

< 2022 LAW ON ANTI-MONEY LAUNDERING A REFORM OF FINANCIAL INTEGRITY >

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I. Introduction

Money laundering is a pervasive global issue that undermines the integrity of financial systems, facilitates organized crime, and poses significant challenges to national and international security. To combat this, Vietnam first enacted a law specializing in anti-money laundering (“AML”) in 2012, later replaced by the 2022 Law on Money Laundering (“**2022 Law on AML**”) which strengthens compliance with international standards and addresses emerging threats.

Recent high-profile cases, such as the laundering of over USD 17 billion by property tycoon Truong My Lan, have highlighted the urgency and relevance of these regulations. Since then, the 2022 Law on AML has been in the spotlight, emphasizing the need for vigilance and enforcement.

In this newsletter, we break down key provisions of the 2022 Law on AML and explore its real-world application. Stay informed and join us in this critical conversation!

II. Overview of Anti-Money Laundering Regulations in Vietnam

Vietnam’s AML framework was first established with the enactment of the 2012 Law on Anti-Money Laundering (“**2012 Law on AML**”), which was later replaced by the 2022 Law on AML. Throughout the history of Vietnam’s AML regulations, money laundering is considered a predicate crime¹, which means it can only be committed on the basis of another crime. Based on the most recent report of the State Bank of Vietnam (“**SBV**”), original crimes with the highest money laundering risk include fraudulent appropriation of property, embezzlement of property, illegal drug trafficking, bribery, and abuse of position or authority to misappropriate property.²

During the eras of the 02 Laws on AML, financial institutions and other reporting entities (such as insurance companies, law firms, notary offices, etc.) are obliged to a general checklist with 05 obligations as follows:

- (1) **Establish a compliance program:** appoint a person in charge of AML and promulgate an internal AML policy;³
- (2) **Maintain the compliance program:** conduct risk-based customer classification and customer due diligence, evaluate the risk and review the AML/CFT compliance program, and store profiles;⁴
- (3) **Fulfill reporting obligations:** report suspicious transactions, large-scale transactions, and internal audits;⁵
- (4) **Implement temporary measures:** postpone transactions, and freeze accounts or seize or confiscate assets;⁶
- (5) **Conduct audits and training:** conduct AML internal audits and AML training.⁷

III. Novelties of 2022 Law on AML

The 2022 Law on AML introduced comprehensive updates to align with international standards, including the Financial Action Task Force recommendations. Key improvements include extensive

¹ Clause 1 Article 3 of 2022 Law on AML

² State Bank of Vietnam. (2024, September 4). *Công bố kết quả đánh giá rủi ro quốc gia về rửa tiền giai đoạn 2018-2022*. State Bank of Vietnam Portal.

https://www.sbv.gov.vn/webcenter/portal/vi/menu/fm/pert/tpert/tpert_chitiet?centerWidth=80%25&dDocName=SBV615213&leftWidth=20%25&rightWidth=0%25&showFooter=false&showHeader=false&_adf.ctrl-state=tlfo7zjcj_9&_afLoop=16262973260524774#%40%3F_afLoop%3D16262973260524774%26centerWidth%3D80%2525%26dDocName%3DSBV615213%26leftWidth%3D20%2525%26rightWidth%3D0%2525%26showFooter%3Dfalse%26showHeader%3Dfalse%26_adf.ctrl-state%3Dx23pyfi5w_4

³ Article 24 of 2022 Law on AML and Article 5 Circular No. 09/2023/TT-NHNN

⁴ Article 9 to 14, Article 16, Article 20, Article 38 of 2022 Law on AML, and Article 3 to 5 Circular No. 09/2023/TT-NHNN

⁵ Article 25, 26 Law on AML, and point c Clause 10 Article 5 Circular No. 09/2023/TT-NHNN

⁶ Article 44 of 2022 Law on AML

⁷ Article 24 of 2022 Law on AML

coverage to regulate fintech companies and new forms of technological services, impose stricter reporting thresholds, enhance inter-agency cooperation, and advance tools for detecting and preventing financial crimes. For your insight, let's glimpse through some highlights below:

1. Expanded List of Reporting Entities

Similar to the 2012 Law on AML, the 2022 Law on AML classifies accounting subjects into two categories: those operating in finance and banking and those operating in non-finance fields. Back in 2012, non-cash payment methods were still in their infancy in Vietnam, so the providers of these services were not listed among the accounting subjects under the 2012 Law on AML. Since these modern payment methods became prevalent, payment intermediary agencies were added as AML-related organizations in Decree No. 116/2019/ND-CP amending, supplementing Decree No. 116/2013/ND-CP detailing some articles of the 2012 Law on AML. The 2022 Law on AML has taken a further step by including payment intermediary agencies in the list of reporting entities in Article 4, thereby addressing services such as e-wallet, collection on behalf, payment on behalf, etc. Also, those providing securities-related services such as Securities Investment Fund Management, Securities Portfolio Management, and Securities Brokerage are added to the aforementioned list.

2. More Detailed Customer Classification and Customer Due Diligence

2.1. Customer Identification Data

The 2022 Law on AML maintains the classification of customers into individuals and organizations but introduces a more detailed breakdown for individual customers. Instead of the two subgroups (Vietnamese and foreigners) under the 2012 Law on AML, the new law expands this to five subgroups including⁸: (1) Vietnamese citizens, (2) foreign residents, (3) foreign nonresidents, (4) individuals with dual or multiple citizenships, and (5) nonnationals - a newly recognized category. By including non-national individuals, the 2022 Law on AML adopts a broader and more comprehensive approach to customer identification.

2.2. Responsibilities of Reporting Entities for New Products or Services; Existing Products or Services Using Innovative Technologies

Following the robust development of technologies, the 2022 Law on AML has dedicated an article to reporting entities providing new products or services, existing products or services using innovative technologies ("**Concerning Products**"). Specifically, the article emphasizes risk identification, assessment, and mitigation to prevent money laundering by requiring the following actions from reporting entities:⁹

- **Action 1:** Develop policies and procedures to identify, assess, and measure money laundering risks before providing Concerning Products
 - Purpose:
 - Detect and prevent using Concerning Products for money laundering activities;
 - Manage money-laundering risks when entering into transactions with customers using Concerning Products.
 - Example:
 - Banks adopting AI-driven financial services must evaluate potential misuse for money laundering.
 - Monitor unusual transaction patterns in fintech applications.
- **Action 2:** Apply necessary safeguards when providing Concerning Products
 - Purpose: Reduce money-laundering risks;
 - Example:
 - Use automated fraud detection for high-risk transactions;
 - Apply Know Your Customer and Customer Due Diligence measures to digital banking services.
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⁸ Clause 1 Article 10 of 2022 Law on AML

⁹ Article 19 of 2022 Law on AML

3. New Contents Related to AML Reports

In terms of suspicious transaction reports, the 2022 Law on AML has updated some suspicious signs in the fields of insurance and securities, but the most significant change is the addition of 09 suspicious signs in the payment intermediary sector. As mentioned above, payment intermediary agencies have only been included in the Law on AML since the enactment of the 2022 version. Thus, this addition is aligned with the expansion of reporting entities under the 2022 Law on AML.

The 09 suspicious signs that payment intermediary agencies shall be alerted include:¹⁰

- (1) Unusual transaction patterns in e-wallets, including dramatic volume changes, rapid money flow, and minimal/zero balances despite high transaction volumes;
- (2) Pattern of multiple small deposits followed by large transfers or withdrawals;
- (3) Multiple small transfers between various e-wallets occurring rapidly, transfers to multiple destinations regardless of fees, transactions just below reporting thresholds, or unusually frequent transfers;
- (4) Unexpectedly large deposits to e-wallets;
- (5) Transactions involving individuals or entities linked to criminal activities identified in media reports;
- (6) Personal accounts being used for business purposes or transactions conducted on behalf of other individuals;
- (7) Continued transactions through merchants whose official presence (website/office) has been closed;
- (8) Constantly changing login devices or IP addresses for e-wallet transactions;
- (9) Regular use of foreign login devices/IP addresses, or using the same device/IP to access multiple different e-wallets.

Also, the 2022 Law on AML additionally requires reporting entities to submit a new form of AML report which is a report on money laundering risk evaluation. This report has been conducted by the SBV in a national scale every 04 years, with the most recent report released in September 2024. As for reporting entities, they have to submit this report annually and is limited to their business scale.¹¹

IV. Judicial Practice of Anti-Money Laundering in Vietnam

Since the effective date of the 2022 Law on AML, several accusations of cross-border money laundering systems have been made. Among those, the case of Truong My Lan, a powerful real estate tycoon is the most prominent and has shaken the Vietnamese economy. We shall summarize the details of these cases in the below for your reference:

1. Case of Jinbian – a Chinese-led money laundering organization¹²

- Date of court ruling: May 20, 2024
- Crime: Fraudulent appropriation of property and money laundering
- Criminal punishments: 21 defendants were sentenced to 06 - 18 years of imprisonment. For money laundering, the terms of imprisonment range from 06 to 11 years.
- Summary:
In August 2022, Nguyen Thi L. from Hanoi fell victim to a sophisticated fraud and money laundering scheme, losing nearly 20 billion VND. Initially, she transferred small amounts (VND 160,000 and VND 3 million), which were returned with higher amounts. However, she was later lured into transferring larger sums, with the largest single transaction being VND 4 billion. The investigation revealed that the funds were routed through accounts managed by 777pay, a department under Jinbian Company, which is based in Phnom Penh, Cambodia. Jinbian operated as a money laundering

¹⁰ Article 29 of 2022 Law on AML

¹¹ Article 15 of 2022 Law on AML

¹² TTXVN. (2024, May 20). *21 bị cáo lừa đảo, rửa tiền ở Việt Nam lãnh án, kẻ cầm đầu người Trung Quốc bị truy nã*. TUOI TRE ONLINE; tuoitre.vn. <https://tuoitre.vn/21-bi-cao-lua-dao-rua-tien-o-viet-nam-lanh-an-ke-cam-dau-nguoi-trung-quoc-bi-truy-na-20240520215335838.htm>

organization, supporting fraudulent activities for gambling apps and scammers across several countries, including China, India, the Philippines, Indonesia, and Vietnam.

The 777pay department, managed by Tan Zhi Bao, a Chinese national, facilitated money laundering in Vietnam using a fake payment gateway named "VNPAY." The funds were laundered by circulating through accounts or purchasing cryptocurrency (USDT) to conceal their illicit origin. After the fraud, Tan Zhi Bao and several accomplices fled and are now wanted by the authorities.

2. Case of Truong My Lan – a Vietnamese real estate mogul¹³

The case of Truong My Lan is quite complicated and divided into 02 phases. Since the money laundering crime is trialed in the 2nd phase, we only focus on this phase in the below summary.

- Date of court ruling: April 21, 2025.
- Crime: Fraudulent appropriation of property, money laundering, and illegal currency transfer across borders.
- Court ruling: Truong My Lan was sentenced to 30 years of imprisonment in total, in which her money laundering crime was sentenced to 12 years of imprisonment. The remaining accused were sentenced to 01 – 07 years of imprisonment for money laundering.
- Summary:

Ms. Lan was the one who initiated and directed the issuance of corporate bonds, deciding to use 4 companies under the Van Thinh Phat Group to issue 25 "fake" bond codes, with a total volume of 308,691,388 bonds, embezzling nearly VND 31,000 billion from 35,824 victims.

Between 2018 and 2022, she orchestrated a scheme to embezzle approximately 445.7 trillion VND (over \$19 billion) from SCB. She utilized her position to illicitly withdraw funds, which were then laundered through various channels to conceal their origin. This operation not only caused substantial financial damage to SCB but also undermined public trust in the banking sector.

In addition, under the charge of "Illegal currency transfer across borders," Ms. Lan and her accomplices illegally transferred USD 4.5 billion across borders.

V. Conclusion

The 2022 Law on AML marks a significant advancement in strengthening the nation's financial security and transparency. It aligns with international standards and introduces robust measures to detect, prevent, and combat money laundering. Moving forward, ongoing collaboration between businesses, financial institutions, regulatory bodies, and law enforcement is crucial for the law's success. As we look ahead, the upcoming trial of Truong My Lan, a key figure in a major money laundering case, will test the law's effectiveness. This high-profile case highlights the importance of continued collaboration among regulatory authorities, financial institutions, and law enforcement to combat financial crimes.

With regard to anti-money laundering regulations, the Law on Enterprise is scheduled to be amended this year to introduce provisions on beneficial owners. This amendment is expected to make it more difficult to use corporations as a front for money laundering, thereby deterring large-scale crimes such as the Truong My Lan case.

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¹³ Duong, T. Q., & Phan, T. (2025, April 21). *Mức án tương Mỹ Lan và đồng Phạm ở Tòa Phúc Thẩm Giai đoạn 2*. thanhnien.vn. <https://thanhvien.vn/muc-an-truong-my-lan-va-dong-pham-o-toa-phuc-tham-giai-doan-2-185250421102927672.htm>

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