ANTI-MONEY LAUNDERING FOR CRYPTO ASSETS UNDER DUBAI'S VARA SPECIALIZED AUTHORITY MODEL AND LESSONS FOR THE VIETNAM INTERNATIONAL FINANCIAL CENTRE (VIFC)

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Abstract: In the context of Vietnam urgently shaping the legal framework for crypto assets and operating the Vietnam International Financial Centre (VIFC) in Ho Chi Minh City and Da Nang, researching the management models of leading international financial centers is imperative. This article analyzes the model of the Virtual Assets Regulatory Authority (VARA) in Dubai—an independent specialized virtual asset regulatory body established under Law No. 4 of 2022. The focus is on translating anti-money laundering and countering illicit financing (AML/CFT) obligations into binding requirements for virtual asset service providers (VASPs), particularly through regulations on the Travel Rule and risk management of unhosted wallets. Utilizing legal analysis and comparative jurisprudence methodologies, this study contrasts VARA's legal framework with the recommendations of the Financial Action Task Force (FATF) and the practical context of Vietnam. The findings indicate that VARA operates under a highly autonomous specialized authority model, combining risk-based supervision with specific technical requirements (transaction thresholds, risk assessment frequency, and handling of unhosted wallets). Based on these insights, the paper proposes that VIFC establish a specialized regulatory mechanism with clear authority, while internalizing FATF standards from the controlled sandbox phase, rather than relying solely on existing general regulations.

Keywords: *Crypto assets; anti-money laundering; virtual asset service providers; VARA; Dubai Virtual Assets Regulatory Authority; international financial centre; VIFC; sandbox; Travel Rule; unhosted wallets.*

1. INTRODUCTION

The rapid development of crypto assets currently poses major challenges for regulators, who must simultaneously promote innovation and safeguard the financial system from money laundering and illicit financial risks (AML/CFT). In particular, money laundering risks reside not within the assets themselves, but in the institutional gaps between platforms, supervisory bodies, reporting entities, and foreign counterparties. Consequently, FATF Recommendations, especially Recommendation 16 on the Travel Rule, have become global benchmarks; however, effective internalization and enforcement depend heavily on each nation's institutional design [1][2].

Dubai established a specialized authority (VARA) to regulate all virtual asset activities within its territory under Law No. 4 of 2022, rather than dispersing authority across multiple existing

agencies. In 2023, VARA issued the Virtual Assets and Related Activities Regulations [10][11]. As of October 1, 2026, VARA's public register recorded 56 licenses [14]. VARA's rulebooks were reissued as Version 2.0 in May 2025, mandating compliance by June 19, 2025 [12][14], followed by a series of circulars on gap analysis, the Travel Rule, counter-proliferation risk, and business risk assessments during 2025–2026 [14][17]. Furthermore, after the United Arab Emirates was removed from the FATF increased monitoring list ("grey list") in February 2024 [18], Dubai's regulatory framework established during this period demonstrated international efficacy. This represents both a pressing challenge and a valuable learning curve for Vietnam as it seeks to refine its institutional framework.

Vietnam was placed on the FATF increased monitoring list in June 2023 and remained on the list as of the FATF review on June 19, 2026 [3]. Within one year, Vietnam built major foundational legal blocks for the crypto asset market. The National Assembly passed Resolution No. 222/2025/QH15 on the International Financial Centre, effective September 1, 2025 [19]; the Government issued Resolution No. 05/2025/NQ-CP on piloting the crypto asset market for 5 years on September 9, 2025 [21]; Decree No. 323/2025/ND-CP establishing the Centre was issued on December 18, 2025 [20]; Decree No. 284/2026/ND-CP on administrative sanctions was promulgated on July 16, 2026, taking effect September 1, 2026 [25]; and on August 24, 2026, the National Assembly passed legislation adding crypto asset services to the group of reporting entities under AML law, taking effect December 1, 2026 [24]. However, reviewed sources indicate that as of the time of writing, no crypto asset trading exchange has been licensed in Vietnam [27].

To operate effectively, the Vietnam International Financial Centre (VIFC) must address both regulatory framework requirements and practical market conditions for crypto assets in Vietnam. Decree 323/2025/ND-CP provides VIFC with dedicated executive, supervisory, and dispute resolution bodies, while designating Da Nang as the sandbox testing ground for digital assets and specialized exchanges [20]. However, at the national level, anti-money laundering legislation assigns primary responsibility over the crypto asset sector to the Ministry of Finance [24]. How these regulatory layers fit together is a practical issue that Dubai's experience can help illuminate.

Research Gaps and Research Questions

Existing studies on crypto assets and money laundering focus primarily on crime typologies, international standards, and cross-national regulatory comparisons. Very few studies examine a specialized authority as an institutional model within a financial center, and virtually no research has addressed Vietnam's post-2025 framework. This paper answers four core questions: First, what institutional characteristics and rules shape Dubai's VARA model in AML for crypto assets? Second, which features contribute to credibility, and what weaknesses have emerged? Third, how does VIFC compare regarding these same characteristics? Fourth, what lessons, policy frameworks, and indicator sets can be derived for VIFC?

The central thesis is that the effectiveness of a specialized authority model depends on the quality of specific legal rules rather than the mere presence of theoretical guidelines: clear regulatory scope, gatekeeping through licensing, seamless data flows from enterprises to

supervisors and financial intelligence units, and credible enforcement. A rule that is not executed cannot produce practical efficacy.

2. LITERATURE REVIEW AND ANALYTICAL FRAMEWORK

2.1. Financial Intermediaries, Risk-Based Supervision, and Responsive Regulation

Levi and Reuter describe modern AML regimes as built upon reporting and screening obligations imposed on financial intermediaries, emphasizing the difficulty of empirically proving that such regimes prevent money laundering [4]. International standards transfer this intermediary logic to crypto assets. FATF Recommendation 15 requires virtual asset service providers (VASPs) to be licensed or registered and subject to supervision, while Recommendation 16 mandates that originator and beneficiary information accompany transfers [1]. FATF guidance urges countries to adopt a risk-based approach and ensure supervisors possess adequate statutory powers [2].

Ayres and Braithwaite's responsive regulation theory provides an enforcement rationale [5]. Regulators are most effective when they can escalate responses along an enforcement pyramid, moving from persuasion and warnings to civil fines and ultimately license revocation. A specialized authority controlling market entry holds the peak of that pyramid, providing a structural rationale for examining licensing-based models.

2.2. Specialized Regulation and Data-Driven Supervision

Arner, Barberis, and Buckley argue that financial technology (FinTech) and regulatory technology (RegTech) are transforming rule design and supervision, with data playing a central role [6]. Zetzsche et al. demonstrate that token markets rapidly generated fraud and systemic risks to which traditional regulators responded slowly, supporting the need for dedicated regulatory focus [7]. Ferreira and Sandner examine how European regulators approach crypto assets within financial market infrastructure [8]. The Financial Stability Board recommends comprehensive regulation based on the principle of "same activity, same risk, same regulation," accompanied by cross-border cooperation [9]. Overall, these studies support the view that crypto asset supervision is as much a matter of data architecture and technical capacity as it is of legal design.

2.3. Analytical Framework

This study employs the following analytical framework: Specialized authority & clear regulatory scope → Licensing gatekeeping for AML → Risk-based rulebook & data obligations → Supervision & enforcement → Inter-agency coordination → Results in reporting quality, freezing speed, market integrity, and international reputation. Criminal law, financial intelligence unit (FIU) capacity, banking access, and underlying technology are treated as complementary conditions rather than constituent parts of the model itself.

Table 1. Analytical Framework: Mechanisms and Relevance to Vietnam

Mechanism	Dubai Tool	AML Function	Relevance to Vietnam
Specialized Authority	VARA under Dubai Law No. 4/2022	Single point of accountability	Delineation between VIFC and other competent authorities
Licensing Gate	Rulebook-based licensing; MLRO approval	Screening market entrants	Pilot licensing; VIFC sandbox
Rules & Data	Rulebook 2.0; Travel Rule; blockchain analytics	Detection and traceability	Implementing guidance for relevant legal instruments
Enforcement	Administrative fines; public naming; personal liability	Deterrence	Decree 284; criminal liability provisions
Coordination	Federal law; FIU reporting; MOU with CMA	Eliminating regulatory gaps	VIFC, Ministries, State Bank of Vietnam, Investigative Agencies

Source: Compiled by authors from [1], [2], [4], [5], [9], [12], and [14].

3. RESEARCH METHODOLOGY

This study adopts legal analysis and comparative jurisprudence methods. VARA's statutory and regulatory texts (Law No. 4/2022, Travel Rule circulars, risk assessment guidelines) are benchmarked against FATF Recommendations, specifically Recommendations 15 and 16. Vietnam's practical context is evaluated through current legal instruments (Resolution 222/2025/QH15, Decree 323/2025/ND-CP) and policy directives for establishing VIFC's sandbox.

4. ANTI-MONEY LAUNDERING MODEL IN DUBAI

4.1. Scope and Regulatory Tiers

Dubai Law No. 4 of 2022 established VARA, and VARA's 2023 Regulations set the overarching framework for virtual asset activities across the Emirate [10][11]. VARA regulates Dubai, including free zones, but excluding the Dubai International Financial Centre (DIFC), which is supervised by the Dubai Financial Services Authority (DFSA) [14]. Across the rest of the country, the Capital Market Authority (CMA) oversees the mainland and other free zones. Previously named the Securities and Commodities Authority, it was renamed on January 1, 2026, and published its specialized Virtual Asset Framework on April 13, 2026. The Central Bank regulates payment tokens, while the Financial Services Regulatory Authority of Abu Dhabi

Global Market (ADGM) oversees that zone [14]. Under a 2024 agreement, VARA-licensed entities automatically qualify for federal registration to serve clients nationwide. As of October 1, 2026, VARA's register listed 56 licenses, alongside public alerts identifying suspected unlicensed operators [14].

At the federal level, Decree-Law No. 10 of 2025 defines virtual asset service providers by activity across five categories: exchanging virtual assets for fiat currency, exchanging between virtual assets, transferring virtual assets, custody or administration, and financial services related to issuer offerings [13][14]. VARA noted that the decree took effect on October 14, 2025, with implementing regulations effective December 14, 2025 [14]. Thus, regulatory scope in Dubai is defined dual-dimensionally: geographically (jurisdiction by zone) and functionally (by type of activity). While geographical demarcation is clear, it leaves potential for regulatory arbitrage (Category C evidence), where entities select jurisdictions based on varying stringency. The default registration agreement between VARA and CMA partially mitigates this concern.

VARA licenses are evaluated against four mandatory rulebooks (Company, Compliance and Risk Management, Technology and Information, Market Conduct) and activity-specific rulebooks [14]. Regarding AML, a key requirement is that entities must appoint a Money Laundering Reporting Officer (MLRO) with a minimum of two years of relevant experience, who is assessed as fit and proper, subject to annual reappointment review, and required to report quarterly to the board of directors. AML policies must be certified by a competent third party and submitted to VARA during licensing and within 21 days of any modification [14]. VARA holds statutory authority to sanction directors, officers, MLROs, and senior management directly [14][15].

4.2. AML Tools

Dubai's regulations feature three noteworthy components. First is the low transaction threshold. Entities must conduct Customer Due Diligence (CDD) for occasional transactions from 3,500 AED, compared to 55,000 AED for general financial institutions [14]. This lower threshold reflects Dubai's classification of the virtual asset sector as high risk (see Section 4.4). Second is the rapid update cycle. Entity-level and customer-level risk assessments must be updated at least every three months. For high-risk customers, enhanced due diligence (EDD) is mandatory, including verification of source of funds and wealth, senior management approval, and requiring the initial payment to originate from an account in the customer's name at a regulated financial institution [14]. Third is transaction-level data attachment. National Travel Rules mandate that every transfer carry the originator's and beneficiary's name, wallet address, or reference code. When daily aggregate value reaches or exceeds 3,500 AED, the beneficiary VASP must verify the recipient's identity. VASPs are prohibited from transferring funds to inadequately regulated counterparties, must conduct EDD on unhosted wallets, and are strictly banned from processing anonymous privacy tokens [14][16].

Table 2. Select AML Requirements in Dubai

Item	Requirement (Summarized from secondary sources)
Compliance Officer	Minimum 2 years experience; fit and proper; annual reappointment review; quarterly board reporting
Policies & Procedures	Certified by competent third party; submitted at licensing and within 21 days of any change
Risk Assessment	Enterprise and customer level, updated at least quarterly and upon material changes
Customer Due Diligence	At relationship onboarding and for occasional transactions from 3,500 AED (including linked transactions); EDD for high-risk clients; PEPs require senior management approval
Travel Rule	Originator and beneficiary info for all transactions; recipient verification from daily aggregate threshold of 3,500 AED; no transfers to unregulated counterparties; EDD on unhosted wallets; ban on privacy tokens
Reporting	STRs submitted to FIU via goAML immediately upon suspicion; responses to FIU and VARA queries within 48 hours (FIU specifies 5 business days for statutory queries)
Targeted Financial Sanctions	Asset freezing within 24 hours of list publication; report full matches within 5 business days
Record Keeping	Minimum 8 years (federal baseline: 5 years)

Source: Compiled from [12], [14], [15], and [16]; Category B evidence, subject to primary source verification.

A minor detail illustrates multi-tiered regulatory complexity: VARA's specific rule states "exceeding" 3,500 AED, whereas national rules state "from" 3,500 AED, leading secondary sources to advise entities to apply the stricter standard [14]. Such subtle textual variances can induce compliance ambiguity.

Regarding data infrastructure, the UAE FIU reported that virtual asset entities exhibited the fastest growth in reporting volume across all sectors and added a specialized cryptocurrency analytics module for tracing. A December 2025 FIU study of reports filed between July 2023 and June 2025 revealed fraud as the most prevalent predicate offense, accompanied by trends involving stablecoins, decentralized platforms, peer-to-peer (P2P) transfers, and money mule accounts [14]. In short, Dubai evaluates not only whether entities possess written policies, but

whether they maintain transactional visibility and effectively transmit actionable intelligence to analytical authorities.

4.3. Supervision and Enforcement

VARA links regulatory standards directly to supervisory monitoring. In November 2025, VARA required licensed entities to conduct gap analyses against new federal laws, submit board-approved remediation plans within 60 days, and fully remediate all gaps within 120 days [14]. On February 24, 2026, VARA issued a circular detailing supervisory expectations for national Travel Rule compliance, backed by thematic inspections and audits [16][17]. In March 2026, counter-proliferation risk assessment became a distinct required component [14], and in June 2026, VARA published comprehensive business risk assessment guidance following a thematic review [17]. This iterative cycle—moving from inspection findings to circulars and rulebook updates—defines the core of VARA's supervisory model.

Enforcement is public and extends to both licensed entities and unauthorized operators (Table 3). The 2024 National Risk Assessment categorized virtual assets as high risk, and a 2026 assessment identified VASPs as the highest-risk sector [14]. Federal law penalizes unlicensed operations, imposing fines between 200,000 and 10,000,000 AED alongside penal sanctions, while empowering supervisory bodies to levy administrative fines from 10,000 to 5,000,000 AED per violation [14].

Table 3. Select VARA Enforcement Actions, 2025–2026

Date	Measure	Stated Grounds
Aug 2025	Fined Morpheus Software Technology; appointed special supervisor	Deficiencies in AML program, governance, and internal controls; unlicensed operations
Oct 2025	Fined 19 entities between 100,000 and 600,000 AED	Unlicensed operations; violations of marketing regulations
Jun 2026	Fined CoinMENA	Deficiencies in AML program execution
Jun 2026	Fined MEXC and KuCoin	Serving Dubai residents without a license; MEXC accepted users without mandatory KYC
Jul 2026	Fined Shelbit General Trading	Continued unauthorized service provision post-suspension

Source: Compiled from [14] and secondary sources; select fine amounts were not publicly disclosed.

4.4. Assessment and Observations

The model's strengths align directly with the analytical framework in Section 2.3: precise regulatory scope under a single accountable authority for Dubai; licensing deployed as a gatekeeping mechanism tied to personal management liability; rulebooks updated through visible supervisory feedback loops; early enforcement of Travel Rules and blockchain analytics; and extraterritorial enforcement reaching offshore platforms targeting domestic residents.

Conversely, critical weaknesses warrant careful examination. Nationwide, at least five separate supervisory authorities oversee virtual assets, creating jurisdictional fragmentation that the 2024 default registration agreement only partially resolves [14]. Furthermore, VARA's own 2024 and 2025 thematic inspections uncovered significant deficiencies in business risk assessments among licensed firms [14], demonstrating that market volume growth outpaced corporate compliance maturity. Finally, the finding in the National Risk Assessment that crypto assets were implicated in less than two percent of total money laundering cases [14] cannot be taken as proof of low actual prevalence, as detection capacity itself remains developing.

5. VIETNAM INTERNATIONAL FINANCIAL CENTRE: LESSONS LEARNED FROM VARA

5.1. Pilot Market and New AML Regulations

Resolution 05/2025 permits licensing within a pilot framework subject to strict entry conditions, including a minimum charter capital of VND 10,000 billion, while restricting pilot eligibility to enterprises incorporated under Vietnamese law [21][27]. The Ministry of Finance published licensing procedures on January 20, 2026 [26], receiving seven applications by early 2026, five of which met basic documentation requirements [28]. However, reports from late 2026 indicate that no entity has yet received a license, with the launch date of the first exchange dependent on applicant operational readiness [27].

The August 2026 amendments to the AML Law formally added crypto asset service providers to reporting entities, mandating suspicious transaction reporting (STR) to the State Bank of Vietnam and defining 15 specific suspicious indicators (such as structuring transactions to evade customer verification, rapid sequential deposits, trades, and withdrawals, or utilizing mixing services and anonymity-enhanced tokens), while assigning primary regulatory oversight to the Ministry of Finance and the Government Inspectorate [24]. Decree No. 284/2026/ND-CP established administrative penalties: maximum fines of VND 200 million for organizations and VND 100 million for individuals; VND 100–120 million for CDD or risk assessment deficiencies; VND 150–200 million for lacking internal compliance regulations; VND 180–200 million for organizing or facilitating money laundering short of criminal liability; and service suspension for 1 to 3 months [25]. Domestic retail investors trading on non-licensed platforms face fines of VND 30–50 million, though this rule applies only after the first licensed exchange becomes operational [27]. By approximate calculation, the VND 200 million fine ceiling is roughly two

orders of magnitude lower than the UAE federal ceiling of 5 million AED, highlighting a notable contrast in financial penalty scale despite jurisdictional differences.

Regarding international evaluation timelines, Vietnam remained on the FATF grey list during the June 19, 2026 review [3], with the next regional mutual evaluation scheduled for 2027 [29].

5.2. A Money Laundering Process and Control Points

To illustrate institutional chain dynamics, Table 4 models a hypothetical money laundering process. This is an illustrative construction created by the authors, not an actual case. The Vietnam column reflects solely provisions identified in reviewed legal texts.

Table 4. Illustrative Example: From Money Laundering Scheme to Control Points

Step	Control Point	Dubai	Vietnam (Reviewed Legal Texts)
1. Opening exchange account using borrowed identity	Customer Due Diligence (CDD)	Mandatory KYC from occasional threshold of 3,500 AED; EDD required	New law designates exchanges as reporting entities [24]; no licensed exchange operational yet [27]
2. Structuring funds into multiple orders	Transaction Monitoring	Daily aggregate monitoring from 3,500 AED; blockchain analytics	Transaction structuring explicitly listed as suspicious indicator in law [24]
3. Converting to stablecoins / unhosted wallets	Travel Rule; Privacy Token Ban	Ban on privacy tokens; EDD on unhosted wallets	Mixing services and privacy tokens listed as suspicious indicators [24]; detailed Travel Rule lacking
4. Transferring to offshore exchange	Counterparty Due Diligence	Prohibited from transferring to inadequately regulated counterparties	Detailed rules lacking; off-exchange trading penalties apply only after first exchange license [27]
5. STR filing and asset freezing	STR; Asset Freezing	goAML integration; asset freezing within 24 hours	STR filed with State Bank of Vietnam [24]; statutory freezing timeframe unspecified

Source: Constructed by authors based on [14], [16], [24], and [27].

Table 4 indicates that Vietnamese law accurately identifies key risk indicators; however, detecting these indicators requires both embedded transaction data and an operational licensed market through which data can flow.

6. DISCUSSION

6.1. Three Institutional Models

The question of whether Vietnam should establish a standalone specialized authority like VARA yields multiple structural options. Table 5 compares three institutional models: Singapore delegates licensing and supervision of digital payment token service providers to the Monetary Authority of Singapore (MAS) under the Payment Services Act 2019 [32]. Hong Kong, effective June 1, 2023, designated the Securities and Futures Commission (SFC) to license virtual asset trading platforms under the Anti-Money Laundering Ordinance [33]. Both integrate crypto asset regulation into existing financial regulatory bodies.

Table 5. Three Institutional Models for Crypto Asset Regulation

Model	Examples	Advantages	Risks
Dedicated Standalone Authority	VARA (Dubai)	Concentrated expertise; rapid responsiveness; single regulatory point	Fragmentation with other agencies; commercial pressure to attract firms
Integrated into Existing Regulator	MAS (Singapore); SFC (Hong Kong)	Leverages existing organizational machinery; consistency across financial sectors	Potential lack of deep blockchain technical focus without dedicated units
Hybrid Model (Current Vietnam)	Ministry of Finance, VIFC Supervisory Authority, State Bank of Vietnam	Fits unitary state structure; suited for controlled sandbox testing	Overlapping jurisdiction; dual reporting burdens; divergence between sandbox and pilot market

Source: Compiled by authors from [14], [20], [24], [32], and [33]; Singapore and Hong Kong details subject to primary statutory verification.

From this comparison, this study argues that what Vietnam should adopt from Dubai is not its organizational form, but its four essential functions: a single accountable regulatory authority for each enterprise, gatekeeping licensing that verifies technical capacity, a living rulebook updated through regular feedback, and a unified data channel. These four functions can be integrated into Vietnam's current hybrid model without creating a new administrative body.

6.2. Lessons for Vietnam International Financial Centre

Lesson 1: Establish a single supervisory authority for AML per entity. Dubai demonstrates the value of clear regulatory scope, though national multi-agency overlap required federal registration agreements [14]. In Vietnam, VIFC, the Ministry of Finance, and the State Bank of Vietnam all hold regulatory roles [20][24]. Applying the principle of "one license, one AML supervisor, one reporting channel" is vital to prevent duplicate reporting and regulatory arbitrage between the Da Nang sandbox and national pilot markets.

Lesson 2: Licensing must serve as a capacity gate, not merely a capital filter. Dubai rigorously audits compliance officers and mandates third-party policy certification [14]. Vietnam's pilot market relies heavily on high charter capital thresholds [21][27]. While substantial capital protects solvency and filters out weak firms, it cannot detect a suspicious transaction. Vietnam should introduce requirements for certified compliance personnel, independent AML program audits, blockchain analytics tools, and cybersecurity certifications.

Lesson 3: Maintain a living rulebook with rapid feedback loops. VARA progressed from its 2023 regulations to Rulebook 2.0 in 2025, subsequently issuing circulars driven by inspection findings [14][17]. Because VIFC's Executive Council possesses statutory authority to issue operational regulations and licensing standards [20], VIFC can establish a similar living rulebook supported by periodic reviews and thematic audits.

Lesson 4: Operationalize Travel Rules and blockchain analytics from inception. The 15 suspicious indicators in Vietnam's amended law are valuable, but detectable only when originator, beneficiary, wallet address, and counterparty data are captured (Table 4). Dubai enforces daily aggregate thresholds, bans privacy tokens, and mandates EDD on unhosted wallets [14][16]. VIFC should mandate equivalent standards for licensed entities from day one of operations.

Lesson 5: Treat AML as shared data infrastructure. Dubai unified reporting through goAML despite supervisory distribution, with the FIU integrating specialized crypto tracing software [14]. VIFC should establish a single-window data portal where regulatory filings are submitted once and accessed simultaneously by supervisors, the FIU, and authorized banks under strict access controls. As in digital customs, institutional value stems from data interoperability, not electronic form volume.

Lesson 6: Deploy public, tiered enforcement leveraging licensing powers. VARA publicly penalizes both licensed firms and unauthorized offshore platforms serving residents, extending liability to individuals [14][15]. Vietnam's administrative fine ceiling is comparatively low (Section 5.1). Consequently, statutory deterrence must rely on license suspension, revocation, executive disqualification, public naming, and criminal referral rather than monetary fines alone. Furthermore, because penalties on off-exchange trading apply only after the first licensed exchange launches [27], every month of licensing delay is a month where regulatory jurisdiction remains unenforceable.

Lesson 7: Sequence implementation and measure by outcome indicators. Dubai expanded to 56 licenses while business risk assessment deficiencies persisted [14], demonstrating that market expansion must not outpace supervisory capacity. Vietnam's measured approach is sound, but must be guided by objective performance metrics (Section 6.4).

6.3. What Not to Copy

Four practices from Dubai should be avoided. First, defining scope strictly by geography; Vietnam must define scope by activity to prevent regulatory arbitrage. Second, commercial incentives to attract firm volume; if VIFC competes on license quantity, supervisory rigor will be

compromised. Third, using license count as a primary metric of success, as it reflects market size rather than AML quality. Fourth, directly comparing administrative fine levels, given fundamental differences in legal traditions and statutory ceilings. VIFC cannot unilaterally impose fines exceeding national statutory caps.

6.4. Six-Component Framework and Indicator Set

Based on these lessons, this study proposes a six-component framework for VIFC: (1) formal legal instrument delineating AML responsibilities among VIFC, the Ministry of Finance, the State Bank of Vietnam, and public security agencies; (2) licensing criteria assessing operational AML capacity alongside capital; (3) VIFC regulatory rulebook issued by the Executive Council with mandated revision cycles; (4) immediate Travel Rule, wallet screening, and blockchain analytics obligations; (5) unified reporting and data portal integrated with the FIU; (6) tiered enforcement, including measures against unlicensed foreign platforms targeting residents. Regulatory effectiveness must be evaluated by outcomes. Table 6 outlines proposed annual key performance indicators.

Table 6. Proposed Result Indicators for VIFC

Domain	Indicator	Analytical Significance
Licensing	Median processing time from complete application to decision; percentage of entities with independent AML program audits	Quality of gatekeeping
Reporting	STR volume per entity; percentage of STRs containing complete wallet and counterparty data	Data quality and utility
Travel Rule	Percentage of transactions compliant with full originator/beneficiary data	Regulatory coverage
Asset Freezing	Median time elapsed from freezing order/list publication to execution	Supervisory response speed
Supervision	Percentage of entities subjected to risk-based onsite inspections annually; median remediation timeframe	Supervisory oversight scope
Enforcement	Number of enforcement actions against licensed vs. unlicensed entities; percentage publicly disclosed	Regulatory credibility

Domain	Indicator	Analytical Significance
Regulatory Scope	Estimated percentage of domestic resident trading volume handled by unauthorized platforms	Market leakage rate
Inter-agency	Number of formal information exchanges between agencies within statutory timeframes	Inter-agency data velocity

Source: Proposed by authors.

6.5. Theses for Further Research

The foregoing analysis yields four testable research hypotheses for future empirical study upon supervisory data availability: Thesis 1: Jurisdictions utilizing shared data reporting channels exhibit significantly shorter timeframes from detection to asset freezing. Thesis 2: Licensing gatekeeping based on compliance officer capacity yields higher-quality STRs than gatekeeping based solely on charter capital. Thesis 3: Where administrative monetary fines remain below the economic gains of non-compliance, compliance rates depend primarily on license suspension, revocation, and individual executive liability. Thesis 4: Market growth outpacing supervisory expansion increases systemic deficiencies in enterprise risk assessments, as observed in Dubai [14]. All four theses represent author-formulated hypotheses requiring future empirical verification.

7. CONCLUSION

Dubai's experience demonstrates that a specialized regulatory authority can provide an AML regime for crypto assets with a single point of accountability, an effective entry gate, and a responsive feedback loop. However, it also illustrates that this model does not eliminate all vulnerabilities: regulatory fragmentation persists, enterprise risk assessment capabilities lag behind regulatory mandates, and overall AML effectiveness remains difficult to prove empirically.

Vietnam has achieved significant foundational progress in this domain. Between September 2025 and September 2026, Vietnam enacted legislation establishing a pilot market, VIFC, and an updated AML legal framework. The remaining tasks are institutional rather than purely legislative: determining designated AML supervisory authority within VIFC, evaluating operational capacity during licensing, establishing seamless data flows from entities to supervisors and financial intelligence units, and enforcing regulations publicly. The strategic sequence proposed by this paper is summarized as: Clear Regulatory Scope → Capable Entities → Superior Data Quality → Credible Enforcement → Trusted International Market. For a nation aiming to exit the FATF grey list and build a world-class international financial centre, every link in this chain is vital to institutional reputation.

Dubai's VARA model is not a blueprint to be copied indiscriminately, but it offers foundational principles of high reference value for VIFC: supervisory specialization, risk-based regulation, and early internalization of FATF standards (particularly the Travel Rule) during sandbox testing. As a latecomer, Vietnam possesses the advantage of learning from both VARA's successes and its shortcomings to design an AML/CFT framework tailored to its institutional context and domestic data infrastructure. Rather than enacting general provisions while awaiting implementing circulars, VIFC should proactively pilot concrete risk management mechanisms, establishing the groundwork for broader national deployment as Vietnam's crypto asset legal framework reaches full maturity.

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