

# [Leasing company in viet nam](https://assignbuster.com/leasing-company-in-viet-nam/)

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Viet Nam is considered as a great potential market for developing financial leasing activities. In Vietnam, this form of credit is quite suitable for small and medium enterprise, so the number of small and medium enterprises account for more than 95% of the total number of enterprises created a huge demand and practical for financial leasing services.

The fundamental reason of this demand comes from the aspects such as: \* The urgency of innovation of equipment, machine andtechnologyfor enterprises \* The limited capital sources of small and medium-sized enterprises| In fact, leasing companies have not found a suitable market segment. A large number of small and medium enterprises in Vietnam are the target customers of the leasing companies do not know or have little information about true benefits of financial leasing services.

Above disadvantage is due to following main reasons: \* It is difficult to change habits of Vietnamese businesses: When they need capital to renewal technology, they often borrow from the banks \* The propaganda, disseminating information, and access the leasing company's customers are still limited. | Market share| At the present, there are 12 enterprises operating in financial leasing field, so the competition is not great.

Companies can share the market share and earn profit| | Legal | | System of law in the financial leasing activities is asynchronous and inadequate: especially, the provisions on settlement of disputes, asset recovery, asset register is not consistent| Capital | | In fact, the capital of the leasing company is very small, while credit activity of this type of company is the medium and long term (1 year or more).

On the other hand, It is very difficult to raise capital to leasing company in Viet Nam, which mainly rely on the bank's loans but State Bank regulations about these loans are so strict| Bad debt| | In 2012, leasing companies have the highest bad debt ratio in the list of credit institutionsFor example: Bad debt ratio of the leasing companies in Ho Chi Minh City went up to more than 50% by mid-2012The difficulties in the recovery of assets due to incomplete basis legal is one of the most disadvantage of the leasing company| Human resources | | Lack of qualified staff and manager.

Continuous recruitment lead to waste a lot of time andmoneyand have much negative effect on business activities of company.

## References

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