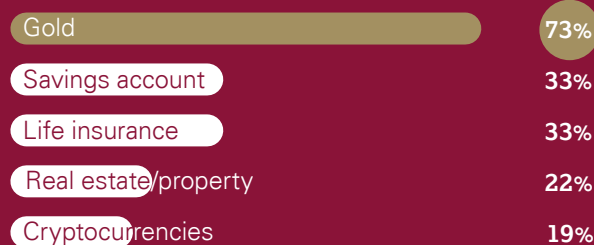
### Gender



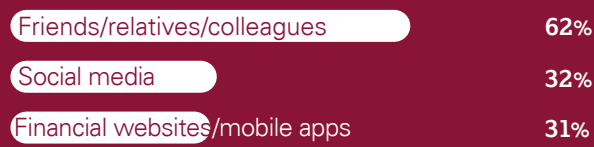
### Age



### Top investments



### Sources of information



Average number of investments owned **2.6**

### Attitudes to gold

<b>79%</b> Agree that gold is a good safeguard against periods of political/economic uncertainty	<b>74%</b> Agree that owning gold makes me feel secure for the long term
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## Guided Risk Takers

### Gender

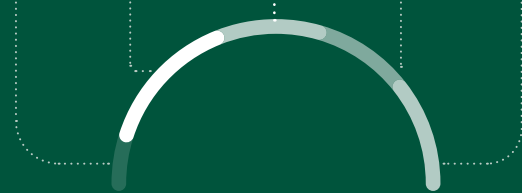
52%  
Male



48%  
Female

### Age

18-24	25-34	35-44	45-54	55-65
10%	28%	21%	20%	21%



### Top investments



### Sources of information



Average number of investments owned **2.5**

### Attitudes to gold

**84%**

Agree that owning gold makes me feel secure for the long term

**84%**

Agree that gold is a good safeguard against periods of political/economic uncertainty



## Cautious Savers

### Gender

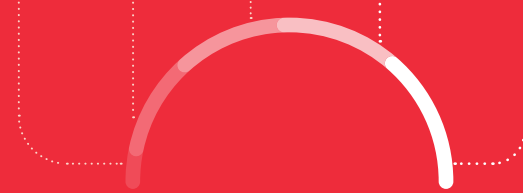
33%  
Male



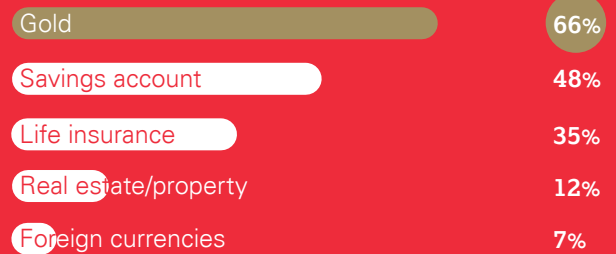
67%  
Female

### Age

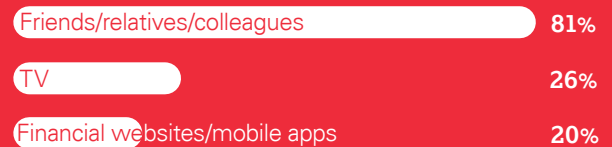
18-24	25-34	35-44	45-54	55-65
7%	20%	22%	24%	27%



### Top investments



### Sources of information



Average number of investments owned **2.1**

### Attitudes to gold

**81%**

Agree that gold is a good safeguard against inflation/currency fluctuations

**79%**

Owning gold makes me feel secure for the long term

**The level of gold investment in each of these segments is high but there is still potential for greater gold investment.**

A proportion of each investor segment are 'considerers' – i.e. investors who would be open to buying gold in the future, despite never having done so in the past.

Converting these considerers into gold investors is a potential source of incremental category growth – to do so requires understanding and addressing their respective barriers in a meaningful way.

The key barriers centre around safe storage, perceived affordability and trust, as well as a lack of knowledge

on how to buy and what drives the gold price.

If formal financial institutions such as banks start offering gold products, they will need to start targeting those segments that are most closely aligned with their individual strategy and product offerings as a way to drive incremental growth.

Considering the size of the different segments, and their broad attitudes to investment, Agile Strategists represent the biggest opportunity for gold, followed by Adventurous Traders. To attract and retain investors in these segments, current and future gold products and service offerings must be set up and positioned to meet their needs.



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**Considering the size of the different segments, and their broad attitudes to investment, Agile Strategists represent the biggest opportunity for gold, followed by Adventurous Traders.**

.....

## Barriers to buying gold

Considerers who have never bought



“ I think keeping money and gold in safes is quite dangerous because it's too noticeable and the thieves will know where. ”

41-65, HO CHI MINH



Vietnam’s gold market has seen many changes in structure and openness, but the appeal of gold to its population has endured – it is the largest gold market in ASEAN and one of the largest gold markets in the world in terms of consumer demand. Consumer gold demand in Vietnam in 2019 was 56.4t, placing it seventh in the world.<sup>6</sup>

Despite its relatively large size, it is one of the most restricted markets with imports/exports of gold strictly controlled, a prohibition on banks and formal financial institutions participating in the market, and restrictions on the types of investment products available. The gold market is primarily a jewellery market. The production (and sale) of bars is limited to state-backed monopolies. Contemporary investment channels – such as digital gold accounts – are not yet licensed.

But Vietnam is undergoing a major transition. It is one of the fastest growing economies in the region and its financial system is developing quickly.

Although a draft Decree is in place that will lead to further liberalisation, at the time of writing the principal regulation for gold trading in Vietnam is Decree No.24/2012/ND-CP. This Decree limits trading activity, bans the use of gold bars as a means of payment/medium of exchange, and makes the State the exclusive producer of gold bars.

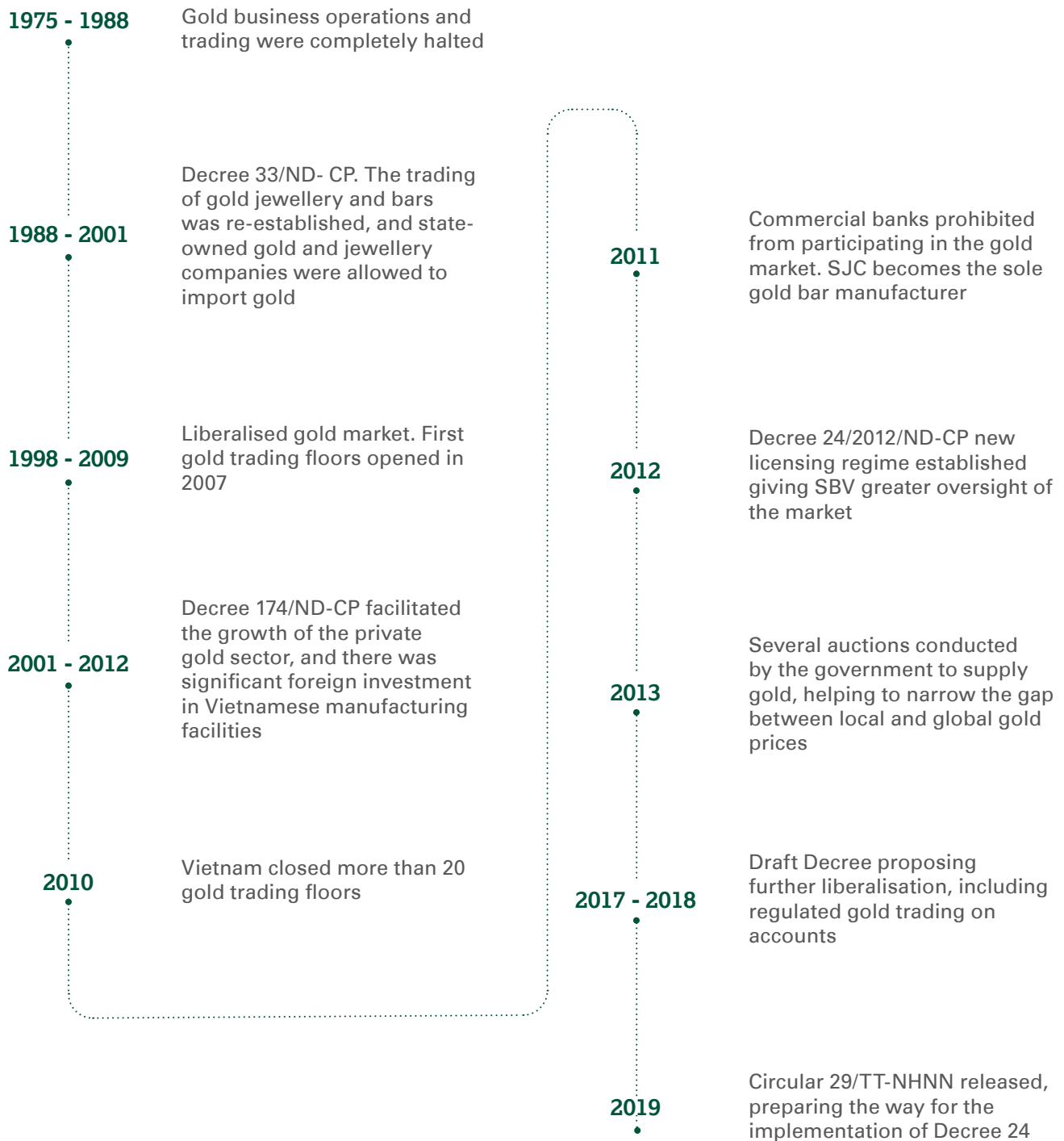
Although the domestic gold market is highly regulated, the Vietnamese are free to buy and sell gold bars and jewellery across the country. But they are limited in their choices: they have the option of dealing only with a small number of institutions; and opportunities to invest in gold in different ways – for example buying gold through a bank or online – are not yet available.



**Liberalisation could increase financial empowerment through new channels of investment, and the added convenience and security of third party gold storage.**

6 World Gold Council: [www.gold.org/goldhub/research/gold-demand-trends](http://www.gold.org/goldhub/research/gold-demand-trends)

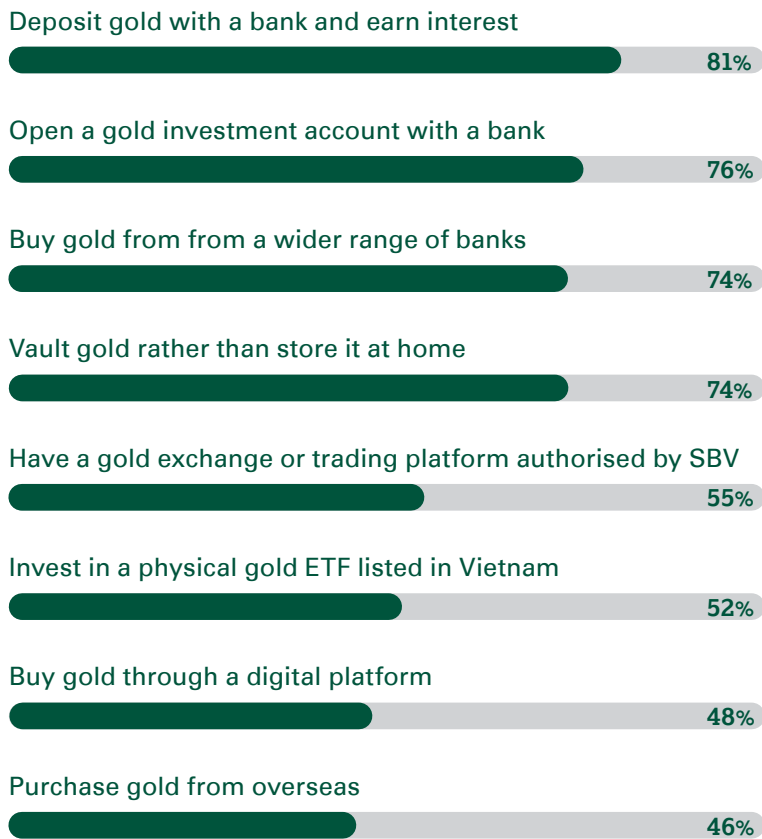
## History of gold regulation in Vietnam





### Strong support for market liberalisation

% in favour of potential reform



.....  
Considerers who have never bought gold think of vaulting gold with a third party as a benefit of liberalisation.  
.....



### **Digital gold accounts**

Countries across the world are looking to develop digital finance and Fintech. It is seen as a key enabler of financial inclusion and financial market development, particularly in more rural communities where access to banks is limited. As banking services have moved online, so too the gold market has sought to develop new ways for consumers to access the market and invest in gold. Digital gold accounts – where consumers can buy and sell physical gold online and arrange for its safekeeping by a custodian – are a popular product globally. Currently, no such product exists in Vietnam, but our research suggests there would be appetite for this – 48% indicated an interest in buying gold through a digital channel.

Vietnam has a growing and vibrant FinTech scene. A recent report ranked

the country second in ASEAN in terms of funding.<sup>7</sup> The number of financial technology companies has grown from around 40 in 2016 to 154 in 2020, of which more than 80% engage in the banking sector and the other 20% in digital payments, crowdfunding, peer-to-peer lending, remittance, blockchain and personal finance management.<sup>8</sup>

This backdrop serves as an ideal opportunity for gold-based FinTech products, such as online gold accounts, to take hold in Vietnam.

There is an opportunity for banks to play a greater role in the market too. Our research indicated that 76% of respondents would be interested in opening a gold investment account with a bank. As regulated, trusted entities they could help formalise the sector, give consumers wider choice, and lead to greater market and price transparency.

7 FinTech in ASEAN. Get up, Reset, Go! UOB Bank, PWC, Singapore Fintech Association (2020) [www.uobgroup.com/techecosystem/pdf/UOB-Get-up-Reset-Go.pdf](http://www.uobgroup.com/techecosystem/pdf/UOB-Get-up-Reset-Go.pdf)

8 Speyside Group



FOCUS

## Female investors

### Our research found some interesting differences in the investment behaviours of men and women in Vietnam.

While women in Vietnam save or invest a slightly smaller proportion of their income than men, they tend to have slightly more diversified portfolios. They are also more likely to have invested in gold compared to men.

Interestingly, there are few differences between men and women in terms of their general investment attitudes, which is different from our findings for the other global markets, where women

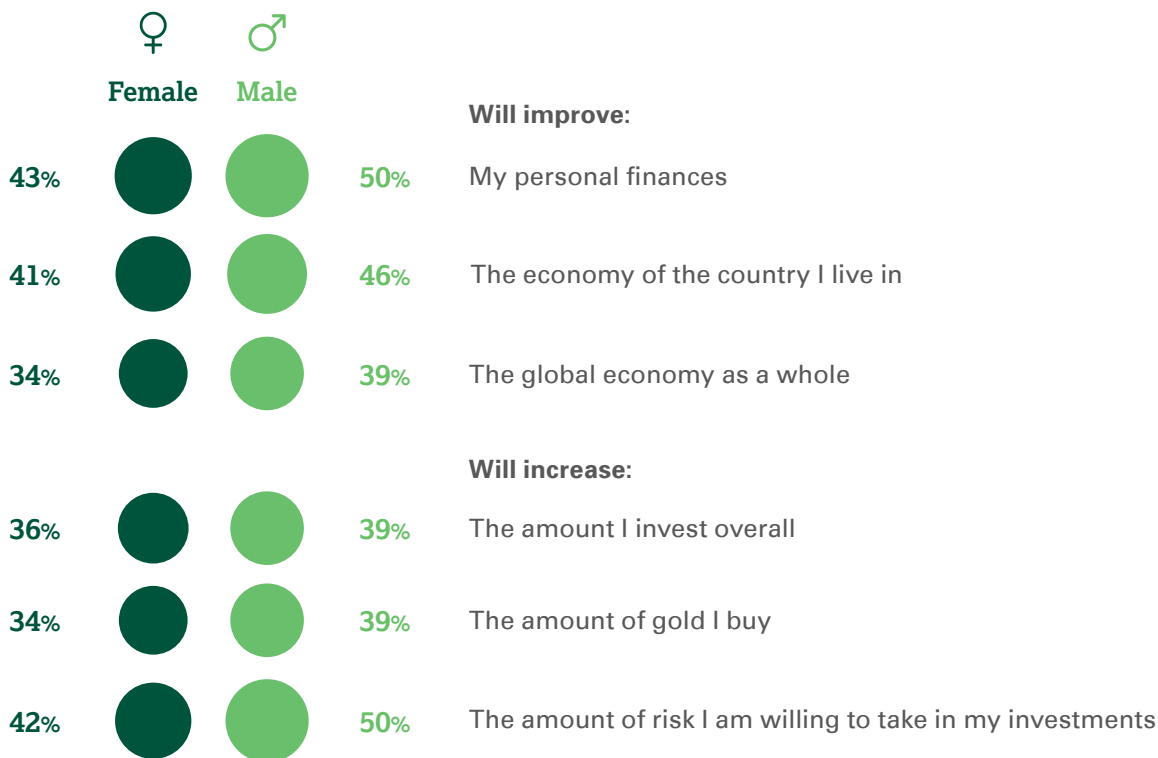
tended to be more overtly risk averse. This is reflected in the fact that the Cautious Savers segment in Vietnam is less than half the size of the other segments. And, although women account for two-thirds of Cautious Savers, it is nonetheless the smallest female segment at 13%. In other markets, at least one fifth of women fell into this segment.

Where we do see some attitudinal differences between men and women is in their perspective on the impact of COVID 19 on the economy and their future investment behaviours. Men are more likely to feel that their personal finances and the global and local economies will

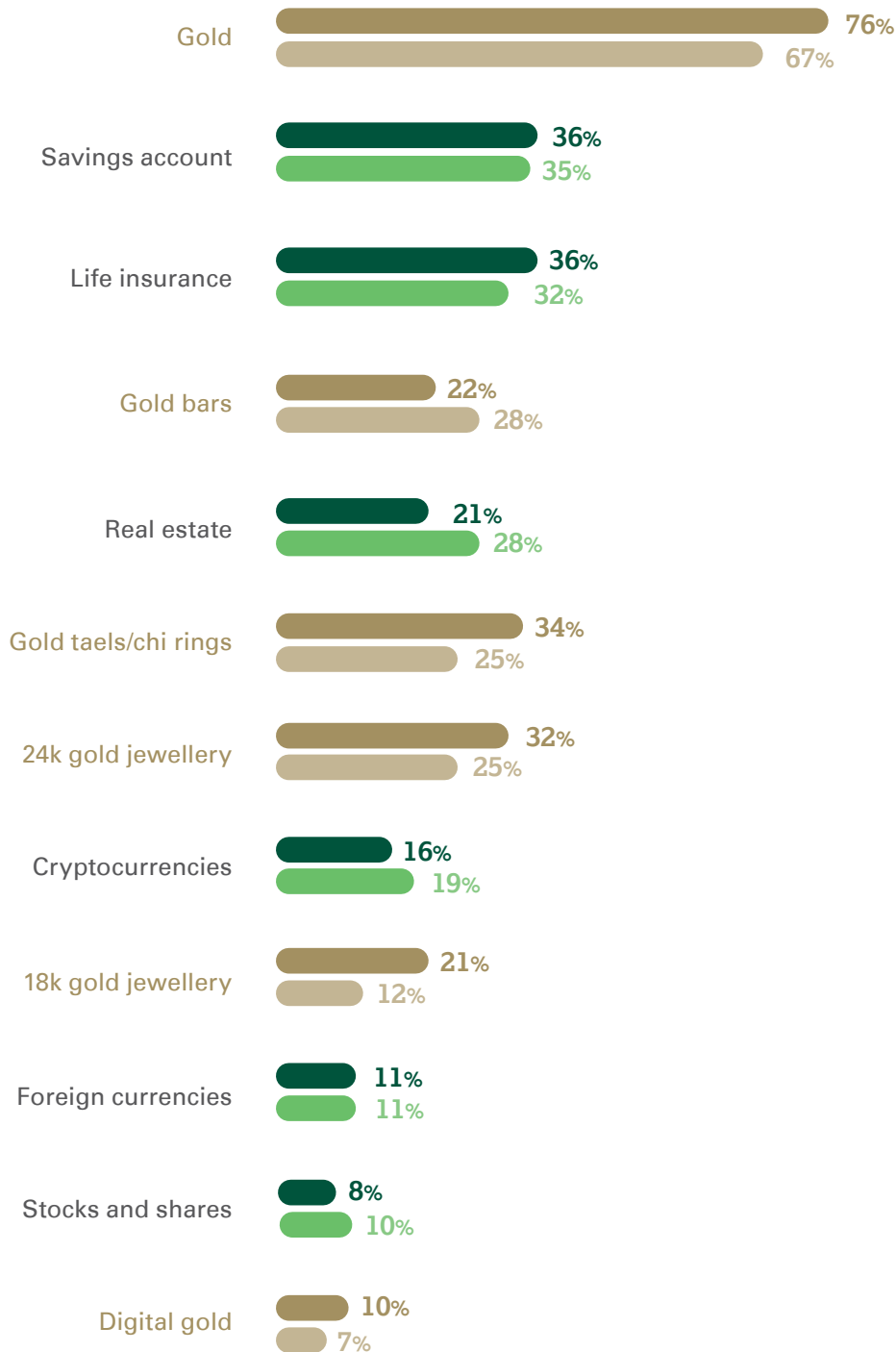
improve over the next 12 months. And as a result, they are more likely to say that they will invest more in the coming year – both in general terms and in gold specifically – as well as take more risk in their investments.

Women and men invested at similar levels in less risky investments such as savings accounts and life insurance, as well as in more speculative investments such as cryptocurrencies. But women were more likely than men to have invested in gold, with a focus on gold jewellery, gold taels and digital gold.

### COVID-19 economic impact



## Investments in past 12 months



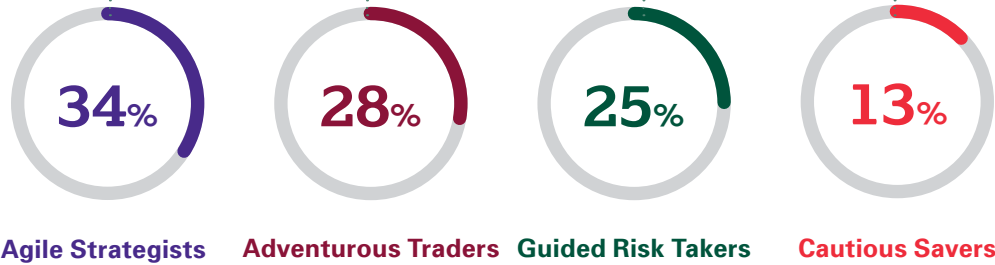
● Female    ● Male



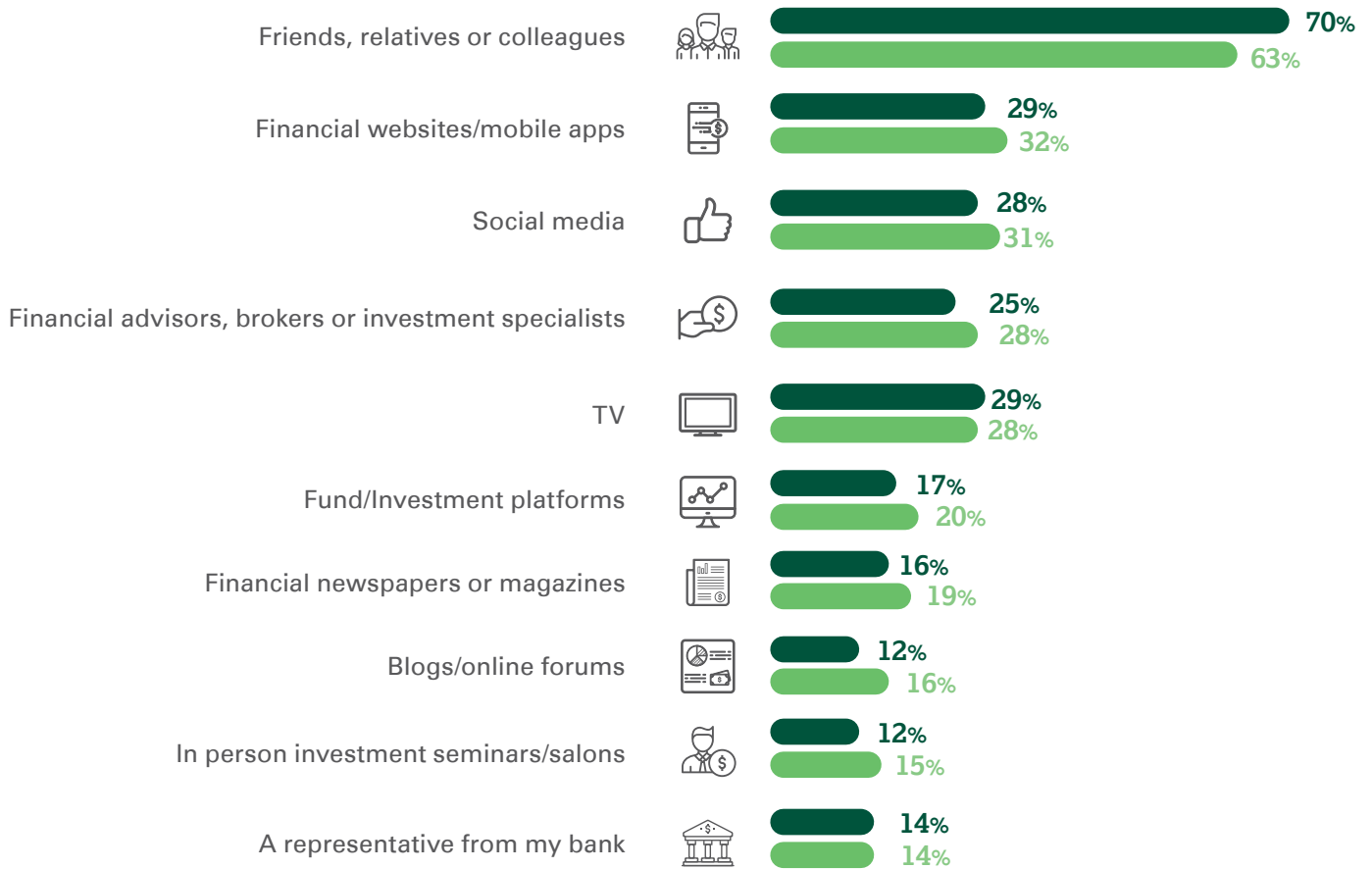
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## Female investors

### Female investor segment sizes



### Source of investment information



● Female ● Male

Both men and women use a variety of information sources to help them make these investment decisions. Women tend to rely more than men on the advice of friends, relatives and colleagues, and less on blogs and online forums.

Attitudes to gold are also very similar across the genders although men are more likely to view gold as just a commodity, have trust issues over

the purity of gold and feel they don't really hear about it in the media.

Concern over the purity of the gold available to buy is also a key issue for women, albeit at a lower level than it is for male investors. In addition, around half of the women surveyed felt that while they wanted to own more, it is not easy to acquire. Addressing these perceptions will be critical to attracting and retaining them as investors.

### Attitudes to gold



# Identifying investment demand moments

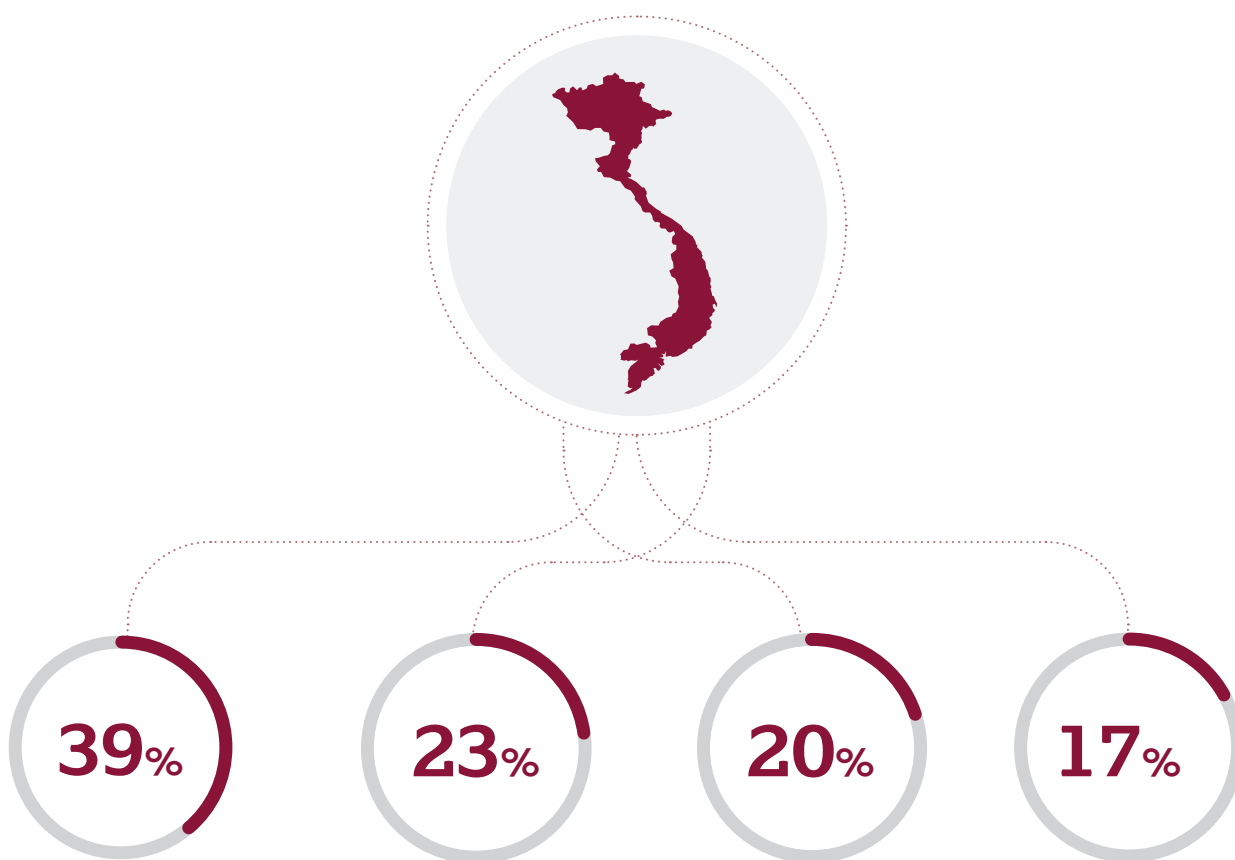
Investor segments help us identify who to target and how best to reach them, but people do not necessarily behave consistently from one investment occasion to another; they will have different needs depending on the moment. We need to understand the occasions – these ‘demand moments’ experienced by retail investors – and the needs underlying each one, in order to develop effective products, services and communications to meet those needs.



Our research identified four distinct global demand moments, based on the benefits sought by investors on each particular investment occasion.

As with the investor segments, the four demand moments are universal across all the markets we surveyed; but there are differences in terms of size and behaviour, as well as cultural nuances.

### Demand moments in Vietnam



#### Intellectual Thrill

Is a moment where investors are looking for more short term speculative investments that provide an innovative, fun way to invest and are intellectually challenging with media buzz.

#### Future Prosperity

Is a moment where investors are looking to reduce their risk. They are looking for long term returns which are guaranteed by the government and endorsed by professionals.

#### Regular Income

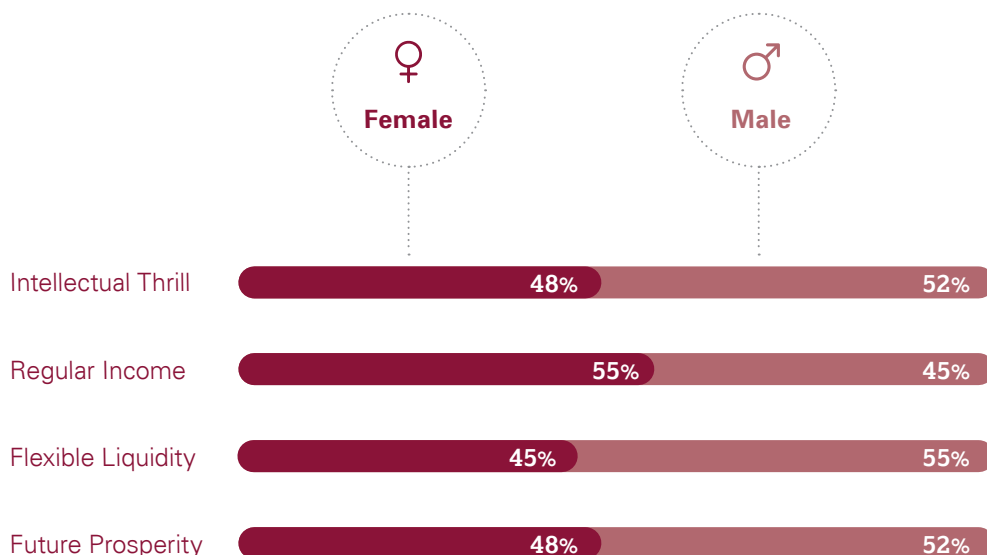
Is a moment where investors are looking for products which will help protect their wealth, are low risk, tried and trusted and provide a guaranteed return and ongoing income,

#### Flexible Liquidity

In this moment investors are looking for products that are easy to buy, do not need managing, can be bought in small amounts and are easy to cash in/ sell whenever they need to.



## Demand moment comparison



The biggest demand moment by far is Intellectual Thrill and it is most commonly experienced by Adventurous Traders and Guided Risk Takers. Cryptocurrencies, real estate, and stocks and shares dominate this demand moment currently.

There could be significant potential, when marketing gold products, to focus on gold’s highly liquid profile and the potential that brings to those seeking investments that deliver excitement and greater opportunity for engagement. With FinTech continuing to rapidly evolve in Vietnam, there is also an opportunity to create and position new digital gold products as meeting the needs of investors in this space.

Future Prosperity is the second most common demand moment, and this is particularly relevant to Cautious

Savers followed by Guided Risk Takers. Life insurance, real estate and savings accounts currently own this moment. With its historically strong performance over the long term, gold should be well-placed to establish itself within this space, given the right products and positioning.<sup>9</sup> But the challenge will be persuading investors that gold can compete here, since it currently dominates the Flexible Liquidity moment where its appeal is driven by the ability to cash it in as needed.

In line with their similar attitudes to risk, Intellectual Thrill is the biggest demand moment among both men and women. But it is worth noting that Intellectual Thrill is experienced far more by men than by women, while women are more likely than men to experience the Regular Income demand moment.

“ Easy to buy, easy to sell, and can be sold anywhere. ”

FEMALE, 46, AGILE STRATEGIST

9 World Gold Council: [www.gold.org/goldhub/research/relevance-of-gold-as-a-strategic-asset-2020](http://www.gold.org/goldhub/research/relevance-of-gold-as-a-strategic-asset-2020)



**Vietnam’s youngest investors show a keen interest in gold and strong potential to buy more, although there are risks to this future demand.**

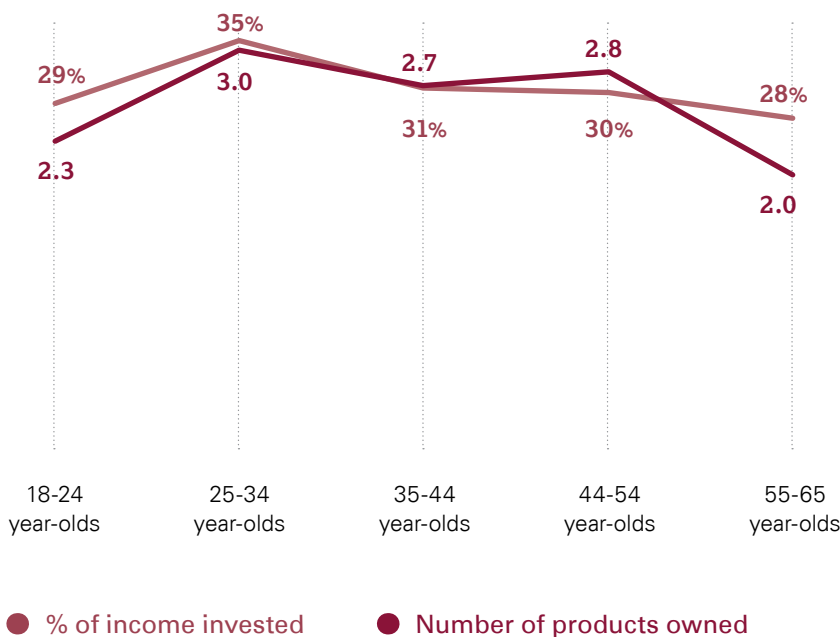
The 18- to 24-year-old cohort would rather live for today than take a longer-term approach to their investments, so are prepared to take advantage of fluctuations in the market and risk their money to get exponential growth. They are also open to new investments but given their life stage,

they are not yet interested in creating a diverse portfolio to protect their wealth. They tend to rely on others to help guide them in their investment decisions, and these are more likely to be peers or family than financial advisors. They are also the most prolific users of financial websites or apps as well as social media for investment information.

18- to 24-year-olds invest a similar proportion of their income to all older age groups (apart from the

25-to 34-year age group who are the most committed, investing more than one third of their income). But they have one of the smallest portfolios – holding just over two products on average, which could be a consequence of their lower average personal income, lack of investment experience or general lack of product availability.

**Investment behaviour by age**



Reflecting their 'live in the moment' mentality, the Adventurous Trader segment is by far the biggest among this age group (36%). In fact, this is a larger proportion than for any other age group. And in line with their more experimental investment attitudes, the most relevant demand moment for these young investors is that of Intellectual Thrill – the high risk, high reward moment – that fits with their preference for modern, innovative ways to invest.

18-to 24-year-olds have clear potential as the gold investors of the future. Albeit that they were less likely than any of the other ages groups to have bought gold recently, nevertheless over half of these young investors (56%) had invested in gold in the 12 months preceding the survey, and almost half said they definitely would invest in it in the future.

However, gold needs to do more to get into their consideration set – gold is less top of mind as an investment option than it is for the other age groups, with over a third feeling that they never hear about gold in the media. In addition, well over half feel that, although they would like to own more, it is difficult to acquire and they also have trust issues over the purity of the gold available to buy.

### Demand moments

among 18- to 24-year-olds

Intellectual Thrill

37%

Future Prosperity

32%

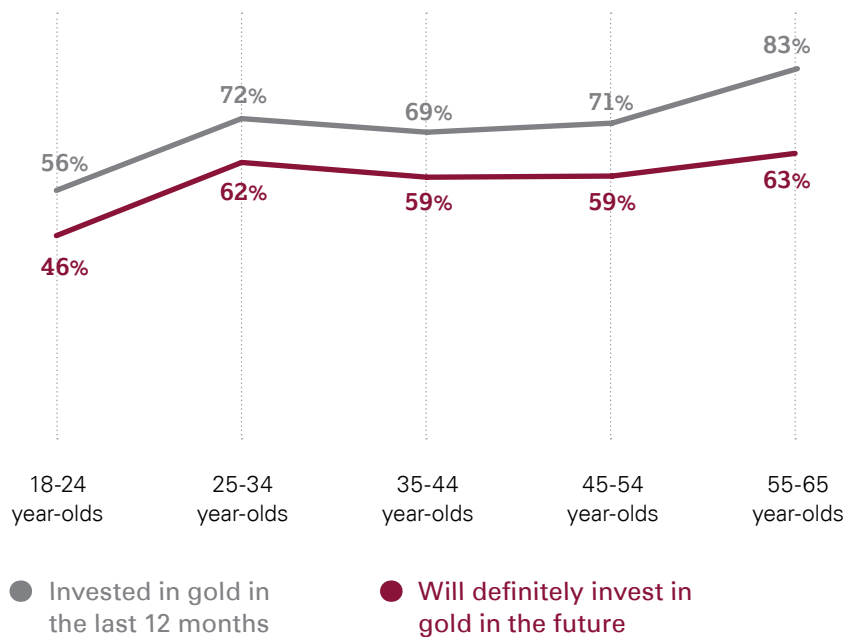
Regular Income

20%

Flexible Liquidity

12%

### Investment in gold by age



# Barriers

Whilst gold is widely available in Vietnam consumers lack product choice. By identifying a group of investors who have not previously bought gold but would now consider doing so, our research allowed us to investigate the factors that prevented them from buying in the past. Here we discuss the insights we uncovered into the barriers that potential gold investors face.





## The gold market in Vietnam.

Consumer protection and trust would be enhanced if a more formal, regulated market infrastructure (such as a gold exchange) were developed. Product choice is restricted and the route to purchase is narrow. Most investors face a stark choice: buy and sell through jewellers or do not invest in gold at all.

But the appetite for a more open market is beyond question. Our survey highlighted a keen desire for wider product choice and an acknowledgement of its benefits – safely stored vaulted gold; the ability to buy through banks; digital product offerings. This more liberal approach to investing in gold is sure to unlock penetration opportunities within the country.

## Gold product features

### Ease of storage



### Secure storage





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### **Storage is an issue compounded by limited choice.**

Across many countries our research strikes a familiar chord – investors want safe and easy storage for their gold. Among considerers in Vietnam, 55% said that ease of storage was important when thinking about gold jewellery, 54% when considering the purchase of tael/chi rings, and 48% when contemplating gold bars. Of those who would consider a first-time investment in gold, almost half of considerers who have never bought before (46%) said they currently feel they are unable to store it safely.

The ability to vault gold rather than store it at home is appealing: 47% of considerers who had never bought gold liked this option and among those who had previously bought, 37% thought it would bring added

value to their future transactions. We identified the Agile Strategist as a high value segment with headroom for growth; already strong purchasers of gold, they are concerned about ease of purchase and storage.

Younger Vietnamese are particularly open to the idea of buying gold that is stored elsewhere. Among 18-34 year olds 74% said they would be interested in vaulted gold and 76% said they would like to open a gold investment bank account. Furthermore, 48% expressed interest in buying gold via a digital platform. It is within the 18-34 age group that we find the greatest appetite for digital offerings as well as the greatest penetration opportunity.



## The key barriers of knowledge, affordability and trust.

Even though it is mainstream, knowledge of gold's attributes remains an issue. People understand how to buy and sell gold in everyday life – they do so habitually and use gold for purchase transactions – but some are unsure of its opportunities, a situation exacerbated by the country's closed market. We discovered that 24% of considerers who have never bought gold before say they don't know how to buy gold and 23% do not understand what drives price.

Perceived affordability also deters some: 44% of potential investors who have never bought gold before considered gold to be out of their reach. This could be impacted further by the perceived costs associated with acquisition: our data showed that 27% thought buying and selling fees for gold were too high.

For some, gold is just too risky: 22% of considerers who have not bought before agreed this to be the case, whilst 30% worried about buying counterfeit gold. This is perhaps compounded by the fact that 20% didn't know anyone who had invested in gold and hence could not draw on peer-to-peer recommendation or experience. And with storage such a concern, gold is sometimes out of the question.

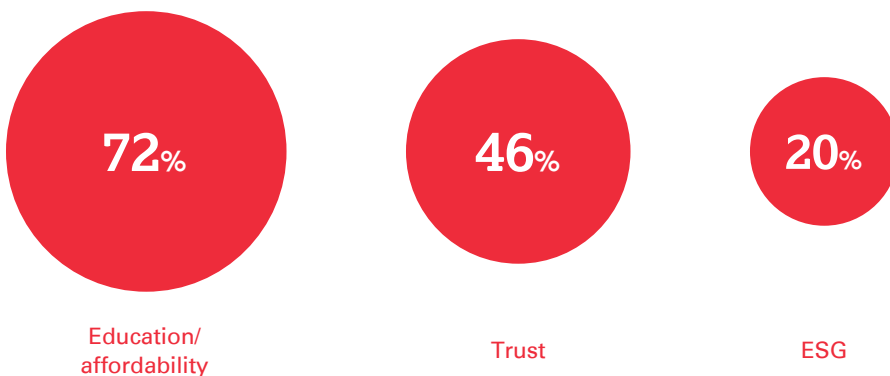
Others are mindful of environmental, social and governance issues. Our survey found that 18% of considerers who have not bought before agreed with the statement, 'gold damages the environment' and the vast majority of existing investors (86%) said that they are keen to make ethical investments. Gold could do more to allay fears around its supply

chain by publicising the work already in progress by mining companies, for instance the commitment by WGC Members to the Responsible Gold Mining Principles, a framework launched by the World Gold Council in 2019 which sets out clear expectations for consumers, investors and the downstream gold supply chain as to what constitutes responsible gold mining.

Relevant and engaging communications would help to address all these concerns. In a country where gold is used so extensively, further reassurance is likely to be well received. Our survey suggests a thirst for choice and information – and fulfilling that thirst will be of the utmost importance if restrictions on the Vietnamese gold market are eased.

## Key purchase barriers

Considerers who have never bought gold before







## Gold in the digital environment.

Digital gold appears most attractive to investors who already boast a varied portfolio, suggesting that this group is likely to be receptive to new product offerings. Of investors who own at least three gold products, 78% said they would like to be able to buy through a digital platform and 72% expressed interest in investing in ETF funds listed within Vietnam were they to become available. The online space is already well utilised by traders in cryptocurrencies and stocks and share; digital gold is well placed to move up here.

Online channels provide information and guidance, especially for 18-34 year olds and for the important Agile Strategist segment, for whom

financial blogs and investment platforms play a key role in decision making. Gold must be visible on such platforms and communications should be designed to attract the attention of this segment. Roboadvisor use remains low – at just 12% of the investor population – but this is an area to watch as there is likely to be an uptick in adoption, especially among the 25-34 age group who currently express interest.

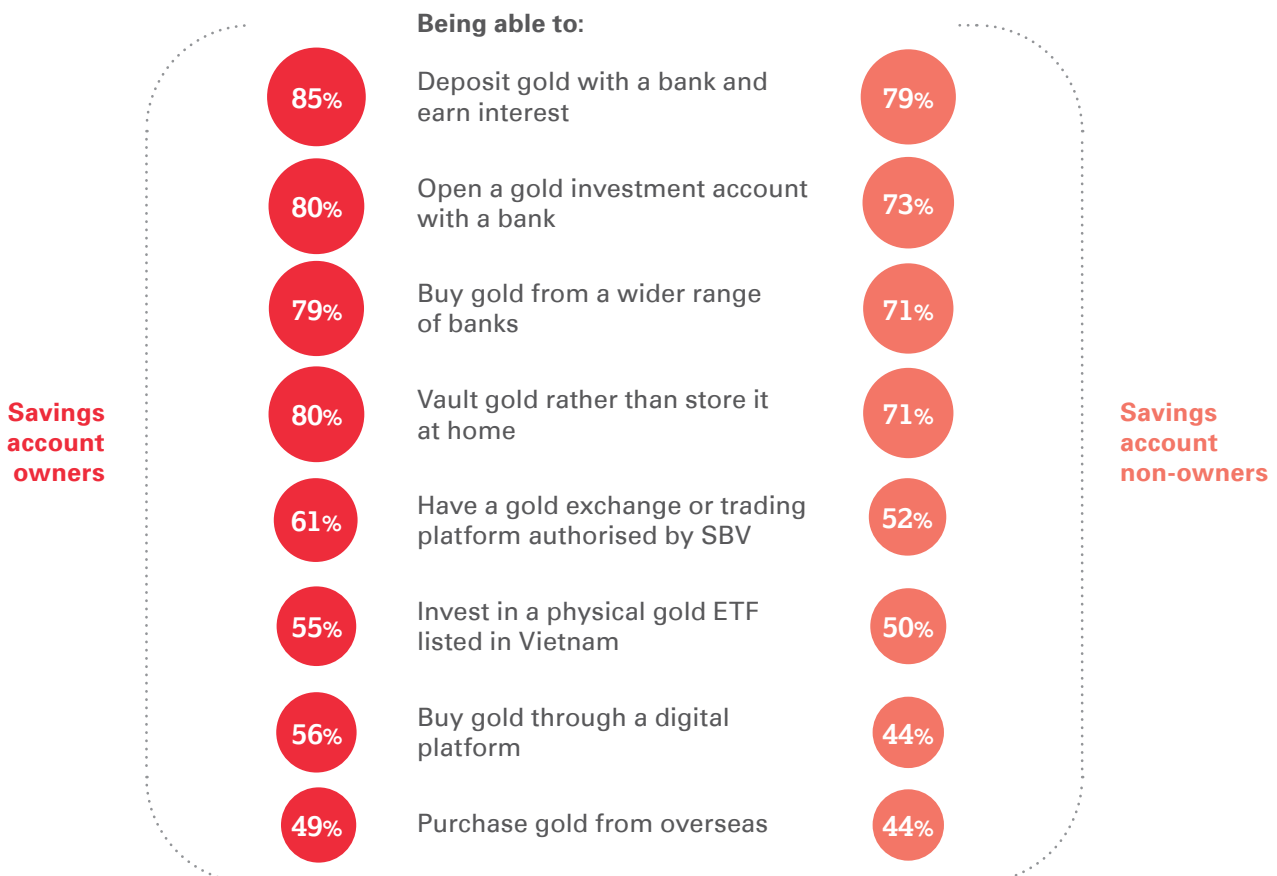
We also found that those who save through bank accounts in their own currency appear more engaged with new products and delivery mechanisms. Although just 38% of Vietnamese have savings accounts, more than half of those (56%) said

they would like to buy gold through a digital platform, and 85% wanted to see their banks offer gold savings accounts that earned interest. It is clear that many investors would welcome the seamless trading opportunities and other benefits of digital gold, were it to be on offer.

Regardless of the fact that gold is commonplace, this current lack of digital opportunities and product choice deters investment for the Vietnamese. But on the doorstep is the promise of a more open investment landscape, where choice is greater and trading opportunities abound. As much as investors in Vietnam are hungry for change, gold must be ready to respond.

## Savers show greater engagement in gold investment

Attitudes to new gold products and features - slightly or strongly in favour (%)





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COVID-19

As most of the world grappled with the effects of the pandemic, Vietnam remained relatively untouched. According to the World Health Organisation, the country experienced just 1,851 cases and 35 deaths (figures correct at 2 February 2021).<sup>10</sup> This, in a populous nation of 96 million, is remarkable. If infection rates remain under control Vietnam is set to return to significant growth early in 2021.

In the early months, as most of the world watched and waited, Vietnam implemented a set of restrictions to tackle the spread of the virus. Initially accused of over-reaction, it brought in immediate travel bans, closed its 800-mile border with China, shut schools and activated a wide and labour-intensive contact tracing operation. Quarantine centres were mandatory for anyone entering the country or having been in contact with an infected person, and areas with infections were sanitised in an aggressive attempt to keep the virus at bay. The measures may have been drastic, but they worked!

Nevertheless, Vietnam has been unable to escape the after-shocks of COVID-19. The battle between public health and the economy has left casualties, particularly among the lower paid. And in a country where tourism is a significant employer it was inevitable that the absence of global travel would take its toll. But here too, the country looks set to bounce back. It relies heavily on tourists from China and South Korea – who made up 56% of visitors in 2019 – and both countries have also kept the virus well under control.<sup>11</sup>

With its free market conditions and favourable internal structure, Vietnam was well placed to grasp emerging opportunities; it shifted production towards medical supplies for export and provided solutions for manufacturing companies who needed to diversify their supply chains. This economic confidence is reflected in the attitudes of investors; 47% believe that their personal finances will improve during the next 12 months and 44% believe the overall economy of Vietnam will benefit. The country ranked second in the Global Crisis Perceptions Index for confidence in their government's response to the pandemic.<sup>12</sup>

**Vietnamese are optimistic about their financial futures**

**47%**

**believe their personal finances will improve over the next year.**

<sup>10</sup> [www.who.int/vietnam/internal-publications-detail/covid-19-in-viet-nam-situation-report-21](http://www.who.int/vietnam/internal-publications-detail/covid-19-in-viet-nam-situation-report-21)

<sup>11</sup> [www.statista.com/](http://www.statista.com/)

<sup>12</sup> [vietnamtimes.org.vn/vietnam-ranked-2nd-in-public-opinion-survey-on-govt-response-to-covid-19-20234.html](http://vietnamtimes.org.vn/vietnam-ranked-2nd-in-public-opinion-survey-on-govt-response-to-covid-19-20234.html)

Through all this, gold remained strong.<sup>13</sup> As market fluctuations – especially in the US and Europe – created stock market volatility and, closer to home, the real estate market in Vietnam seized up in the face of uncertainty, investors turned to gold. The traditional safe haven had come into its own. Vietnamese investors started buying gold for its long-term stability and value. Others, however, saw prices rise and took the opportunity to sell. With an absence of online trade, gold must be bought and sold through banks and jewellery stores – not always an easy proposition in lockdown and another indicator of potential thirst for digital gold trading platforms.

Even investors who had never bought gold told us that it would now be their investment of choice in the face of fluctuating currencies, unknown inflation risks and plummeting – or over-valued – stock. And among those who are open to making a repeat future investment in gold, 38% said they were likely to buy more in the next 12 months.

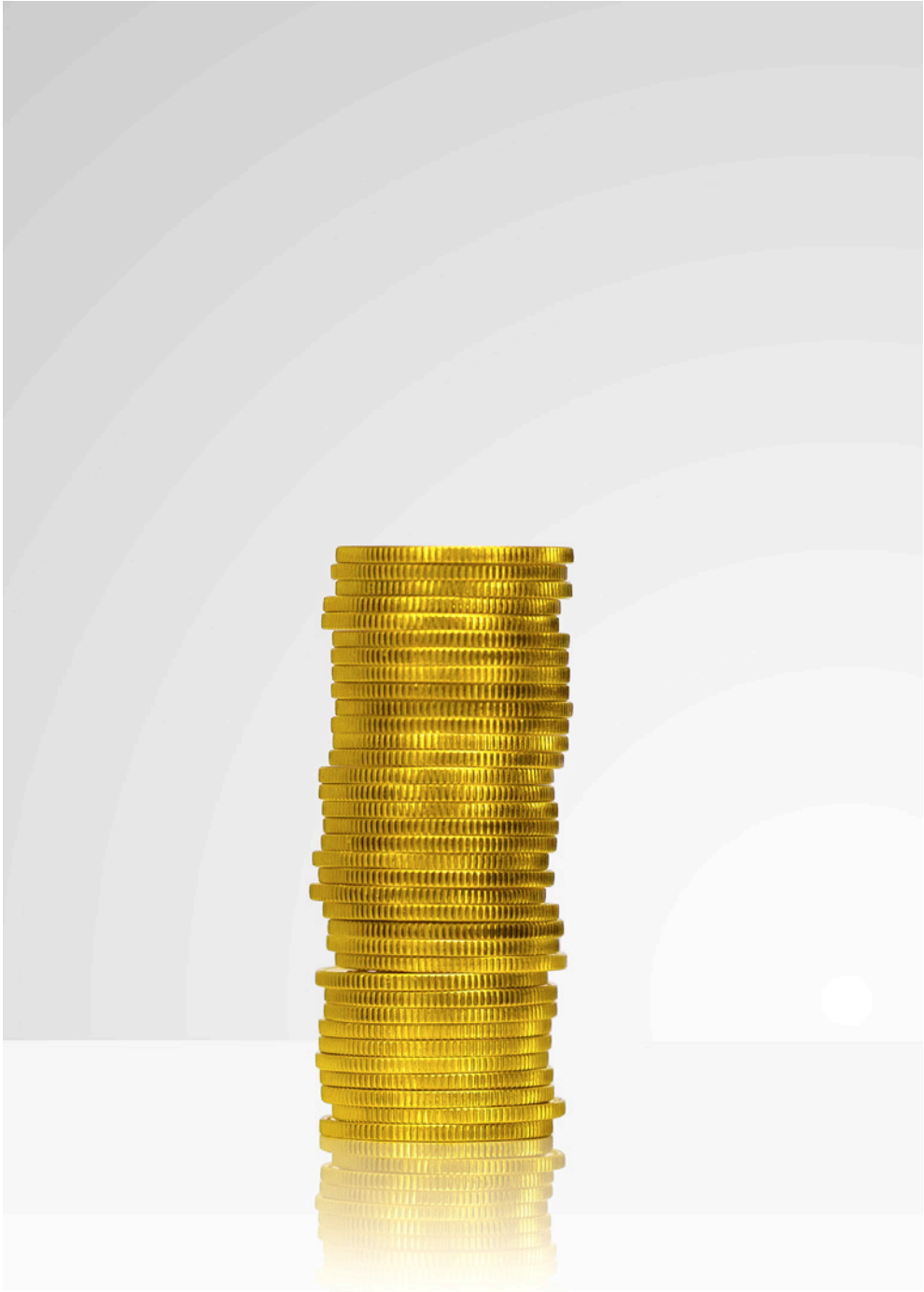
Looking ahead, Vietnam promises to ride out the storm of COVID-19. Proof that the country can meet the needs of western brands has come via the technology sector, specifically the production of laptops much demanded in the ‘work from home’ boom. And trade wars between the US and China have positioned Vietnam as an even more attractive player in the global supply chain. In 2019 the country’s GDP growth was 7%. The effects of the pandemic look set to reduce this to 1.8% in 2020 but with an anticipated recovery to 6.3% by 2021<sup>14</sup> – a remarkable performance, especially when compared to the number of countries that are posting negative growth.

The economic pressure exerted by the pandemic will doubtless impact individual wealth. Yet the outlook remains strong. Nowhere is this more evident than within the 25-34 age group, who feel positive about their finances and say that post-COVID they are looking to take more investment risks, not less.

As the world emerges from one of the worst crises in living memory, gold’s attributes stand firm. And in a more open gold market, there is every reason for optimism.

13 [www.gold.org/goldhub/research/investment-update-gold-hits-record-high-sprint-or-marathon](http://www.gold.org/goldhub/research/investment-update-gold-hits-record-high-sprint-or-marathon)

14 [www.adb.org/countries/viet-nam/economy](http://www.adb.org/countries/viet-nam/economy)



# Conclusion

Gold is part of everyday life in Vietnam: 71% of investors own it. It gives a sense long-term security and is viewed as a safeguard both periods of political and economic uncertainty, and against inflation and currency fluctuations. And 73% also feel that gold won't lose its value in the long term. Vietnamese clearly have faith in gold, but product choice is still limited.

Turning to the future, there is clear appetite for new channels for investing in gold. This presents an opportunity for banks to offer gold investment accounts, or FinTech companies to develop online gold platforms. 76% would consider opening a gold account at a bank and 48% would consider buying gold through an online channel. A wider range of options will help improve access to the gold market for the underserved, and will help maintain the appeal of gold as the financial system evolves.

Vietnam has avoided the worst of COVID, and is forecast to continue with resuming its path of robust GDP growth. However, the global economic picture remains uncertain

and the long-term effects of the pandemic are unclear. These concerns mean gold will likely continue to play a major role in individual finances in Vietnam as people look to protect their wealth from the economic and political uncertainties of the future. Of consumers who have bought gold in the past, 37% said they were likely to increase their gold holdings in the next 12 months as a direct result of the global spread of coronavirus.

In summary:

**1. Gold plays an important role in Vietnam, and gives investors a sense of long-term security.**

**2. The outlook is positive – of consumers who have bought gold in the past, 38% are likely to increase their holdings in the next twelve months.**

**3. Despite many owning gold, there is a strong appetite for new products including digital gold accounts, purchasing gold through a bank, and/or vaulting gold with a third party rather than having to store it at home.**

# Methodology

To deepen our understanding of the gold market we commissioned global research agency, Hall & Partners, to conduct an in-depth programme of market research in Vietnam's retail investment market. This study builds upon the large-scale global research programme we conducted in 2019.

The study captured the opinions of more than 2,000 active retail investors from across Vietnam, through both qualitative and quantitative research. We gathered insight into retail investment via six in-depth interviews with investors and through a quantitative survey of men and women (aged 18 to 65) across Vietnam. The survey was conducted both online (~1500) and face-to-face (~500).

To understand the full range of threats and opportunities facing the gold market we deliberately spoke to people that had bought gold in the past, and those that had not. The respondents were 'active investors' – defined as people who had made at least one investment in the 12 months preceding the survey excluding those who had only added money to a savings account.

Fieldwork surveys took place in Q3 2020.

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Hall & Partners

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