

Current Status of IFRS Implementation in Listed Banks in Vietnam

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Abstract: This paper examines the current status of IFRS adoption among 13 joint-stock commercial banks listed on the Vietnamese stock market, focusing on the impact of IFRS implementation on financial reporting quality, operational efficiency, and the challenges banks face during the transition from Vietnamese Accounting Standards (VAS) to IFRS. The study finds that larger banks are generally better prepared for IFRS adoption compared to smaller ones. Key challenges identified include high transition costs, shortages of specialized human resources, and the complexity of applying IFRS 9—particularly in relation to credit loss provisioning and financial instrument valuation. The results indicate that, although IFRS adoption has improved the transparency and reliability of financial statements—thereby enabling banks to attract international capital and strengthen investor confidence—the transition process still faces significant obstacles.

Keywords: Listed banks, IFRS, IFRS 9.

1. Introduction

The adoption of IFRS in Vietnam has become an integral part of the country's strategy for international economic integration. Decision No. 345/2020/QĐ-BTC issued by the Ministry of Finance outlines a roadmap for IFRS adoption starting in 2025, particularly for large enterprises and companies listed on the stock exchange. This initiative is aimed not only at improving the transparency and comparability of financial information, but also at meeting the requirements of international investors, thereby enhancing the competitiveness of Vietnamese enterprises in the global market.

However, the transition from VAS to IFRS is not merely a matter of changing accounting techniques; it poses numerous challenges for enterprises. These range from shortages of qualified personnel and high implementation costs to difficulties in upgrading financial information systems. Studying the current status of IFRS application in listed companies provides an in-depth view of the progress and obstacles faced, thereby offering practical implications to support businesses in the transition process.

In addition, listed banks are under pressure from both investors and regulators to disclose transparent and reliable financial information. This requirement is particularly significant in the context of an increasingly volatile financial market.

Moreover, the adoption of IFRS enables listed banks in Vietnam to align more closely with international accounting standards, creating a more competitive and sustainable business environment. Nevertheless, the process is far from straightforward, as banks face considerable challenges in staff training, IT system upgrades, and internal process adjustments.

2. Theoretical Framework of IFRS

2.1 Definition of IFRS

IFRS (International Financial Reporting Standards) is a set of accounting principles and guidelines developed with the objective of creating a unified accounting framework for countries worldwide. Developed and issued by the International Accounting Standards Board (IASB), IFRS is not merely a collection of rules but an internationally recognized standard. It establishes a consistent foundation for financial reporting that businesses and financial institutions can apply when preparing their financial statements. Specifically, IFRS is designed to enhance the transparency, consistency, and comparability of financial reports, thereby enabling investors, financial analysts, and other stakeholders to gain a clearer and more reliable understanding of an entity's financial position.

In Vietnam, businesses currently follow VAS, a system of accounting standards built on international principles but adapted to domestic economic, political, and social contexts. However, the differences between VAS and IFRS—particularly in core accounting principles, recognition of financial transactions, and financial statement presentation—pose significant challenges for Vietnamese enterprises, including commercial banks. Businesses must overhaul their accounting systems, financial processes, and even management strategies to comply with IFRS requirements. Nevertheless, the benefits of IFRS—such as improving access to international

capital, enhancing the credibility of financial information, and boosting corporate reputation—have motivated Vietnamese enterprises, especially in the banking sector, to actively engage in the transition process.

2.2 Historical Development of IFRS

IFRS is not a new concept; it has evolved over several decades. The origins of international accounting standards date back to the 1970s with the establishment of the International Accounting Standards Committee (IASC). Initially, IASC issued only accounting recommendations. In 2001, the International Accounting Standards Board (IASB) was formed to oversee and develop IFRS. Since then, IASB has issued and endorsed numerous important standards, building a coherent and consistent global accounting system.

One of the key factors driving IFRS's widespread adoption has been the support of major international financial institutions such as the World Bank and the International Monetary Fund (IMF). These organizations have actively encouraged IFRS implementation in various countries and regions. Furthermore, large financial institutions and international investment funds require enterprises to adopt IFRS to make financial reports more transparent and comprehensible.

Over time, many significant standards have been issued under IFRS, including IFRS 1, IFRS 9, IFRS 15, and IFRS 16. These standards have not only altered how companies recognize and report financial data but have also reshaped the management of key financial elements such as liabilities, fixed assets, and credit losses.

2.3 Characteristics and Structure of IFRS

A notable characteristic of IFRS is its principles-based approach rather than reliance on highly prescriptive rules. IFRS standards outline fundamental principles that entities must follow, providing flexibility in application while allowing organizations to adapt recognition and reporting methods to their specific circumstances and contexts.

IFRS is organized into multiple standards, each addressing a specific area of accounting and financial reporting. For example, IFRS 9 deals with the recognition and measurement of credit losses, while IFRS 15 focuses on revenue recognition from customer contracts. Each standard provides detailed guidance on applying accounting principles and reporting requirements.

IFRS not only prescribes the recognition of financial transactions but also mandates the disclosure of significant financial elements such as assets, liabilities, revenue, and expenses. This enhances the transparency and comparability of financial statements across entities.

Another noteworthy aspect of IFRS is its emphasis on fair value measurement for assets and liabilities, rather than relying solely on historical cost as in many national accounting systems. Fair value measurement allows financial statements to reflect the actual market value of assets and liabilities, thereby providing more accurate and relevant information to investors and other stakeholders.

2.4 Importance of IFRS in Global Economic Integration

IFRS plays a crucial role in global economic integration. In an increasingly globalized economy, enterprises no longer operate solely within national boundaries; they face both competition and investment opportunities from international markets. IFRS adoption demonstrates transparency and reliability in financial reporting, thereby enhancing corporate reputation and attracting foreign investment.

The international accounting framework also reduces risk by providing a common basis for managing and recognizing financial transactions. When enterprises comply with IFRS, investors can more easily compare financial statements across companies, facilitating more informed investment decisions.

By reducing disparities between national accounting systems, IFRS fosters greater uniformity in financial reporting and makes it easier for businesses to engage in cross-border transactions and expand operations internationally. Adopting IFRS not only ensures compliance with global accounting requirements but also improves the overall quality of financial reporting and supports the attraction of foreign investment.

3. Current Status of IFRS Adoption in Listed Banks in Vietnam

Table 3.1: Current IFRS Adoption Status of Banks

Bank	Fully or Partially Adopted	Not Adopted
Vietcom Bank	x	
Vietin Bank	x	
BIDV	x	
ACB	x	
Techcombank	x	

MB Bank	x	
VP Bank		x
Sacom Bank		x
TP Bank	x	
VIB	x	
HD Bank		x
NamA Bank	x	
Exim Bank		x

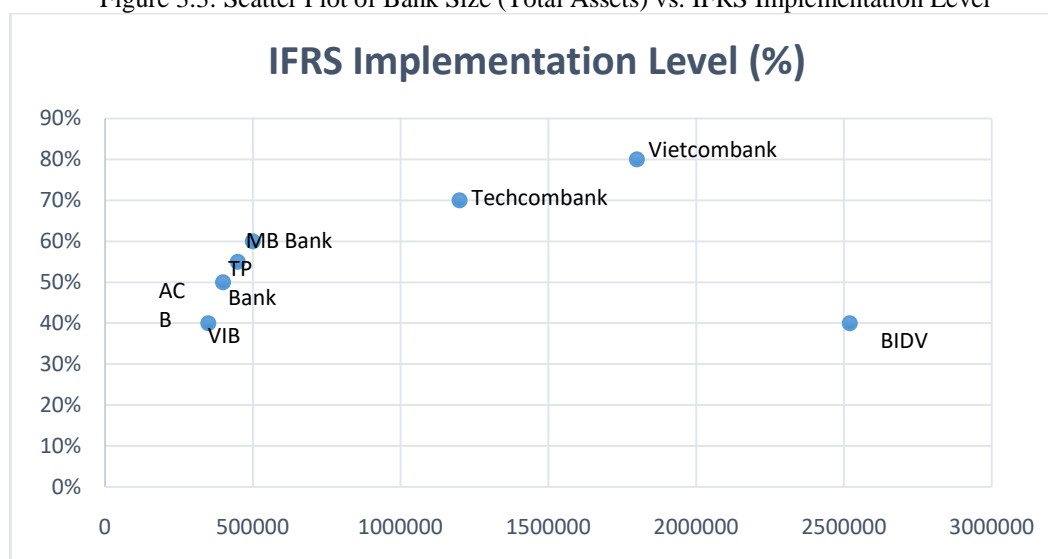
Source: The authors

Table 3.2: Level of IFRS Implementation in Banks

Bank	IFRS Adopted	Implementation Level (%)
Vietcom Bank	IFRS 9, IFRS 16	80%
Techcom Bank	IFRS 9	70%
BIDV	IFRS 9	40%
MB Bank	IFRS 9, IFRS 15	60%
ACB	IFRS 16	50%
TP Bank	IFRS 9	55%
VIB	IFRS 15	40%

Source: The authors

Figure 3.3: Scatter Plot of Bank Size (Total Assets) vs. IFRS Implementation Level



Source: The authors

Table 3.4: Level of IFRS 9 Implementation in Banks

Bank	IFRS 9 Applied	Implementation Level	Remarks
Vietcom Bank	Yes	70%	Implemented most of the ECL requirements and financial asset classification; hedge accounting still limited.
Vietin Bank	Yes	50%	Building ECL systems; financial asset classification not fully completed.
VIB	Yes	90%	First to publish IFRS 9 financial statements; hedge accounting

Bank	IFRS 9 Applied	Implementation Level	Remarks
			still being optimized.
Techcom Bank	Yes	80%	Strong ECL and asset classification implementation; hedge accounting just initiated.

Source: The authors

The percentages in “Implementation Level” reflect how well banks meet the core requirements of IFRS 9, which are assessed based on three main components:

- Classification and Measurement – Categorizing and recognizing financial assets according to business models and cash flow characteristics.
- Expected Credit Loss (ECL) – Estimating future credit losses proactively instead of recognizing them only when incurred.
- Hedge Accounting – Recording risk management activities such as interest rate and foreign exchange hedges.

Large banks such as Vietcombank, BIDV, Techcombank, and VietinBank have advanced further in IFRS adoption due to better resources and collaboration with international auditing firms (PwC, Deloitte, EY, KPMG).

Detailed bank-specific examples follow, describing Vietcombank, Techcombank, VIB, BIDV, VietinBank, Nam A Bank, and TPBank, focusing on their IFRS 9 and related standard implementations, integration with Basel II/III, IT upgrades, and financial reporting transparency improvements.

The data shows a clear gap between large and small banks in IFRS implementation, with smaller banks often only partially applying standards due to resource, technology, and expertise limitations.

The percentage figures in the table are based on each bank’s level of completion with respect to the three aforementioned components. For example, a bank with a high percentage (e.g., 90%) has implemented most of the IFRS 9 requirements—from asset classification, credit loss assessment, to risk hedging measures. In contrast, a lower percentage indicates that implementation is still incomplete or only partially meets the requirements, such as not yet finalizing the credit loss provisioning model or the asset classification system.

Large banks such as Vietcombank, BIDV, Techcombank, and VietinBank have made significant progress in adopting IFRS, largely thanks to their strong resource base and commitment from senior management. In particular, these banks benefit from collaboration with major international audit firms such as PwC, Deloitte, EY, and KPMG, providing an important foundation for accessing and implementing IFRS standards.

Vietcombank is considered a leader in IFRS implementation in Vietnam. The bank launched its IFRS 9 project at the end of 2020, not only meeting IFRS 9—the core standard on financial instruments—but also piloting other standards such as IFRS 15 (Revenue from Contracts with Customers) and IFRS 16 (Leases). Its consolidated financial statements have begun to incorporate IFRS requirements, particularly the Expected Credit Loss (ECL) principle under IFRS 9. Applying ECL allows the bank to take a more proactive approach to credit risk management by forecasting expected losses based on historical data and macroeconomic indicators. This not only enhances risk governance but also improves the quality of financial reporting, building investor confidence internationally.

Techcombank, with a strong focus on digital transformation, is also among the pioneers thanks to heavy investment in risk management systems and financial databases. The bank has implemented fair value measurement tools and sophisticated credit loss forecasting models to meet the strict requirements of IFRS 9. Techcombank’s financial reports are both transparent and compliant with international standards, attracting considerable attention from foreign investors. Notably, Techcombank has positioned IFRS adoption as a business strategy to enhance its competitive edge in the international capital market, as demonstrated by its overseas corporate bond issuances.

VIB and Vietcombank were the first two banks in Vietnam approved by the State Bank of Vietnam (SBV) to adopt Basel II under the standardized approach per Circular 41/2016/TT-NHNN—an important milestone in enhancing risk management capabilities and ensuring the financial safety of Vietnam’s banking system. The circular established a legal framework for comprehensive risk management requirements, including credit, market, and operational risk analysis and measurement.

VIB was also the first bank to announce full implementation of all three Basel II pillars in November 2019, strengthening its risk management capacity and demonstrating commitment to operational quality and international standards. The three pillars include: (1) minimum capital requirements for credit risk, (2) effective risk management, and (3) transparent supervision and disclosure processes.

Regarding IFRS 9, VIB took a pioneering step by completing its 2020 financial statements under this standard in the first half of 2021. It was also among the first banks in Vietnam to transition from previous accounting standards to IFRS 9, improving financial statement transparency and credit risk management. IFRS 9 requires banks to classify financial assets and determine credit losses under a three-stage model, giving VIB deeper insights into the risks of its loan portfolio and financial assets. This has improved financial quality and strengthened investor and customer confidence in the bank's financial strength.

BIDV began its transition around 2020 and aims for full IFRS 9 compliance by 2025. The bank has applied IFRS 9 in classifying and measuring financial assets, especially in managing investment portfolios and loans. It has also piloted IFRS 16 to record lease liabilities on the balance sheet, providing a more comprehensive view of financial obligations and improving transparency.

VietinBank began its IFRS transition in 2020, targeting full compliance by 2025. The slower pace compared to pioneers like Techcombank or TPBank stems from its large scale and system complexity. VietinBank is piloting IFRS 9 and IFRS 16 to improve asset measurement and lease recognition, while processing large volumes of data to meet fair value measurement and credit loss modelling requirements. However, adoption across large banks remains uneven, reflecting the complexity and time needed for full IFRS transition.

Nam A Bank, though not a large bank like Vietcombank, BIDV, or Techcombank, has taken strategic steps to improve governance quality and financial transparency. As a small-to-medium-sized bank, Nam A Bank has focused on adopting international standards such as IFRS to strengthen investor and partner trust. After more than two years of effort, the bank has met multiple IFRS requirements, including IFRS 9 (financial asset classification, effective interest rate calculation, amortized cost measurement, ECL, PD, EAD, LGD models integrated with advanced Basel II), IFRS 13 (fair value measurement), IFRS 15 (revenue recognition), IFRS 16 (lease accounting), and IAS 19 (employee benefits). Notably, it has completed the conversion of its 2021–2023 financial statements from VAS to IFRS. This enhances report quality and creates opportunities to attract international capital, supporting its sustainable growth goals.

TPBank conducted a comprehensive review of IFRS requirements, comparing them with Vietnamese Accounting Standards (VAS) to identify differences and execute necessary conversion entries. This effort not only met IFRS 9 requirements but also successfully integrated Basel III risk management standards into its systems. On October 1, 2021, TPBank announced completion of both key international standards, officially applying them from Q4 2021—a major step in its sustainable development strategy.

Overall, IFRS adoption among Vietnam's listed banks reveals a clear divide between large and small institutions. Larger banks have made significant progress thanks to strong financial, technological, and human resources, enabling compliance and improved reporting quality that builds international investor trust. Smaller banks face greater challenges, often limiting IFRS use to standalone reports or pilot projects for specific areas, reflecting constraints in finance, technology, and readiness for complex standards. Without coordinated improvements and standardized processes, IFRS adoption risks deepening disparities among banks, potentially affecting competitiveness and international integration.

Even though large banks have achieved notable success, many others still face significant difficulties, from resource limitations and outdated technology systems to a lack of readiness for process changes and capacity building.

4. Implications

For Bank Executives

Investment in technology and information systems: Banks need to upgrade their technological infrastructure to effectively adopt IFRS. This includes developing automated financial reporting systems, accounting software that supports the conversion between VAS and IFRS, and modern financial risk management tools.

Staff training: Retraining accounting and finance staff to understand and apply IFRS is essential. Banks should organize intensive training courses and invite international IFRS experts to strengthen the professional capacity of their teams.

Flexible IFRS implementation planning: For small- and medium-sized banks, resource constraints may make IFRS implementation challenging. Therefore, they can adopt a phased approach, starting with the most critical elements and gradually expanding the scope of application as resources allow.

For State Regulatory Authorities

Provision of financial and technical support: Regulators should develop policies to provide financial assistance to small- and medium-sized banks so they can invest in technology and staff training. This could include preferential loans or direct government subsidies.

Enhancement of the legal environment: The Ministry of Finance and the State Bank of Vietnam should continue refining legal documents related to the transition from VAS to IFRS, making it easier for banks to implement the conversion process. Guidelines and best practices should be clear and accessible to ensure consistent and effective implementation.

Promotion of international cooperation: Creating a favorable legal environment for banks to collaborate with international organizations in IFRS implementation will enhance the global competitiveness of listed banks in Vietnam. Regulatory bodies can organize international conferences and seminars to share experiences and encourage IFRS adoption nationwide.

For Audit and Consulting Firms

Support during the transition process: Audit and consulting firms play a critical role in assisting banks with IFRS adoption. They should provide specialized IFRS advisory services, help banks restructure their financial reporting systems, deliver training, and assess compliance with international standards.

For Investors and Stakeholders

Monitoring changes in financial statements: Investors and stakeholders should understand the impact of IFRS adoption on the financial statements of listed banks. This will enable them to make more accurate investment decisions while monitoring the transparency and quality of banks' financial information.

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