

The Practice of Esg Reports in Vietnamese Banking System

Dr. Nguyen Thi Thuy Nga

Academy of Finance, Vietnam

Msc. Pham Thuy Dieu

Banking Academy of Vietnam, Vietnam

Msc. Pham Thi Bich Ngoc

National Economics University, Vietnam

Msc. Doan Nhat Duong

Academy of Finance, Vietnam

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Abstract

This study aims to understand how Vietnamese commercial banks apply ESG reporting and how these reports relate to the country's move towards net-zero emissions. The research uses document evaluation and secondary data analysis, including regulatory documents and sustainability reports from major banks. The findings show that ESG reporting has improved, but the degree of disclosure remains inconsistent. Many banks have not linked ESG information with risk management or their business plans. Therefore, the study provides a clearer view of the ESG regulatory setting in Vietnam and highlights how sustainability reporting supports the growth of green credit and strengthens the Vietnam banking sector's path towards more sustainable finance.

Keywords: ESG reporting, Green credit, Sustainability reporting, Vietnamese banking sector, Commercial banks, Regulatory framework

1. Problem Statement

In recent years, climate change has occurred rapidly, threatening the living environment, natural resources, and affecting future economic development. In this context, sustainable development is a necessary solution to minimize environmental, social and human losses. To achieve this goal, one of the important steps is that economic entities must meet the criteria for sustainable development, announce the results achieved through ESG reports, containing information that the enterprise has implemented and the results achieved related to ESG factors.

In Vietnam, in the context of the world entering a period of strong transformation to implement the commitment to net Zero by 2050 and achieve sustainable development goals, ESG has become an inevitable requirement for the financial system in general and the banking industry in particular. By March 31, 2025, 57 credit institutions (CIs) had implemented environmental and social risk assessments for their credit portfolios, with a total outstanding debt of about VND 3.62 million billion, a figure that increased more than 15 times compared to 2017, reflecting the clear efforts of the entire banking system (State Bank of Vietnam - SBV, 2025). In addition, the total green credit balance of the industry has reached about VND 704,244 billion, accounting for 4.3% of the total national credit balance, with an impressive average growth rate of more than 21.2% per year in the period 2017 - 2024. At the same time, about 15 commercial banks have proactively published Sustainable Development Reports by mid-2025, gradually approaching international standards such as the Global Reporting Initiative (GRI) and the Task Force on Climate-Related Financial Disclosure (TCFD).

In addition to positive results, the Vietnamese banking industry is still facing many major challenges in implementing ESG effectively and consistently. Firstly, ESG data has not been standardized, making reports lack transparency and difficult to compare with international standards. Secondly, the current legal framework, such as Circular No. 17/2022/TT-NHNN dated December 23, 2022 of the Governor of the State Bank of Vietnam guiding the implementation of environmental risk management in credit granting activities of credit institutions and foreign bank branches, is not strong enough to require credit institutions to regularly and in detail disclose ESG data. Third, internal capacity for ESG analysis and digital technology application is limited, especially in the context of the increasingly urgent need to integrate AI and ESG data management systems. Finally, the cost of ESG implementation, especially investment in technology infrastructure and personnel training, is becoming a significant barrier for many banks, especially small and medium-sized banks.

Based on that reality, the article aims to analyze the current status of ESG implementation and publish the Sustainable Development Report in the banking system. The article also focuses on identifying the main barriers that hinder the effective application of ESG, and proposes feasible solutions in terms of policy, governance, technology and resources to promote ESG to approach international standards, thereby contributing to building a Vietnamese banking system that is sustainable, transparent and competitive in the global financial market.

2. ESG Reporting

Sustainability reporting emerged in the late 1990s, associated with the birth of the Global Reporting Initiative (GRI), an independent international standards organization that helps businesses, governments and other organizations understand and communicate their impact on sustainability issues such as climate change, human rights and corruption. However, the formation of sustainability reporting is part of a longer-term development process of non-financial reporting. Since the 1970s, in European and American countries, social reports have appeared to supplement information to traditional financial reports. These reports show information about the social responsibility of enterprises. By the 1980s, concerns about non-financial factors of enterprises shifted to environmental issues such as emissions or waste treatment. During this period, environmental reports appeared to replace social reports. By the late 1990s, corporate reporting research and practice began to consider social and environmental impacts simultaneously and to disclose this information in a joint report alongside traditional financial reports, giving rise to sustainability reporting as we know it today.

Sustainability reporting is a supplement to traditional financial reporting that provides information about a company's social and environmental policies and practices. Most large public companies in the world now conduct some form of sustainability reporting. Typically, these companies publish a separate sustainability report alongside their annual reports.

ESG reporting includes measures of a company's emissions, resource use, environment and natural resources, labor and human rights policies, occupational health and safety, supply chain management, product liability, anti-corruption and community investment: (1) Environment: The Environmental Impact Assessment examines the company's impact on the natural environment. It includes key areas such as carbon emissions, water and waste management, raw material sourcing, and climate change impacts; In 2020, 90% of companies in the S&P 500 (US) list published a separate sustainability report. Another way for companies to communicate information about sustainability is through integrated reports, in which information about the company's social and environmental policies and activities are included in the annual report. (2) Social: Corporate Social Responsibility looks at how companies manage their relationships with employees, suppliers, customers, and the communities in which they operate (diversity, equity, and inclusion, labor management, data security and privacy, community relations); (3) Governance looks at corporate governance, business ethics, intellectual property protection, corporate leadership, executive compensation, auditing, internal controls, and shareholder rights.

In recent years, ESG has become a key concept in corporate governance and a criterion for assessing an organization's commitment to sustainable development. ESG not only encompasses environmental and social responsibility but also reflects the transparency, good governance and operational capacity of the enterprise. According to Khan et al. (2023), integrating ESG into the business strategy of financial institutions is similar to the implementation of the 17 SDGs of the United Nations, helping to increase the ability to attract responsible capital and reduce long-term risks. In the banking sector, ESG plays a dual

role: It is both a risk management tool and a factor in improving operational efficiency and increasing competitive advantage in the international financial market.

In Vietnam, ESG has been initially implemented by credit institutions in credit risk management, green bond issuance and sustainable financial product development. Practices at banks such as BIDV, Vietcombank, VPBank and Agribank show that ESG has been incorporated into credit policies, built an environmental and social risk assessment system (ESMS) and integrated into the loan approval process (VPBank, 2025; BIDV, 2024). This demonstrates that ESG theoretical content is gradually being localized and flexibly applied in the Vietnamese banking industry.

In conjunction with ESG, Sustainability Reporting is an important tool for measuring, disclosing and monitoring the implementation of ESG criteria. According to GRI (2023), a standard Sustainability Report should include quantitative and qualitative information on emissions, energy use, social policies and corporate governance. The report is not only a communication tool with investors, but also a measure of maturity in ESG implementation.

Vietnamese banks are gradually approaching international reporting standards such as GRI, TCFD and two standards guiding the disclosure of sustainable development information: disclosure of information on sustainability (IFRS S1) and disclosure of information on climate (IFRS S2) issued by the International Sustainability Reporting Standards Board (ISSB). VPBank and Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank) are the first two banks in Vietnam to publish a sustainability report according to GRI standards, with independent audit and integration of specific ESG KPIs. Standardizing reports is an inevitable trend, associated with the roadmap for integration into the global green capital market.

3. Methodology

This study applies qualitative methods to examine ESG reporting practices in Vietnamese commercial banks. The analysis draws on three main sources: policy documents, bank disclosures, and secondary sector data.

3.1 Policy and Regulatory Documents

The study reviews key regulations issued between 2020 and 2025. These include laws, decisions, and circulars that guide environmental and social risk management and the development of green credit. Reviewing these documents helps clarify the reporting requirements placed on banks and the policy shifts that shape current ESG practices.

3.2 Bank Reports and Disclosures

Sustainability reports, annual reports, and ESG statements from major banks are then examined.

BIDV, Vietcombank, VPBank, and Agribank are selected because they provide more regular and detailed ESG information than most institutions. These documents offer insight into internal arrangements, reporting processes, and the way banks incorporate ESG into lending

activities.

3.3 Secondary Data

Sector-level data from the State Bank of Vietnam, the Vietnam Banking Association, and other public sources supplement the document review. These data help describe trends in green credit and the extent to which environmental and social risk assessments have been integrated into bank operations.

3.4 Analytical Framework

The analysis follows a clear sequence: regulations set expectations; banks adjust internal practices; reporting reflects these adjustments; and the outcomes relate to the expansion of green credit. A simple framework presented in the paper illustrates this flow and highlights where implementation challenges tend to arise.

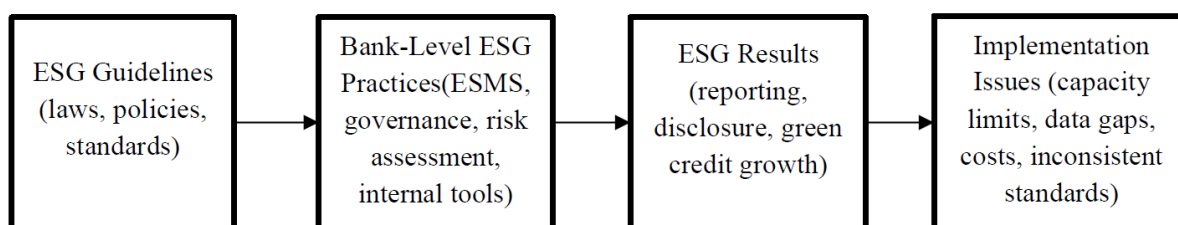


Figure 1. Conceptual framework linking ESG guidelines, bank-level practices, reporting outcomes, and implementation challenges

4. Current Situation

4.1 ESG Reporting Legal Framework of Vietnamese Commercial Banks

In recent years, the ESG legal framework in Vietnam has been gradually improved, creating a basis for the banking industry to implement sustainable development standards. Notably, Circular No. 17/2022/TT-NHNN, effective from June 2023, requires all credit institutions to develop ESMS, especially for loans with high environmental risks (NHNN, 2023). Along with that, the Green Growth Strategy 2021 - 2030 (Decision No. 1658/QĐ-TTg dated October 1, 2021 of the Prime Minister approving the National Strategy on Green Growth for the period 2021 - 2030, vision 2050) orients the development of green credit, promoting the shift of capital flows into environmentally friendly projects (Government of Vietnam, 2021).

In particular, Decision No. 1408/QĐ-NHNN dated July 26, 2023 of the Governor of the State Bank of Vietnam on promulgating the Action Plan of the Banking Industry to implement the National Strategy on Green Growth for the period 2021 - 2030 and the Project on tasks and solutions to implement the results of the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change has provided a specific action plan for the Banking Industry, including implementing ESMS, developing green financial products and requiring periodic disclosure of ESG reports. In addition, Decision No. 841/QĐ-TTg dated July 14, 2023 of the Prime Minister promulgating the roadmap for implementing Vietnam's

sustainable development goals by 2030, sets a target of reducing greenhouse gas emissions intensity per GDP by at least 15% compared to 2014 and requires facilities emitting over 2,000 tons of CO₂ equivalent/year to develop an emission reduction plan (Government of Vietnam, 2024).

Another fundamental document is the 2020 Law on Environmental Protection, which requires large emitting enterprises to conduct greenhouse gas inventories and develop emission reduction plans. This not only meets legal requirements but also enhances the competitiveness of enterprises when participating in global supply chains, especially in markets such as the European Union (EU) and the US with increasingly stringent ESG standards (Vietnam National Assembly, 2020). Along with that, the Prime Minister issued Decision No. 450/QD-TTg dated April 13, 2022 approving the National Environmental Protection Strategy to 2030, with a vision to 2050, emphasizing the goals of pollution reduction, resource protection and climate change adaptation, supporting the implementation of Vietnam's commitment to net zero emissions by 2050 at COP26.

Notably, the requirement for ESG information transparency is increasingly strengthened. Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance guiding information disclosure on the stock market stipulates that listed companies must publish a Sustainability Report, including information on greenhouse gas emissions, resource use and social impact. This not only enhances investor confidence but also encourages businesses, especially banks, to improve operational efficiency and minimize environmental impact (Ministry of Finance, 2020). Decision No. 21/2025/QD-TTg dated July 4, 2025 of the Prime Minister stipulates environmental criteria and confirmation of investment projects in the green classification list, guidelines for lending to the green portfolio and green credit statistics. The State Bank of Vietnam is also coordinating with ministries and branches to propose a policy to support interest rates of 2%/year for loans to implement green, circular, and ESG-applied projects.

Overall, ESG policies and regulations in Vietnam have created a solid legal foundation, demonstrating the Government's strong commitment to sustainable development. The banking industry's proactive integration of ESG into its business strategy will help minimize compliance risks, enhance its competitive position, and contribute to promoting Vietnam's move towards a green, carbon-neutral economy by 2050.

To provide a clearer overview of recent regulatory developments, Table 1 summarises key ESG-related documents issued between 2020 and 2025.

Table 1. Timeline of ESG-Related Legal and Policy Framework in Vietnam (2020–2025)

Year	Legal Document / Policy	Issuing Authority	Relevant ESG Content (as stated in the paper)
2020	Law on Environmental Protection (2020)	National Assembly	Requires large emitters to conduct greenhouse-gas inventories and develop emission-reduction plans; strengthens compliance for firms participating in global supply chains with rising ESG standards.
2020	Circular 96/2020/TT-BTC (Disclosure on the securities market)	Ministry of Finance	Requires listed companies to publish a Sustainability Report, including information on greenhouse-gas emissions, resource use, and social impacts.
2021	Decision 1658/QD-TTg – National Green Growth Strategy 2021–2030	Prime Minister	Directs the expansion of green credit and encourages capital flows toward environmentally friendly projects.
2022	Decision 450/QD-TTg – National Environmental Protection Strategy to 2030, vision 2050	Prime Minister	Emphasises pollution reduction, resource protection, and climate-change adaptation, supporting Vietnam’s net-zero commitment by 2050.
2022	Circular 17/2022/TT-NHNN	State Bank of Vietnam	Requires credit institutions to establish Environmental and Social Risk Management Systems (ESMS), with specific guidance for high-risk loans.
2023	Decision 1408/QD-NHNN – Banking Sector Action Plan for Green Growth	State Bank of Vietnam	Sets out the banking sector’s plan to implement green-growth objectives, including ESMS adoption, development of green financial products, and periodic ESG reporting.
2023	Decision 841/QD-TTg – Roadmap for Sustainable Development Goals to 2030	Prime Minister	Targets at least a 15% reduction in greenhouse-gas emissions intensity compared with 2014; requires major emitters to prepare emission-reduction plans.
2025	Decision 21/2025/QD-TTg	Prime Minister	Introduces environmental criteria for the national green project classification list; provides guidance for green lending and green credit statistics; includes proposals for interest-rate support for green, circular, and ESG-aligned projects.

4.2 ESG Practices and Green Credit Development in Vietnamese Commercial Banks

The application of ESG in sustainable development of commercial banks in Vietnam is becoming increasingly important. Integrating ESG principles into business strategies not only helps to enhance the social responsibility of banks but also opens up new opportunities in the financial sector.

In Vietnam, the environmental factor (E) is applied through the implementation of green banking, aiming to integrate sustainable development into banking activities, especially through promoting environmental and social responsibility in banking activities. By March 31, 2025, 57 credit institutions recorded green credit balances with a total outstanding balance of VND 704,244 billion, accounting for about 4.3% of the total outstanding credit balance of the entire system, an increase of 3.57% compared to 2024 (Vietnam Banking Association - VNBA, 2025; VnEconomy, 2025). In the period of 2017 - 2024, the green credit growth rate reached 21.2%/year, higher than the general credit growth rate (about 15%/year).

One of the notable positive factors is the number of credit institutions implementing

environmental and social risk assessments. By the end of the first quarter of 2025, the number had reached 57 credit institutions, with a total outstanding loan balance of VND 3.62 trillion, equivalent to nearly 1.3 million loans (Vneconomy, 2025; Vnbusiness, 2025). This is a shift from qualitative to quantitative assessments. To support this work, the State Bank of Vietnam has coordinated with the International Finance Corporation (IFC) to issue the ESMS Handbook, based on international practices to guide credit institutions in applying the ESMS system (SBV, 2025; Financial Markets, 2025). This handbook has been used as a standard guidance document in the implementation of ESMS in banks, helping to improve the quality of assessments and ensure compliance.

Green credit mainly focuses on renewable energy (37%), green agriculture (29%), and waste treatment (18%), reflecting banks' priority for sustainable industries. Total outstanding credit of the whole system as of mid-May 2025 reached VND 16.49 million billion, up 5.59% compared to the end of 2024, showing that the overall credit scale is still growing sustainably, in which the green part plays a leading role (Banking Magazine, 2025).

4.3 Case Studies: ESG Implementation in Selected Banks (BIDV, Vietcombank, VPBank, Agribank)

The practice of ESG implementation in the Vietnamese banking industry shows that pioneering organizations have emerged to integrate ESG into business operations, risk management and sustainable development reporting, creating a solid foundation for other banks to refer to. Below are four typical examples: Vietcombank, VPBank, BIDV and Agribank.

BIDV stands out for its pioneering role in issuing green bonds and integrating ESG into sustainable credit activities. In 2023, BIDV successfully issued a green bond worth USD 100 million, in compliance with the principles of the International Capital Market Association (ICMA), marking an important step in mobilizing international capital to finance renewable energy and sustainable infrastructure projects (BIDV, 2024).

By July 2025, BIDV recorded a total outstanding green credit balance of about VND95,000 billion, focusing on clean energy (40%), wastewater treatment (25%) and green urban development (20%). BIDV has implemented an ESG Impact Assessment System for all loans over VND50 billion, ensuring that environmental and social risks are analyzed and monitored before disbursement. At the same time, the Bank also published a 2025 Sustainable Development Report with specific measurement indicators such as the amount of CO₂ reduced from financed projects (estimated at about 1.2 million tons of CO₂/year) and the number of green jobs created (more than 15,000 jobs) (BIDV, 2025).

BIDV is working with IFC and the Asian Development Bank (ADB) to develop an ESG Capacity Building Program, support staff training, and integrate ESG into new financial products, such as Sustainability-Linked Loans.

Vietcombank has affirmed its pioneering role in integrating ESG into credit risk management and sustainable development reporting. By June 2025, Vietcombank had established a high-level ESG Council to plan strategies and approve ESG KPIs. Vietcombank's 2025

sustainability report was conducted in accordance with GRI standards and was independently audited by KPMG Vietnam, helping to increase transparency and credibility with international investors (Vietcombank, 2025).

In terms of data, Vietcombank's green credit balance reached VND120,000 billion, up 28% compared to 2024. About 87% of the bank's credit portfolio has applied ESG risk assessment, contributing to reducing the bad debt ratio from 1.52% to 1.03% (Vietcombank, 2025). In particular, the Bank integrates ESG KPIs into employee performance evaluation, with the regulation that if 60% of ESG KPIs are not achieved, the year-end bonus will be adjusted down, thereby promoting consistent awareness and action across the system.

VPBank is one of the first banks in Vietnam to publish a GRI Sustainability Report in June 2025, thanks to the cooperation with Deloitte Vietnam. This report not only focuses on environmental indicators but also expands to social and governance criteria. Some notable achievements include: Reducing 12% of greenhouse gas (GHG) emissions from office operations by converting heating, ventilation, air conditioning and LED lighting systems; ESG training for 70% of employees with an average duration of 12 hours/person; and implementing a financial inclusion program in mountainous communities, helping to increase the social responsibility index by 23% (VPBank, 2025).

In addition, VPBank has invested in an ESG data warehouse system, integrating data from Core Banking and Customer Relationship Management (CRM), helping to automate 65% of the ESG reporting process. This system not only improves reporting speed but also significantly reduces errors in manual data collection.

With a network of branches spread across Vietnam, Agribank has focused heavily on green credit for agriculture and sustainable rural development. The Green Agriculture Program has supported more than 42,000 individual and cooperative customers, with a total outstanding green credit balance of nearly VND 29,000 billion, accounting for 1.7% of total outstanding loans, up from 0.9% in 2020 (VnEconomy, 2025). Outstanding loans in the renewable energy and clean energy sectors reached over VND 15,000 billion, accounting for 54% of total outstanding green credit, followed by the sustainable forestry sector with outstanding loans of over VND 6,800 billion, accounting for 24.3% of total outstanding green credit and the third key sector is green agriculture with outstanding loans of over VND 5,800 billion, accounting for 20.8% of total outstanding green credit.

Agribank has established a Steering Committee and an ESG Implementation Support Team consisting of senior staff and a team of experts to research and implement ESG management practices in a synchronous and effective manner in all aspects of operations. Agribank has also piloted an artificial intelligence (AI)-based ESG risk assessment system at a number of key branches. This system helps shorten green credit approval time by up to 40% and reduce bad debt risks related to agricultural projects by 18% (Agribank, 2025). Although Agribank's Sustainability Report is still in a simple form, the Bank is on track to integrate GRI standards from 2026 onwards.

To summarize the main features of ESG adoption across these four banks, Table 2 provides a

comparative overview.

Table 2. Comparison of ESG Practices in Four Vietnamese Commercial Banks

Bank	Reporting Standards / Governance	Green Credit Portfolio	ESG Activities
BIDV	Implements ESG Impact Assessment System; publishes Sustainability Report; cooperates with IFC & ADB	~VND 95,000 billion; 40% clean energy, 25% wastewater treatment, 20% green urban development	Issued USD 100 million green bond; measures CO ₂ reduction; tracks green job creation; integrates ESG into large-loan assessment
Vietcombank	ESG Council; GRI-based report audited by KPMG	VND 120,000 billion; 28% increase from 2024	Applies ESG risk assessment to 87% of credit portfolio; reduces NPL ratio (1.52% → 1.03%); applies ESG KPIs for staff evaluation
VPBank	GRI Sustainability Report (2025), in collaboration with Deloitte; ESG Data Warehouse	Not specified in your text (only reporting and operational ESG metrics)	Reduces GHG emissions by 12%; ESG training for 70% employees; 65% automated ESG data; raises social responsibility index by 23%
Agribank	ESG Steering Committee; ESG Support Team; piloting AI-based ESG risk assessment	~VND 29,000 billion; 54% renewable energy, 24.3% forestry, 20.8% green agriculture	AI-based assessment shortens approval time by 40% and reduces risks by 18%; focuses on rural and agricultural green finance; moving toward GRI adoption by 2026

4.4 Current Status of ESG Reporting by Vietnamese Commercial Banks

As of June 2025, about 15 commercial banks have published Sustainable Development Reports, nearly double that of 2022 (VNBA, 2025). Of which, 7 banks have published reports according to GRI or TCFD standards, including: BIDV, Vietcombank, VPBank, HDBank, Tien Phong Joint Stock Commercial Bank (TPBank), Vietnam Technological and Commercial Joint Stock Bank (Techcombank) and Saigon - Hanoi Joint Stock Commercial Bank (SHB). The increase in the quantity and quality of reports reflects the banking system's efforts to make ESG transparent in response to international integration requirements.

VPBank and HDBank are two typical banks that have published their GRI Sustainability Report in June 2025, audited by international organizations such as Deloitte and KPMG. This report presents clear quantitative indicators such as: 12% reduction in CO₂ emissions within 12 months, 65% of ESG data is automatically collected, 70% of employees receive ESG training with an average duration of 12 hours/person, and the social responsibility index increases by 23% through comprehensive financial programs in remote areas (VPBank, 2025; HDBank, 2025).

However, the level of standardization is still uneven. According to a survey by VNBA (2025), some banks apply both the GRI and IFRS S1/S2 indexes: Vietcombank, VPBank, TPBank, Vietnam International Commercial Joint Stock Bank (VIB), Vietnam Maritime Commercial Joint Stock Bank (MSB); while small banks still mainly conduct ESG reports in the form of qualitative descriptions, lack quantitative indicators and have not had independent audits.

Over time, commercial banks have shown increasing interest in ESG, especially in

integrating ESG into their customer due diligence process. Many banks, especially those accessing capital from international organizations, have shown great interest in ESG practices as well as in reviewing projects to guide businesses in raising awareness and implementing ESG. For example, Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank) pioneered the development of an environmental and social management system (ESMS). This system includes regulations, guidelines and procedures to manage the environmental and social impacts of Sacombank's operations. From here, Sacombank has introduced a process for assessing the environmental and social impacts of loans from the appraisal stage to the entire process of using customers' capital. In addition, Orient Commercial Joint Stock Bank (OCB) issued a policy on environmental and social risk management in credit granting activities with the advice of the International Finance Corporation (IFC).

4.5 Challenges in ESG Implementation and Sustainable Development Reporting

Despite positive results, the Vietnamese banking system is still facing many challenges in the process of ESG implementation and sustainable development reporting.

First, there is a lack of a national criteria framework and ESG data standardization. There is currently no legally binding ESG index set for credit institutions. This forces banks to design their own reports with different content and indicators, making it difficult to synthesize and evaluate synchronously (VNBA, 2025).

Second, internal ESG analysis capacity is still limited. Only about 30% of banks' reports use quantitative data, the rest are still descriptive (VPBank, 2025). The ESG department in many banks is not specialized, mainly concurrently or associated with the Corporate Social Responsibility (CSR) department, causing a lack of expertise in ESG analysis, an important factor in measuring and making non-financial risks transparent.

Third, the high cost of ESG implementation is a challenge for small banks. According to estimates, to deploy an ESG management system that meets international standards, international consulting costs range from VND500 - 700 million/year, ESG management software costs about VND300 - 500 million, not to mention the cost of training and operating the reporting system (taichinh247.vn, 2025). This makes it impossible for many small banks to maintain regular ESG reporting.

Fourth, lack of international cooperation and support resources. As of July 2025, only 6 banks have announced receiving technical assistance or international preferential capital to develop green credit and internal ESG systems, namely: World Bank (WB), ADB, Japan International Cooperation Agency (JICA), Export-Import Bank of Korea (KEXIM), French Development Agency (AFD), European Investment Bank (EIB) (Monetary Financial Market, 2025). Most Vietnamese banks still have to use internal capital, slowing down the progress of green transformation, especially in the fields of renewable energy and low-carbon agriculture.

Fifth, the bank's Sustainability Report still has some problems, including: (i) Inconsistent reporting in terms of content and indicators; (ii) Lack of internal ESG data management software; (iii) Failure to apply ESG KPIs to employee performance evaluation; (iv) Failure to link ESG reports with business strategies. These limitations require the standardization of

Sustainability Reports as a mandatory part of bank governance, and interconnection with financial and risk data systems.

5. Discussion

The findings show that Vietnamese banks have moved forward in ESG reporting, but most of this shift comes from new regulations, not from their own internal push or market pressure. Banks have set up ESMS, improved disclosure, and raised the share of green credit, but the extent of these changes is not the same across the system. Large banks tend to advance faster because they have more staff, better systems, and more contact with international partners. Smaller banks, meanwhile, still rely on qualitative disclosure and face gaps in data and analytical capacity.

When placed in a broader regional context, Vietnam's progress is notable but still behind several ASEAN peers. Thailand and Malaysia have introduced clearer sustainable finance taxonomies and more structured reporting requirements. Singapore has gone further by enforcing climate-related disclosures and developing centralised ESG data platforms. Compared with these countries, Vietnam's ESG reporting framework remains more fragmented, and the absence of a unified national ESG standard contributes to inconsistent practices across banks. This difference helps explain why green credit grows quickly but reporting quality remains uneven.

Overall, the findings show that Vietnam is moving in the right direction, but progress is uneven. Banks still need clearer reporting rules and better data systems to work with. Supervisory guidance plays a clear role in keeping banks on the same track. When reporting rules and data systems become more coherent, smaller banks can follow more easily. Over time, this helps reduce differences in how banks report ESG information and makes the overall system more stable.

6. Recommendations

Not only is the banking sector the main channel for capital transmission in the economy, it is also an agency that helps implement the Government's policies more effectively. With the goal of sustainable development, banks need to be more active in ESG-related activities; at the same time, through capital transmission, the banking sector can increase capital flows to businesses that implement ESG policies well, thereby, the process of implementing sustainable development goals will be more effective sooner. The current situation and challenges in implementing ESG show that, in order for the Vietnamese banking system to achieve international standards on sustainable development, a comprehensive action roadmap with synchronous solutions from the State level, the banking sector and each credit institution is needed. These solutions need to focus on four main pillars: Completing the legal framework and standards, improving internal capacity, applying digital technology and enhancing international cooperation.

6.1 Completing the Legal Framework and National ESG Standards

First of all, it is necessary to develop a synchronous national ESG criteria framework, based

on international standards such as GRI, ISSB/IFRS S1&S2 and TCFD, to ensure transparency, comparability and integration. This set of criteria should include specific KPIs on greenhouse gas emissions, energy efficiency, social risk management and transparency of management information. In addition, Circular No. 17/2022/TT NHNN should be upgraded to an “ESG framework circular” with a mandatory requirement for credit institutions to publish ESG reports annually and have a clear implementation plan according to a three-phase roadmap: (1) Pilot, (2) Synchronous implementation, (3) Deep integration into banking strategy.

6.2 Enhance ESG Capacity and Organization in Banks

An effective ESG system requires internal restructuring in banks. First, it is necessary to establish an ESG Steering Committee at the board level to ensure strategic and long-term commitment. Banks need to build a dedicated ESG department, with the task of collecting data, building ESG KPIs and monitoring implementation across departments and divisions. At the same time, it is necessary to develop an in-depth ESG training program for managers and employees, in conjunction with international organizations such as IFC, the Association of Chartered Certified Accountants (ACCA) and ADB. The training program should focus on three main areas: (1) ESG risk management, (2) ESG data analysis, and (3) Sustainability reporting according to international standards.

6.3 Applying Digital Technology to ESG

Digital technology plays an important lever role in implementing ESG effectively and transparently. Banks need to invest in building an ESG data warehouse - a centralized data warehouse, integrating information from credit risk management systems (CRMS), core banking (Core Banking) and IoT systems that monitor emissions in financed projects. In addition, applying AI and Big Data will help automate the collection, analysis and reporting of ESG data, thereby minimizing errors and improving decision-making speed. For example, AI systems can predict the environmental risk level of loan projects based on climate factors and geographic data. In particular, the application of blockchain technology can increase transparency in green cash flow management, making it easier for investors to track how green loans and sustainable bonds are used.

6.4 Strengthening International Cooperation and Mobilizing Green Capital

To overcome resource constraints, the Vietnamese banking industry needs to promote cooperation with international financial institutions such as IFC, ADB, Green Climate Fund (GCF) and the German International Cooperation Agency (GIZ). This will not only help banks access preferential loans but also receive technical support in implementing modern ESG systems. In addition, it is possible to consider establishing a national ESG Support Fund, with the participation of large banks and international organizations, to support small and medium-sized banks to cover the costs of ESG implementation. With these comprehensive solutions, the Vietnamese banking industry will gradually complete the ESG infrastructure, enhance internal capacity and integrate more deeply into global sustainable value chains. This will not only help improve the international image but also be an opportunity for Vietnamese banks to take advantage of the green capital flow worth trillions of USD moving around the

world.

6.5 Strengthening Supervision and Inspection Mechanisms

There is a mechanism to monitor and inspect the level of BV of each bank through reports, information disclosure and wide promotion. Bank inspection is considered one of the sharp tools of the State Bank of Vietnam (SBV) to strengthen institutions, discipline, and effectiveness of state management in the monetary and banking sectors, ensure national financial security and support the socio-economic development of the country.

In recent years, along with Vietnam's integration into the world economy, the system of credit institutions has also made strong strides in terms of scale and scope of operations. In this situation, on-site inspection activities have undergone strong, positive and comprehensive changes in terms of inspection content, inspection forms, inspection methods, etc.; contributing to the key decision of safe, effective and sustainable development in the field of information disclosure of the banking system.

7. Conclusion

This study demonstrates that ESG reporting in Vietnamese banks has improved, but the progress is uneven. Many changes stem from new regulations, while banks still face limitations in data and internal capacity. Green credit has grown, yet reporting practices have not developed at the same pace. These findings highlight some policy requirements. Regulators can provide clearer reporting guidelines and simple tools that banks can apply in practice. Banks should focus on basic steps such as establishing stable data systems and training staff who work directly with ESG checks.

Future research can standards analyze why some banks adopt ESG faster than others. It can utilize surveys and interviews to identify the main obstacles that banks face when applying ESG standards. The results would provide clearer directions as ESG requirements continue to expand.

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