ABA Chairman's New Year Message

I sincerely and warmly wish all ABA members, friends, and readers of the ABA Newsletter a very Happy New Year. May you achieve all the goals that you have set for yourself in the incoming year.

I certainly look forward to 2020 as I embark on my second year as ABA Chairman. As we learned from the discussions at last year's highly successful 36th ABA General Meeting and Conference that was excellently hosted by the Philippine National Bank in Makati, Philippines, we are seeing profound and complex changes in the economic and financial landscape. World economic growth has remained in the positive territory, yet it has been weighed down by factors such as sluggish international trade and investment, rising protectionism, and the continuing trade war between major economies such as the US and China. Moreover, the global economy is becoming increasingly digitalised, and some of the emerging technologies have the potential to be truly transformative, even as they pose new challenges.

I therefore reiterate the call I made during our Conference in November last year on the importance of business networking to encourage greater interaction among individual bankers and banking sectors in the Asian region. We need to help each other to address challenges on the basis of consultation and coordination and pursue common development. We need to share insights, build consensus and contribute to promoting development and prosperity in Asia and the world.

I am therefore counting on your continued support and would like to call on you to play an active part in our efforts to make the ABA play a greater role in advancing the interest of the region's banking industry. I certainly look forward to seeing all of you in Negombo, Sri Lanka during the 37th ABA General Meeting and Conference this year, for another opportunity to share views on new and effective strategies to achieve regional growth and cooperation, thereby making ABA a truly regional organization.

Wishing you the best of health, prosperity and happiness in the New Year!

Jonathan Alles

ABA Chairman

ABA ASIAN BANKERS ASSOCIATION

Table of Contents

Table of Contents

General Meeting and Conference

ABA Planning Committee Meeting on February 28, 2020 in Negombo, Sri Lanka

ABA members are invited to attend the ABA Planning Committee Meeting to be hosted by Hatton National Bank (HNB) on February 28, 2020 in Negombo, Sri Lanka

To be chaired by ABA Chairman Mr. Jonathan Alles, Managing Director and CEO of HNB, the meeting will have the following primary objectives:

1. To discuss preparations for the 37th ABA General Meeting and Conference tentatively scheduled sometime in November 2020 in Negombo. Discussions will focus on the final dates and venue of the Conference, theme and topics for the Conference, suggested format and program, possible line-up of speakers, and other related matters.

2. To review the progress of activities under the ABA Work Program for 2020-2021, including those in the area of policy advocacy

Further information on the meeting – exact venue, annotated updated agenda, discussion papers, hotel booking procedure, etc. – will be sent to members as soon as they confirm their attendance.

Members are requested to already pencil in the meeting date into their February 2020 calendar of events. The ABA counts on members' participation for the successful outcome of this important meeting. Members valuable inputs on how the ABA in 2020 annual gathering productive and meaningful for all members would be most appreciated.

Request for Suggestions on Theme and Topics for 37th ABA GM & Conference

In preparation for the 37th ABA General Meeting and Conference to be hosted by Hatton National Bank (HNB) in the latter part of 2020 in Negombo, Sri Lanka, members of the ABA Planning Committee will meet on February 28, 2020 to discuss the Conference Program, including the theme and topics for the Conference, the program format, and possible speakers, among others.

In this connection, members are requested to submit their suggestions on issues which they think are of current concern to members and the banking sector of the region as a whole, and should be discussed by members during the 2020 Conference. Please contact the ABA Secretariat via e-mail address at aba@aba.org.tw.

Policy Advocacy

Request for Nominations for Representatives in the ABA Policy Advocacy Committee Meeting

As part of efforts to further strengthen the policy advocacy work of the Asian Bankers Association (ABA), members are requested to nominate representatives to the ABA Policy Advocacy Committee.

The Policy Advocacy Committee was created by the ABA Board of Directors in 1999 to discuss, develop and advocate positions to be taken by the association on policy issues affecting its members and the banking industry in general.

Since its creation, the Committee has done considerable work in several areas, including (a) local currency bond market development; (b) the development of domestic credit rating agencies; (c) the Basel II Framework; (d) promoting regional convergence toward IFRS; (e) insolvency law and informal workouts; and (f) corporate governance; (g) financial inclusion and microfinance; (h) credit reporting systems; (i) global financial crisis, (j) lessons from the sovereign debt issue in Greece; (k) the Basel III Framework; (l) disaster-preparedness and recovery; (m) FATCA implications; (n) promoting financial literacy; and (o) promoting organizational transformation. Through these, the ABA was able to make significant contributions to the work of regional and international policy-making and regulatory bodies.

During its most recent meeting in Makati, Philippines held in conjunction with the 36th ABA General Meeting and Conference on November 14-15, 2019, the ABA Policy Advocacy Committee exchanged views on other possible policy areas to explore in its future work to be included in the 2020 Work Program of the Committee. Among others, it was tentatively agreed to further explore the LIBOR transition after 2021, as well as issues relevant to financial innovation and regulations or fintech and regtech.

Members' suggestions will be considered by the ABA Policy Advocacy Committee during its meeting to be held on February 28 in conjunction with the ABA Planning Committee Meeting in Negombo, Sri Lanka.

ABA Policy Advocacy Committee Endorses Various Position Papers at its November 2019 Meeting

The ABA Policy Advocacy Committee held its second meeting for 2019 in conjunction with the 36th ABA General Meeting and Conference on November 14-15 in Makati, Philippines during which member banks and ABA Strategic Partners presented a number of papers on various policy issues of current concern to ABA members.

These papers included the following:

1. A paper on "***LIBOR Transition to Alternative Reference Rates***" – Presented by Mr. Oliver Hoffmann, Managing Director, Head of Asia, Erste Group bank AG, - identified some problems with LIBOR, including: (a) Classic conflict of interest – parties determining LIBOR were also users/ consumers of the same; manipulation during financial crisis, leading to to banks paying billions of dollars of fines and people going to jail; (b) Declining liquidity in unsecured interbank markets – since the financial crisis, banks have reduced their interbank funding LIBOR borrowings; (c) Small number of actual interbank trades

Policy Advocacy

and potential legal liabilities makes providing LIBOR submissions unattractive for banks; For now, the remaining 20 panel banks have agreed to continue their LIBOR submissions through 2021, but the UK Financial Conduct Authority (FCA) will not compel banks to submit LIBOR quotes thereafter

The paper pointed out key challenges and potential solutions, such as: (a) No RFR Term Rates yet – overnight rates used for long time already e.g. in Overnight Index Swaps (OIS) or U.S. bank loans based on Prime Rate; forward-looking term rates derived from RFR derivatives should develop, current preferred option is compounded setting in arrears under reference to average rate over interest period; (b) No Credit Spread – additional compensation needed with RFR, current preferred option is spread adjustment using historical mean/median over 5 – 10 years lookback period; (c) Fallback Language – current fallback language in most contracts not sufficiently robust to address permanent cessation of LIBOR, potential litigation risk; differing fallback language between derivatives and cash products can impair hedging effectiveness and give rise to valuation swings. All legacy documents should be reviewed to understand existing fallback language and amendment flexibility. New or amended documents should use new reference rates or include a mechanism that facilitates the transition from LIBOR to a replacement rate; and (d) Potential mismatch of payments, e.g. asset switches to SOFR and liability to last LIBOR or switch occurs at different points in time or to two different RFR

The paper outlined some measures that banks in Asia should and can do, including: (a) Perform assessment of LIBOR exposure & consider reduction through transition to RFR; (b) Familiarise with RFR product conventions and ensure systems & processes can support RFR; (c) Review contractual terms and prepare for potential re-pricing of reference rates and/or amendments to fallback language; (d) Assess potential tax & accounting implications; and (e) Seek dialogue with LIBOR-linked counterparties; while for derivative contracts, consent is in hands of ISDA who will provide protocol procedure, for cash products (unanimous) consent needs to be negotiated between borrowers/issuers and lenders/investors

2. A paper on "***Experience of Iran in Islamic Banking***" – Presented by Mr. Mostafa Beheshti Rouy, Member of the Board of Director of Bank Pasargad, the paper identified the challenges of Islamic Banking in Iran and provided some recommendations.

The paper noted that despite improvements in Islamic banking in Iran over the last decade, there are still some obstacles for sound implementation of all Islamic banking criteria. These challenges, and the proposed related solutions, include:

- It is now absolutely necessary to revise the Law for Usury (Interest) Free Banking Law. Iran's Usury-Free Banking Law was formulated at a time when there were no private banks in the Iranian banking system, complexity of some Islamic contracts, lack of Islamic interbank market in the law, insufficient attention to international Islamic standards and new modes of mobilization and allocation of resources. No major revision has been made to the Usury-Free Banking Law after passing of more than 36 years.
- The Central Bank of Iran as the monetary policy maker is facing difficulties due to Islamic banking criteria in determining the rates for fixed-income Islamic contracts and for interfering in the market mechanism. Therefore, it is now necessary for the Money and Credit Council (monetary policy maker body) to allow the supply and demand forces to determine the "banks' rates".
- With regards to high tendency of Iranian banks toward profit-sharing modes of financing rather than fixed-income contracts, the following measures are presently required:
  i. As the Musharaka contracts have larger share in the banks, the supervision on these contracts must be enhanced.
  ii. Not setting the rates by the Monetary and Credit Council for fixed-income Islamic contracts can reduce the share of Musharaka contracts in the market, which in turn limits the need for more supervision.
- In reality, all Iranian banks' branches abroad practice conventional banking and observe regulations of the host countries. We now need to establish true Islamic banking branches in each and every country in order to promote and maintain Islamic banking regulations at international level.
- There is insufficient interaction between Iranian banks and Islamic banks based in other countries. This is not acceptable in today's world and needs to be remedied.

Policy Advocacy

Proper interaction and enhanced correspondent banking relations between Iranian banks and banks in other Islamic countries such as Malaysia, Pakistan, Saudi Arabia, Qatar, Bahrain, Oman, Kuwait as well as Islamic department of conventional banks needs to be promoted in future. Additionally, active participation in Islamic banking bodies can contribute to Iran's Islamic banking system.

- More attention needs to be paid to transparency, compliance and other international banking standards (both Islamic and conventional) in the Iranian banking system in order to erode doubts and uncertainties.
- Further and continuous training of their personnel in Islamic banking and more significant investment in research and product development is a necessity and should be pursued more vigorously by both the Central Bank of Iran as well as all Iranian banks. More particularly, we need to improve and upgrade the curriculums in our universities and assist them by funding research projects and attracting better faculties.

3. A paper entitled "***Furthering the Imperatives to Strengthen AML/CFT in Asia***" - Presented by Mr. Shirish Pathak, Managing Director, Fintelekt Advisory Services Pvt Ltd, the paper noted that over the past year, many countries in the Asia region have undergone the mutual evaluation process, some emerging with more effective outcomes than others. At a global level, there is greater recognition of the consequences of a country being included in the list of FATF monitored jurisdictions (commonly known as the grey list). Banks in these countries have to face a number of challenges such as sanctions by other countries sanctions by other countries, de-risking by correspondent banks and restrictions on remittances and trade.

Newer areas of risk and vulnerabilities are emerging continuously globally and indeed for the region. Banks are expected to keep updating their frameworks and processes to reflect these new areas of risk and proactively respond to them. Meanwhile, regulatory expectations around AML compliance have continued to evolve - especially around improvements in the quality of reporting (as compared to mere increase in quantity of suspicious transaction reports filed) and an exhaustive coverage of patterns and typologies. Banks are increasingly expected to play a partnership role in the broader eco-system whether in terms of information sharing for prevention of trade-based money laundering, or detection of terrorist activities, demanding an ever-deepening understanding of risks not just by compliance staff but across the board.

The paper highlighted three key themes of relevance to AML/CFT compliance, namely, Cost, Risk and Innovation.

a. Cost: Various surveys on the 'cost of compliance' have shown an upward trend in the resources deployed and investments made by banks in meeting compliance demands not only by regulators, but also by correspondent banks. This is expected to continue over the next few years likely creating a dent in profitability for banks. The impact is likely to be higher and arguably disproportionate for smaller banks that do not have the advantage of scale.
b. Risk: While compliance costs are skyrocketing, risks and vulnerabilities - systemic risks such as cybercrime or counterparty risks, as well as specific AML/CFT risks such as professional money laundering, human and wildlife trafficking - continue to expand rapidly. Besides the fear of monetary penalties owing to non-compliance with AML, sanctions or proliferation financing guidelines, the legal and reputational damage may be stifling for banks.
c. Innovation: The rapid ascend of digitalisation in the region is creating competitive pressures on banks to innovate across all areas of banking operations. Compliance is not untouched by these developments, as regulators are encouraging banks to try innovative approaches to AML compliance. While this may appear to be a win-win situation for banks and regulators, there are pitfalls to reckless experimentation as regulators expect innovation with a sharp focus on maintaining audit trails and complete transparency.

In response to these three themes, the paper highlighted some good practices of banks at the forefront of AML/CFT compliance in the region, in line with current regulatory expectations: (a) By improving the quality of data across the organisation, banks can leverage newer technologies, especially regulatory technology (RegTech)-led solutions more efficiently and reduce costs significantly; (b) Frequent updation of customer profiles can allow banks to stay abreast of organisational risks; (c) Investments in capacity building not just for AML compliance staff but across the organisation to make AML/CFT compliance a part of the organisational

Policy Advocacy

culture; and (d) Incorporating machine learning or artificial intelligence capabilities allow banks to move from rule-based to pattern-based detection of suspicious activities, supplementing the compliance staff's abilities and provide greater efficiencies.

4. A paper entitled "***Promoting and Actualizing Blended Finance in Asia and the Pacific***"— Presented by Mr. Noel Verdote, Head of Association of Development Financing Institutions in Asia and the Pacific ADFIAP Finance and Investment Center (AFIC), the paper noted that blended finance is emerging as a critical tool in financing initiatives and activities that contribute to the delivery of the sustainable development goals (SDGs), particularly in developing countries. It defines blended finance as the strategic use of development finance – including concessional funding and funds from philanthropic sources and capital markets – for the mobilization of additional finance to increase private sector investment towards achieving sustainable development goals in developing countries.

In this regard, the paper proposes that a blended finance facility for the Asia-Pacific region (BFFAP) be set up in partnership with the ABA, stressing that it is a timely initiative envisioned to provide countries in the region with financial support and technical advisory for their SDG projects and programs as well as a regional platform for knowledge exchange. Financing at a regional or at a scaled-up level will lead to systemic and more significant impacts and outcomes. Further, a regional facility such as the BFFAP can leverage a wider source of capital by accessing available financing in different countries. The BFFAP aims to partner also with philanthropic institutions and other financial institutions, including commercial banks, and "crowd-in" private sector investment to help countries meet their SDGs.

The paper states that the proposed BFFAP can focus on specific SDG priority projects that: (a) address issues that are interconnected or have direct regional impact such as forest fires or marine litter, (b) issues that are being experienced across the region like extreme weather events, or (c) most pressing local issues. A blended finance facility for Asia and the Pacific will address financing, and knowledge and technology gaps. This will also facilitate financing of pioneering, catalytic, and transformational investments in risky sectors while ensuring the realization of the triple bottom line.

Training and Education

4th of the AML/CFT Webinar Series 2019 successfully held on December 4th

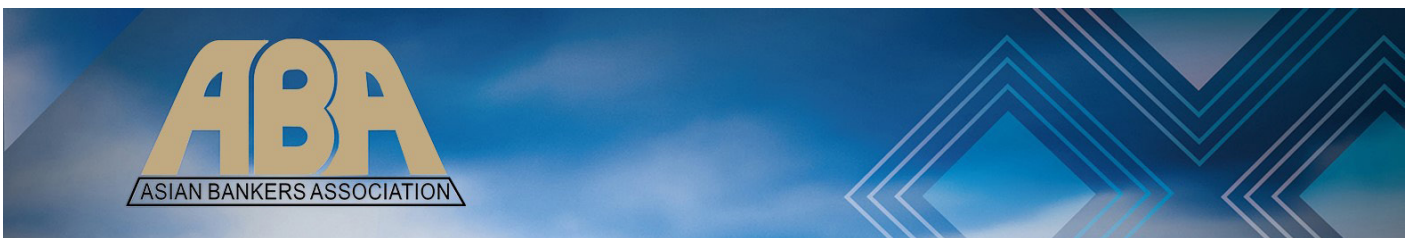
The fourth of the AML/CFT Webinar Series 2019 jointly organized by ABA and Fintelekt Advisory Services was successfully held on December 4, 2019. Focusing on "New Payment Systems and Inherent AML Risks", the webinar drew the interest of 176 bankers from 18 countries and territories from all over Asia who registered for the one-hour session.

During the webinar, Arpita Bedekar, Director – Marketing, Fintelekt Advisory Services was in conversation with Russell Wilson, Special Counsel, Maddocks and Non-Executive Director, Transparency International, Australia on how financial institutions can utilize technology to strengthen safeguards against ML/TF in real time payments as well as discussed the expectations from regulators and banks concerning the evolving payment system.

The other expert speaker was N.M. Eftakharul Alam Bhuiya, Head Legal and Compliance, and Company Secretary, Nagad, Bangladesh, who discussed the necessity of financial inclusion to achieve a successful payment system.

The speakers also elaborated on the role regulators play in the emerging payment system and the ways to approach its implementation. Other issues discussed were challenges of oversight and supervision given the risk inherent in the global market.

The video presentation of the webinar can be accessed in the ABA



Training and Education

Youtube channel, as well. Registered participants were invited to answer the Review Test in order to receive a Certificate of Participation.

Speakers Profile

Russell Wilson, Special Counsel, Maddocks and Non-executive Director – Transparency International Australia

M. Eftakharul Alam Bhuiya, Head of Legal & Compliance and Company Secretary, Nagad, Bangladesh

Short-Term Visiting Program to be Hosted by Fintelekt in Mumbai on February 27 - 28

ABA Members are invited to participate in the ABA Short-Term Visiting Program on "Making AML/CFT Top Priority for Banks" to be hosted by Fintelekt Advisory Services in Mumbai, India on February 27-28, 2020.

The objectives of this program are to (a) provide a strategic understanding of emerging risk factors in AML/CFT; (b) provide an understanding of regulatory developments in Asia and around the world; (c) learn about latest trends in technology usage and innovation in AML/CFT monitoring; (c) benefit from the experiences of large banks in India.

By attending the two-day program, members will have the opportunity to: (i) enhance and upgrade their management skills and knowledge in the area of anti-money laundering and countering the financing of terrorism, and (ii) gain first-hand knowledge of the procedures and learnings of the AML/CFT compliance departments of leading banks in India.

There is no participation fee for ABA bank members. However, non-member banks will be charged a participation fee of US$ 200 per person.

All participants shall cover their airfare, hotel accommodation, local transport, airport transfers and meals.

The proposed venue for the program is Hotel Orchid, Mumbai, India (https://www.orchidhotel.com/mumbai-vile-parle/).

Suitable accommodation options around the area will be suggested by Fintelekt upon registration. Participants are advised to book hotel rooms at rates inclusive of breakfast, wi-fi and airport transfers.

The topics includes (a) Emerging Risk Factors in AML/CFT & Impact on Banks; (b) Regulatory Evolution and Key Developments around AML/CFT; (c) Best Practices in Building an AML/CFT Governance Framework; (d) Balancing Business and Compliance Priorities in the Organisation; (e) Use of Technology and Innovation in AML/CFT

News Update

Ex-Currency Diplomat Tapped to Lead ADB

Former Vice Finance Minister for International Affairs Masatsugu Asakawa has been selected as the new president of the Asian Development Bank, the organization said.

On January 17, the former top currency diplomat will succeed Takehiko Nakao, who has led the ADB since April 2013. Asakawa's tenure will run through November 2021.

The appointment of Asakawa, the sole candidate, was formally approved by the Manila-based development bank's 68 members.

The 61-year-old will be the 10th ADB chief. Since its establishment in 1966, the ADB's top post has traditionally been held by a Japanese representative, as Tokyo is the biggest financial contributor to the bank, along with the United States.

News Update

Grab, Singtel Team Up on Singapore Digital Bank License Bid

By Chanyaporn Chanjaroen, Yoolim Lee, and Saket Sundria

Grab Holdings Inc. is partnering with Singapore Telecommunications Ltd. to apply for a full digital banking license, jumping aboard a Singapore government initiative to attract technology firms into its financial sector.

A Grab entity will own a 60% stake in the consortium that will apply for the bank license in Singapore, while the telco known as Singtel will hold the rest, according to a joint statement. The consortium plans to set up a digital bank targeting so-called digital-first consumers, as well as small and medium enterprises that lack access to credit.

The move teams one of Southeast Asia's largest operators of online businesses from finance and car-hailing with Singapore's largest telecommunications firm. The Monetary Authority of Singapore unveiled plans this year to grant as many as five virtual bank licenses to boost competition and innovation. Of these, two will be full bank licenses and three wholesale licenses limited to serving corporate clients only -- the first category requires capital of S$1.5 billion ($1.1 billion), the second S$100 million.

Southeast Asia's digital lending market is expected to more than quadruple to $110 billion by 2025, according to a report by Bain & Co., Google and Temasek Holdings Pte. Bids for the new virtual licenses are due by the end of the year. Several other groups have expressed interest in joining Singtel and Grab in applying, including billionaire Alibaba founder Jack Ma's Ant Financial, gaming gear-maker Razer Inc. and Oversea-Chinese Banking Corp. Singtel's shares climbed as much as 0.9% Monday in light trade.

Efforts to open up the Singapore banking industry to technology companies come on the heels of a similar move in Hong Kong, where Ant and Chinese competitors including Tencent Holdings Ltd. obtained licenses earlier this year.

For Grab, a digital banking business complements its growing suite of services built atop a ride-hailing platform that's expanding regionally. Its advantage over other non-bank companies is an existing share of online payments built up under the GrabPay brand from ride-sharing users and local merchants.

Grab doesn't disclose the number of users -- which include many for food delivery -- but said its app has been downloaded onto more than 166 million mobile devices in Southeast Asia.

The company, which started out as a taxi booking app in Kuala Lumpur in 2012, has sought to forge closer ties to Singapore. It's moved its base to the city and taken other steps to polish its local credentials. In March, it announced a new headquarters building in the city, and Chief Executive Officer Anthony Tan revealed plans to double local staff to 3,000.

Grab has expanded into financial services across Southeast Asia in partnership with 60 financial institutions including United Overseas Bank Ltd. in Singapore and Malayan Banking Bhd. in Malaysia. It set up the Grab Financial Group in 2018, which, among other things, provides digital payments services and personal loans. It also launched a numberless card with Mastercard and plans to start wealth management services next year.

Singtel has delved deeper into financial services as growth in its core telecoms business plateaus in an uncertain economy. The company swung to a net loss of S$668 million in the quarter ended September, due to an exceptional item related to Bharti Airtel Ltd.

The carrier's been offering its own mobile payments service in cooperation with regional associates, including in Thailand. Users can pay via its Dash app when traveling wherever Dash's partners are located. The app can also be accessed through Apple Pay. Digital banking is a natural extension of the company's existing mobile financial services, said Arthur Lang, CEO of Singtel's International Group.

"We want to fundamentally change the way consumers and enterprises bank," he said.

Bloomberg

News Update

Tokyo, Beijing, Seoul up ASEAN Banking Ties

Government-backed development banks of Japan, China and South Korea have signed an agreement with public and private financial institutions in Southeast Asia to meet increasing demand for infrastructure projects in the fast-growing region.

The Japan Bank for International Cooperation, the China Development Bank and the Korea Development Bank have established the ASEAN-plus-Three Inter-Bank Cooperation Mechanism in response to the strong financial need in the Association of Southeast Asian Nations, according to the JBIC.

The program aims to "provide financial support based on the global standards such as openness, transparency, economic viability, debt sustainability, and compliance with laws and regulations for the development of the region," the JBIC said.

"Such financial support will benefit the country where the project is located and the origination of bankable projects, and thus lead to sound development of the entire region," it said.

Such assistance would also promote economic integration and connectivity in the 10-member ASEAN.

The deal was stuck on the sidelines of a summit involving leaders of Japan, China, South Korea and ASEAN in November 2019 on the outskirts of Bangkok.

The ASEAN participants include PT Bank Mandiri (Persero) Tbk. Of Indonesia, Canadia Bank PLC of Cambodia and DSB Bank Ltd. of Singapore.

Japan Times

Newly-Appointed Head of Asia for EFMA Visits ABA Secretariat

Mr. Lincoln Teo (center), who was recently appointed Head of Asia Pacific for EFMA (European Financial Management Association) following the retirement of Mrs. Wai Ling from the position, visited the ABA Secretariat on January 10, 2020 and met with ABA Secretariat executives led by Deputy Secretary Mr. Amador Honrado Jr (right). The two sides updated each other on their respective upcoming activities and exchanged views on how their two organizations can further strengthen their working relationships through more collaboration, particularly in the area of training and holding of joint events for their members.

Special Feature

Blockchain in Financial Services: Not Yet Plug and Play

By Tom Fuhrman
Managing Director, Cybersecurity Consulting and Advisory Services for Marsh Risk Consulting

As a data management and storage technology, blockchain quickly caught the attention of the financial sector because of its transformational potential.

Investment ramped up rapidly and steadily. Tech market intelligence firm IDC forecasted that worldwide spending on blockchain in the financial sector alone would reach nearly $2.9 billion for 2019, with overall annual global blockchain spending expected to reach $12.4 billion in 2022.

As the early-days exuberance fades, the experiences of recent blockchain trials in the sector have both revealed several inherent implementation challenges and created a growing blockchain-skilled workforce that is prepared to tackle them.

The Big Compelling Advantage

As with other transformational technologies, moving from proof-of-concept to pilot projects to enterprise-grade solutions is not easy. Blockchain as a technology has a relatively narrow application. As a database, blockchain is limited, resource intensive and slow.

But blockchain does one thing well: It enables all the participants to work from a single validated, immutable, and auditable version of a common data set at all times, and this alone may offer compelling structural improvements and operational efficiencies in certain functions.

Collaboration Is Essential

Blockchain is, first and foremost, a group solution — i.e., the members of a group of generally independent entities must commit to working together in both the implementation and the operation of a common blockchain solution to serve their mutual interests.

This cross-organizational collaboration is difficult in practice and may be the greatest roadblock to successful blockchain implementation.

The common solution is an IT system that must be implemented by each member of the group. This usually requires the blockchain to be knitted into the fabric of legacy infrastructure, systems and process and can involve significant IT and business process transformation at each of these independent enterprises.

Cybersecurity Is a Challenge

While it's true that blockchain provides a way of increasing data security, blockchain is fundamentally a software technology, and software weaknesses make up the lion's share of exploitable vulnerabilities in networks and systems today.

Errors or vulnerabilities in the blockchain protocol or in smart contracts could directly undermine the integrity of the blockchain itself.

Further, because of the need for businesses to interact with the data, to add new data and to access and process it, the usual tough security challenges of authentication of identity and overall management of access controls are just as important for the blockchain as they are for other systems.

Another critical challenge is developing enduring governance mechanisms, which address questions such as: How is a cross-organizational operational software system to be managed? How are major strategic and operational decisions to be made? How are costs to be shared? How are the identities and privileges of the participants to be established and managed?

Blockchain governance calls for a formal structure and set of processes that are agreed to by all members of the group, which can be quite a thorny issue.

Data Privacy Risks

Blockchain's enterprise risks must be identified early and managed throughout the life of the system.

If the blockchain deals with the cross-border transfers of funds, it may be subject to know your customer and anti-money laundering regulatory regimes. This obligation may affect participants differently depending on their roles in the sector.

Additionally, data that is stored on a blockchain may be subject to state, national or international data privacy laws and regulations. There is uncertainty about how data privacy laws will be interpreted with respect to data that is distributed to multiple parties in multiple jurisdictions, which is inherent in

distributed ledger technology (DLT).

A recent study on blockchain and GDPR published by the European Parliament noted that there is "a significant tension between the very nature of blockchain technologies and the overall structure of data protection law" and suggested that compliance with GDPR in the blockchain context be determined on a case-by-case basis.

Similar factors may affect compliance with the California Consumer Privacy Act and other data privacy regimes.

An important step in the mitigation of compliance risks is to build compliance into the blockchain architecture from the start and, where possible, to invite participation from the regulators in its design, implementation and operations.

Insurance Considerations

The existing insurance programs of the participating organizations may not contemplate the risks that could arise due to blockchain's peer-to-peer data sharing and processing. The cross-liability coverage commonly incorporated into commercial general liability policies may be adequate to address multiparty risks among the blockchain participants in most cases.

However, gaining a strong understanding of the cross-liability, joint liability and the joint-and-several liability issues that may arise will inform risk transfer decision-making, as well as the structure of agreements governing the relationship of the parties within the blockchain group.

In addition, all in-place insurance coverages, including the financial and professional lines coverages, should be reviewed and revised as needed to capture the potential exposure arising out of the blockchain implementation of any new technology.

Not Yet Plug and Play

Although there are many blockchain infrastructure platforms and resources available, blockchain is not yet plug-and-play.

Every blockchain adopter today is a pioneer.

For executives considering an investment in blockchain, the first step is to define the right use case. This should be a process of identifying the best solution for a business need and not one of finding a problem for blockchain to solve. Key gating questions include: Is the function to be supported by an enduring part of our business model? Is it inherently a multiparty function for us, our customers and market partners? Is a group ledger a core requirement?

Strong affirmative answers suggest that blockchain may be a viable design choice, but emerging alternative DLT concepts should also be considered.

For those enterprises that adopt blockchain, understanding and managing the risks associated with this new technology are critical for the health of the business. While the perils are not unique — including technology failure, data breach, data or platform corruption, compliance failure — the potential losses and liabilities are less well-understood than those of traditional technologies, meaning that risk identification and management should be given early and sustained attention when implementing blockchain technology.

Brink

About the Author

Tom Fuhrman
Managing Director, Cybersecurity Consulting and Advisory Services for Marsh Risk Consulting

Tom Fuhrman is a Managing Director at Marsh Risk Consulting, Marsh & McLennan, where he delivers cybersecurity and blockchain consulting and advisory services for senior clients in the financial sector and other industries. He served on the staff of the White House Office of Science and Technology Policy where he was instrumental in national Critical Infrastructure Protection policy, and has been a cybersecurity strategy and technology consultant for 25 years.

How Asian Banks are Revolutionizing Customer Onboarding

By Vaibhav Grover

As per a report from Forbes (1), from 1980 to 2010, the Chinese, Japanese and South Korean banking industries' assets expanded 20-, 15- and 13-fold respectively. And, as per a One Road research (2), post 2010 the Asian banking markets have demonstrated continuous and consistent growth as compared to their counterparts in US & Europe. For example, from 2010 to 2016, assets growth in Chinese banking market has been 9%, Vietnam had a strong growth rate of 12%, Philippines was at 9% and Indonesia at 7%. On the other hand, the banking asset growth rate in US and Europe was 5% and -4% respectively.

The banking landscape has been changing very significantly in response to the evolving forces of customer expectations, regulatory environment, technology adoption, changing face of competition and so on. As per a PWC retail

banking 2020 report (3), all banks surveyed view attracting new customers as one of their top challenges. Asian banks have been very successful not only in adapting fast to the evolving banking environment in general, but they have been particularly innovative when it comes to onboarding new customers.

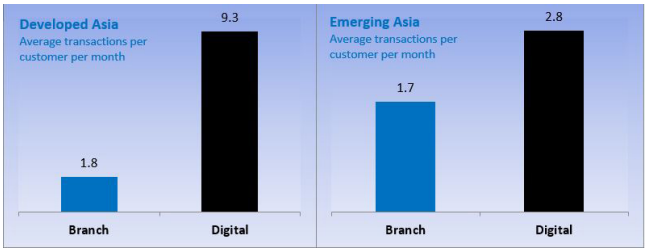
Insights: How Asian banks are solving the challenges in customer onboarding

The customer onboarding experience is undoubtedly a critical step in a customer's journey with a financial institution as it leaves a long lasting footprint in customers' minds about how they perceive a financial institution. While banks very well understand the importance of the onboarding process, the process in many banks across the globe is still disjointed and onerous for customers. This article throws a spotlight on some of the best practices adopted by banks in Asia to address challenges in the onboarding process. While as a geography and society, Asia is quite different from the West, the challenges in onboarding a customer are somewhat similar. I believe the way Asian banks have tackled some of these challenges successfully; banks in US and Europe can take a cue and consider implementing some of these practices to overcome their challenges to a large extent.

Customers expect a seamless and digital onboarding experience, period:

With tremendous growth and unparalleled innovation in smartphones and similar handheld devices, customers across the world are changing how they bank. Customers do not wish to limit themselves to a handful of channels and want an instant (plus digital) experience in applying for banking products and services. Traditional ways of filling lengthy physical application forms are passé. They require easy and continuous access to the bank via multiple touchpoints and they expect these different touchpoints to be in complete sync and speak the same language. Technology players like Google, Amazon, Uber and Apple have become the gold standard for customer experience and this has influenced what customers expect from their banks. Banks in Asia have been very fast to adapt to this change. Across Asia, customers are moving from branch banking to electronic channels with a significant share going to hand held devices. A 2017 study (7) from McKinsey (below) indicates a massive shift in banking transactions from branch network to digital channels. While these numbers represent Asia, the shift to digital is the same (if not more) in Western countries as well.

It is quite evident that banks need to develop their onboarding strategies keeping in mind this massive shift towards digital channels, especially handheld devices. Banks need to develop digital capabilities and leverage them in onboarding customers more effectively to create happier customer journeys



at the outset. To cash on this trend, many banks in Asia are coming up with custom mobile applications for niche segments by customizing user experience and features as per the target segment.

For example, ICICI Bank in India offers five mobile applications for various customer segments viz. iMobile is its primary banking app for retail segment; iPal is an Artificial intelligence powered chatbot; iBiz is for corporates and MSMEs; meraiMobile for rural lending; and Pockets is the bank's e-wallet. These applications not only have cutting edge onboarding features for target segments but also offer many other services and transaction processing features. In addition to hand held devices, banks have pioneered customer onboarding through other channels as well to make life simpler for the customers. Seven Bank of Japan is incorporating facial recognition technology in its ATMs to enable users to open bank accounts directly through these machines.

Banks are reincarnating themselves with 'digital only' avatars. A number of 'digital only' banks have been launched in Asia in last few years to attract and onboard large population of digital savvy customers. In South Korea, Kakaobank was successful in onboarding around 1 million customers in just five days of its launch. The bank also issued loans worth USD 3 billion and raised deposits upto USD 3.6 billion in the first 100 days. Kakaobank is now expanding its portfolio to products like mortgages, credit cards and payments. Similar experiments in other Asian countries have also been successful. In Indonesia, Jenius – a digital bank – was launched in 2016 and DBS launched its digital only bank – Digibank – in India in 2016 and in Indonesia in 2017. The Hong Kong Monetary Authority (HKMA) has initiated giving out online-only banking licenses. This gives fintechs and other smaller firms an opportunity to gain access to the territory's retail small business banking market. Standard Chartered Bank Hong Kong has also been granted a virtual bank license under a separate entity in March 2019. A McKinsey survey (7) suggests that approximately 55 to 80 percent of customers in Asia would consider opening an account with a branchless digital-only bank. With such great potential to onboard new customers, in the years to come Asia will see more 'digital only' or 'mobile only' banks on the horizon. On the other hand, in the West, we see an encouraging

trend in Europe with digital banks like N26 (Germany) and Revolut (UK) making a mark. However, the movement needs more momentum in the US.

High customer effort in application initiation is frustrating and leads to abandonment:

One of the biggest challenges in online account opening is high abandonment rate. As per a Signicat survey (5), approximately 40% of online applications never get completed and get abandoned midway by the customers. Account opening is a tedious job for the customers and requires a lot of effort for them to provide their details, documents and so on. Digitally savvy customers do not wish to spend time and effort in selecting a product and then providing a long trail of information about themselves to get the product. They expect their banks to help them with product recommendations that are personalized and want to spend minimal effort in getting the selected product. Leading banks and regulators in Asia have taken multiple measures to reduce the customer effort while applying for a banking product.

- ***Extracting value from customer data:*** In today's age data is the new currency. It is estimated that, by 2020, about 1.7 megabytes a second of new information will be created for every human being on the planet. Asian banks have a high adoption rate for big data analytics owing to large potential. Banks in Asia have been very proactive in leveraging multiple sources of data to offer customized products, tailored solutions and create better credit scoring models. When it comes to customer onboarding processes, banks are relying on national databases (e.g. Aadhaar in India), non-banking partners (e.g. telecommunication or e-commerce companies) and publicly available information (e.g. social media) to develop better customer insights for better product placement and credit underwriting. Banks are also leveraging these third party data sources to pre-fill customer applications and authenticate customers before issuing a banking product. This goes a long way in reducing the customer effort at the time of applying for a banking product. It is estimated that the Asia Pacific region will occupy more market share in data-based analytics in the years to follow, especially in China and also the fast growing India and Southeast Asia regions.
- ***Adaption of biometrics in customer onboarding:*** In 2014, Global Industry Analysts named Asia as the largest and fastest growing market for banking and financial services industry. According to a Text Road Publication Report from 2012, among the banks which have adopted biometric technologies, 52% of them are located in Asia. Asian banks are leveraging biometrics for various purposes like authenticating a customer while onboarding, transaction processing, logging customers to secured networks and so on. Some banks in Singapore like OCBC, Maybank and BBVA have been early adapters of this technology. Recently, 10 Thai banks participated in an initiative from Thailand's central bank to test the regulatory sandbox around biometric account opening. Large Thai banks like Siam Commercial Bank, Kasikornbank and Bank of Ayudhya participated in this initiative and some banks are also testing iris scan for internal authentication processes. Siam Commercial Bank became the first bank in the country to start opening accounts leveraging facial recognition by using software provided by NEC. As biometrics usage in the onboarding process increases, the customer effort in providing identity documents and authenticating themselves comes down drastically. This also cuts down the long waiting time in the entire onboarding process significantly.
- ***Use of cognitive tech is on the rise:*** Artificial Intelligence is viewed as one of the most exciting and profitable ventures in financial services industry in Asia. According to some estimates, Artificial Intelligence (AI) will create value in the range of USD 1.8 to 3 trillion a year by 2030 in Asia. This will be in terms of creating new product and services categories, cost savings due to higher efficiency and better products and lifestyle improvements. Asian banks have started experimenting with cognitive technologies like AI, machine learning (ML) and natural language processing (NLP). These technologies have shown a definite promise in customer onboarding related processes. A number of banks in Asia are leveraging technologies for chatbots and virtual assistants to support customers while selecting and applying for a new product, and many banks are in the pilot stage. State bank of India, one of the largest banks in the world with 420 million customers, has launched an intelligent assistant SIA (SBI's Intelligent Assistant) in partnership with a US-based startup Payjo. SIA is designed to handle around 10,000 inquiries per second or 864 million per day. SIA continuously learns with each interaction using ML and gets better over time.

The compliance process remains painful for customers and banks:

In my view, ensuring KYC and AML compliance is the most cumbersome and time consuming step in the onboarding process. Financial institutions need to ensure compliance with local and regional laws, as well as ensure that customers have a smooth onboarding experience – and all of this must also be financially feasible for the bank. As a result, banks across the

board are struggling to comply with this ever-evolving KYC/AML/CTF framework, while trying to strike the right balance with customer experience and costs. In Asia, some banks are leveraging cognitive solutions in the field of fraud, KYC and AML to tackle these challenges. The Monetary Authority of Singapore (MAS) is exploring the use of AI and ML in the analysis of suspicious transactions to identify those transactions that warrant further attention, allowing supervisors to focus their resources on higher-risk transactions. OCBC Bank has partnered with ThetaRay to use its AI solution to identify potentially suspicious transactions. The solution has reduced the volume of transactions reviewed by AML compliance analysts by 35% and increased the accuracy rate of identifying suspicious transactions by more than 4X. Apart from that, banks are exploring new ways to leverage cognitive technologies in predictive analytics to flag high risk customers at the time of onboarding, extract functional information from account opening forms and KYC documents, improve underwriting for lending products and so on.

Asian banks have always shown extensive appetite for new technologies to gain efficiency and improve customer experience. Leading by example, some banks in Asia are experimenting with usage of blockchain technology in customer onboarding. Blockchain is a single, cryptographically secured, time-stamped, public and distributed database of every transaction that has ever occurred on the network. This makes blockchain apt for accumulation of data from multiple authoritative service providers, which is a perfect use case for KYC process during customer onboarding. In Singapore, a consortium comprising OCBC Bank, HSBC, Mitsubishi UFJ Financial Group (MUFG), along with the Infocomm Media Development Authority (IMDA), has become the first in South-East Asia to develop a prototype of a blockchain-based KYC solution.

A huge opportunity lies in front of banks in US and Europe when it comes to re-engineering their compliance related processes. As per a Deloitte study, most banks in the West are still using 'Gen.1' solutions for regulatory compliance. These are primarily the traditional out of the box name screening (fuzzy matching), rule-based customer profiling solutions. Whereas, 'Gen.2' solutions offer new ways to perform due diligence (like adverse media search or drawing inferences from social media profiles). These solutions provide advanced AI-based counterparty screening tools that rely on open source data and offer to identify corporate shareholding structures and related parties as well.

Activation takes forever – don't test the patience of modern day customers:

Once the customers have gone through the entire process of application initiation and compliance checks, they are often made to wait for their product to get activated in the bank's systems. While, most banks have got cutting edge front ends with great UI, often middle and back offices are broken. Traditionally, banks have back offices manned with large number of personnel who perform various tasks like exception handling and data entry into system of records manually.

Many banks in Asia have taken concrete steps in automating their middle and back offices using technologies like workflows and Robotic process automation (RPA). RPA is growing exponentially in the Asian markets when it comes to FIs. IDC Financial Insights estimates that RPA will be in use in 40 percent of Asia Pacific banks and insurance companies by 2020. Many banks in Asia have either adapted or are in advanced stages of testing with the RPA technology. This has helped them to dramatically streamline a wide variety of back office processes related to customer onboarding. RPA is being leveraged for multiple use cases within the onboarding process like background checks, credit checks, KYC process, fraud detection, contract creation, multiple validations, data entry in system of records and so on. Some banks are experimenting with the concept of intelligent automation by complimenting RPA with cognitive technologies like ML and NLP. These technologies can be leveraged for reading customer documents and converting unstructured document images into meaningful data to support compliance and credit decisions at the time of customer onboarding. By shifting much of these tedious, manual tasks from humans to bots, banks have significantly reduced the need for human involvement, which has had a direct impact on everything from turnaround time, performance and efficiency levels to staffing issues and cost. Some of the major Asian banks like DBS Bank, UOB, Axis Bank and ICICI Bank have been early adaptors of RPA and have been successful in reaping the benefits significantly.

In most US and European banks, the leadership has already started experimenting with basic automation of back end processes to save cost. However, the potential is massive and banks must accelerate the usage of RPA combined with cognitive tech to reap maximum benefits. Also, many processes in the onboarding journey continue to be manual. Banks in the West should work with service providers and domain experts to develop intuitive solutions that can automate even complex front, middle and back office processes.

Un/Underbanked population can drive massive growth, but is often ignored:

Financial inclusion has been a buzzword for Asian banks and regulators for a few decades. In Asia, many countries have large percentage of population that is underbanked. This applies to not only population with lower per capita income

but also a huge work force of immigrants who are employed across Asia and remit funds to their native countries. These segments largely do not have access to banking facilities and if targeted appropriately can drive tremendous growth for banks. As a strategic initiative, Asian banks have developed custom designed products to onboard such customers. The Cash2home app by Malaysia's Alliance Banks is a very apt example. Malaysia has a huge population of foreign workers from countries like India, Pakistan, Bangladesh, Nepal and Philippines. The Cash2Home app enables the bank to open savings accounts for these workers effortlessly and completely online with features like eKYC, biometric facial recognition and OCR to scan documents. Functionally, Cash2Home is linked to a migrant worker's savings account where s/he gets his payroll. This enables any remittance to be debited directly from the worker's account to the beneficiary's agent, eliminating the need for risky cash handling. Alliance Bank has also enabled the app with native language support for all major migrant worker nationalities to remove the barriers. Union Bank of Philippines is spearheading a challenging "island-to-island" (i2i) project in the Philippines which focuses on financial inclusion prosperity using blockchain as the interconnecting ecosystem by linking rural banks with major financial networks through collaborative approach so that they can become more relevant to their customers.

As per a 2017 survey (8) by Federal Deposit Insurance Corporation (FDIC), approximately 8.4 million households in the US were unbanked and an additional 24.2 million households were underbanked. This creates a huge opportunity. US adults who are considered un/underbanked, have been ignored by most banks because they typically have poor credit ratings and are unlikely to generate meaningful deposits or banking fees. But as more banking services go digital, banks must start to see the potential of this large group in the US and think about creating customized banking products and channels to onboard them. By giving this population an access to savings accounts, credit and loans, banks can help build and strengthen emerging middle class populations that in turn drives growth not only for banks, but for the economy as a whole.

External environment is challenging- fintechs, regulators

- ***Dealing with Fintechs:*** From Southeast Asia to China to India, fintechs are transforming Asian banking by creating new ways for businesses. It is of significant importance for the banks to co-survive with fintechs in this challenging environment. Banks in Asia have been pioneers in collaborating and co-innovating with Fintechs to offer innovative and cutting edge products and services to the customers. A survey conducted by The Asian Banker4 across 33 financial institutions in Asia Pacific and Middle East showed that a significantly high, 82% of banks surveyed have a strategic fintech approach in place while only 18% of banks said that they are in a 'wait and watch' mode. Fintechs are revolutionizing the customer onboarding by adding a fascinating speed to the process and banks are gaining by partnering with such fintechs. For example, while traditional banks rely on credit scores from the credit bureaus for credit underwriting, the P2P lending startups use algorithms and integration with third party databases to make such decisions. This credit profiling uses more data points (like social media) and quantifies not only the ability to repay but also the customer's intention to pay. The entire credit profiling happens in a matter of minutes, enabling lightning fast customer onboarding. Many banks in Asia have partnered with fintechs for lending and financing business like BillionLoans has partnered with Yes Bank and ICICI Bank in India for extending loans to their customers. As per a recent CNBC report6, In US, fintech companies accounted for 38 percent of all US personal loans in 2018. That's a revolutionary growth from just 5 percent in 2013. On the other hand, traditional banks' share of these loans has fallen down to a mere 28 percent that used to be 40 percent in 2013. The fintech environment in the West is posing many challenges for the incumbent banks and it is of utmost importance for the banks to proactively engage with fintech disruption, whether by building their own capabilities or by partnering or acquiring.
- ***Working with the regulators:*** In Asia, while regulatory and political environment needs more stability, consistency and maturity in many countries, banks have been actively engaging with regulators. Many regulators and governments are pushing very strongly for digitization in banking and financial services across Asia. Gaining acceptance with users is a challenge faced by many digitization initiatives, and the government's role has certainly been helpful in this regard. This push by regulators and tireless efforts by banks has reaped some great results in the space of customer onboarding. The Securities and Futures Commission of Hong Kong (SFC) published a circular to intermediaries in 2018 which clarifies alternative procedures available to intermediaries to verify individual clients' identities when onboarding clients online. This follows significant industry initiatives that will develop digital identification and electronic KYC identification. The Hong Kong Monetary Authority (HKMA) noted in its virtual bank consultation conclusions that one of the three work streams under its 'Banking Made Easy' initiative is to

identify and streamline supervisory requirements relating to remote or digital onboarding of customers. In India, digital KYC through Aadhaar has been a key enabler in promoting paperless and online customer onboarding. Recently, Bangko Sentral ng Pilipinas, the regulator in Philippines has amended some of the provisions in its AML regulations to enable banks to open accounts online by conducting customer identification procedures virtually.

Way Forward

It would be fair to state that many banks in Asia are moving in the right direction and have achieved success in overcoming a number of challenges in the onboarding process. These banks contribute numerous case studies for their counterparts in the West to learn from and implement. However, there are some areas where Asian banks can do much better:

- While usage of voice banking (voice assistants like Alexa) is on the rise, it is quite limited in onboarding related processes. Voice assistants are largely being used in basic account enquiries and other simpler processes. The time has come to experiment with this technology by building more complex use cases and leverage the same in core account opening and lending processes. To achieve this, banks must collaborate and experiment more with tech giants and fintechs.
- Many times customers completing digital applications have to pause or stop because they need support and there is no immediate way to get it. It is critical to have a mechanism to support customers in the online onboarding process to address any queries. While many banks have offline customer support (like contact centers), there is a definite need to integrate an online collaboration platform (like online chat, co-browse etc.) to handhold customers in the onboarding process.
- Banks surely need to up their game when it comes to product enablement. Most banks do not have structured interventions to push the usage of the product issued to the customer. Banks must look at analytics backed solutions for customer outreach and to drive the usage.

fintelekt.com

About the Author

Vaibhav Grover

Senior Leader and Subject Matter Expert with over 19 years of multi-faceted experience in Consumer Banking having exposure in India, Australia, Africa and US regions. He has keen interest in banking transformation, compliance and emerging technologies. He is passionate about writing on latest trends in banking and how emerging technologies can be leveraged to solve challenges in banking across the globe.

Among Member Banks

State Bank of India adds a record 3.6 lakh shareholders in December quarter - State Bank of India has added a record 3.6 lakh shareholders in December quarter, thanks to the announcement of SBI Cards initial public offer (IPO) which is likely to hit the primary market in next few weeks.

SBI shareholders are eligible for getting SBI Cards IPO from a special category as the chances of getting allotment in shareholders category is more than the general retail category.

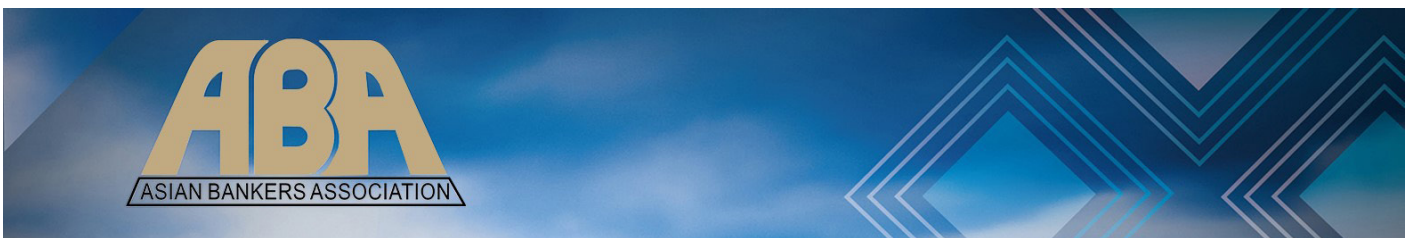
According to the latest shareholding pattern of SBI, the total number public shareholders in India's largest public sector lender has increased to 18.54 lakhs at the end of December 2019 from 14.95 lakhs as on 30 September 2019. This is the first time SBI has seen such as a massive increase in number of public shareholders. For the quarter ended March 2019 and June 2019, about 66,000 and 35,000 investors had exited the SBI counter.

Brokers have been aggressively advising their clients to buy at least one share of State Bank of India in their and their family member accounts to apply for SBI Cards IPO from the shareholders category.

The Rs 9000 crore IPO which is expected to open for subscription in the last week of January is commanding a premium of Rs 225-50 per shares over its tentative offer price of Rs 700 in the grey market. Economic Times
up to 13.05 crore equity shares via offer for sale route. This will include up to 3.73 crore share sale by SBI and up to 9.32 crore shares on offer by Carlyle Group (CA Rover). In addition, the company will also issue fresh equity shares of Rs 500 crore.

The backing of SBI and Carlyle Group plus the high yielding nature of the business is helping generate significant interest around the IPO, said market participants.

Economic Times



Among Member Banks

MUFG executes blockchain letter of credit using komgo - Japan's MUFG Bank announced it completed its first live blockchain transaction on the commodity trade finance platform, komgo. MUFG executed a letter of credit in London for commodity trader Mercuria.

Geneva-based KomGo SA was formed by MUFG and 14 other global institutions including banks, commodity traders, energy majors and a certification company.

The platform offers trade finance products such as letters of credit, standby letters of credit and receivables discounting. Additionally, it has a Know Your Customer (KYC) compliance solution, which standardizes the KYC process without using a central database.

By leveraging blockchain, komgo enables faster trade finance operations as manual processes are reduced. Meanwhile, the immutable nature of blockchain ensures data privacy and security, eliminating fraudulent transactions.

At the SIBOS conference last September it was revealed that transaction volumes had passed the $700 million mark with at least six banks and two corporates executing live trades on the platform. To date, the other banks that have announced transactions are Société Générale, ING, Natixis, Rabobank and now MUFG.

"We believe KomGo SA's fully digitalized open financing platform, powered by blockchain technology, will dramatically improve the efficiency and transparency of the industry," said Jean-Marie Le Fouest, Managing Director, Head of Commodity and Structured Trade Finance EMEA at MUFG.

Fouest added, "MUFG is proud to be a pioneer in the digitalization of the commodity trade finance sector, and we look forward to continuing our support of komgo's development around the world."

komgo is based on JP Morgan's Quorum blockchain, the enterprise version of Ethereum, and aims to digitize trade finance operation to improve efficiency. ConsenSys' Kaleido helped with developing the hosting network.

The full list of the founders includes — MUFG Bank, ABN AMRO, BNP Paribas, Citi, Crédit Agricole Group, Gunvor, ING, Koch Supply & Trading, Macquarie, Mercuria, Natixis, Rabobank, Shell, SGS and Société Générale.

Ledger Insights

New Mizuho investment fund targets life sciences startups - Mizuho Financial Group Inc. has established an investment fund for life sciences startups.

Mizuho Bank and Mizuho Capital Co., both units of the major financial group, will invest a total of ¥5 billion for the new fund, the group announced.

The investment fund will support companies that aim to develop new drugs and medical technologies at a time when the medicine market is expanding in line with the aging of society and increasing technical innovations.

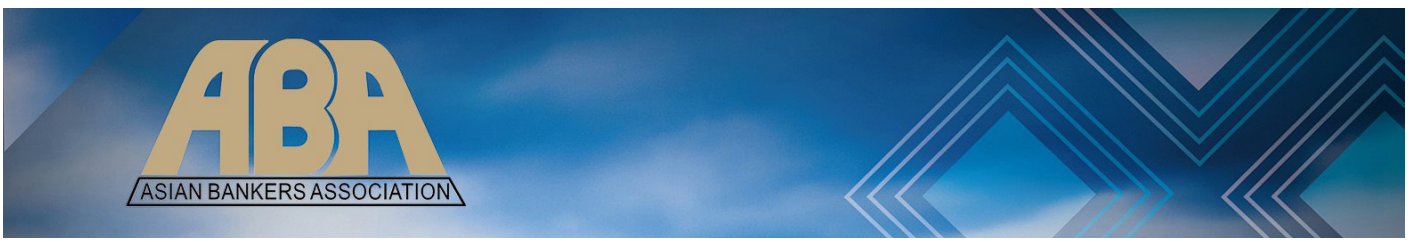
The fund is expected to invest in companies doing fundamental research on medicines that require pharmaceutical approval.

It will invest between ¥300 million and ¥500 million for up to 12 years per company in cooperation with medical consultants who have knowledge on life science, according to Mizuho Financial Group.

Even after the fund's investment projects are over, Mizuho group companies will continue their support according to the stages of development, such as the clinical phase.

Mizuho Financial Group have been pouring funds into companies through investment funds but had been facing difficulty stepping up investments in medical startups due to the significant amount of time and cost required to win pharmaceutical approval. The group thus decided to set up the fund specializing in the life science field with growth potential.

Japan Times



Among Member Banks

Sumitomo Mitsui Banking Corporation picks up 5.4% stake in Northern Arc - Japanese bank Sumitomo Mitsui Banking Corporation (SMBC) has acquired a 5.4 per cent stake in Northern Arc Capital Limited (formerly known as IFMR Capital Finance Limited) for an undisclosed amount. With this round of funding, Northern Arc has raised a total of over Rs 1,000 crore (around $650 million). Northern Arc is a debt capital platform catering to the under-banked individuals and businesses in the country.

SMBC will make investments in transactions structured and executed by Northern Arc as well as provide on-balance sheet lending to Northern Arc's partners. The collaboration will fuel Northern Arc's global ambitions, strengthen its profile among foreign investors and provide an opportunity to explore global markets. The investment will also help it to better address the debt needs of companies in various sectors including new-age sectors such as consumer finance and fintech.

"The investment by SMBC, one of the world's largest financial services institutions, is a vote of confidence in Northern Arc's business model, pioneering capabilities and corporate governance. We hope to leverage on the potential synergies of this partnership to further our mission of financial inclusion and widen our impact on the livelihoods of under-banked individuals and businesses," Kshama Fernandes, managing director and CEO, Northern Arc Capital said.

"This partnership will also allow us to contribute meaningfully towards women empowerment, financial inclusion for the underserved Indian population and the sustainability of the Indian economy," Masahiko Oshima, deputy president, SMBC, added.

So far, Northern Arc has enabled debt financing of over Rs 75,000 crore (around $10.5 billion) to 200 plus financial institutions catering to unbanked and under-banked customers, impacting the lives of over 43 million customers across more than 580 districts of India. It has also structured and executed over 500 capital markets transactions.

Business Standard

Maybank wins "Brand of the Year 2019" award - Maybank has clinched the "Brand of the Year 2019" award for the sixth consecutive year at the World Branding Awards held in London recently.

It is the only brand accorded this recognition under the Banking category for Malaysia.

The World Branding Awards is the premier awards programme of the World Branding Forum, a global non-profit organisation based in London that is dedicated to advancing the standards, skills and education of those involved in the branding and related industries.

The award is under the National Awards category – where top brands in each participating country are recognised and winners are selected through three streams of criteria namely brand valuation, consumer market research and public voting.

Maybank group president & CEO Datuk Abdul Farid Alias said Maybank's mission of humanising financial services has been the driving force in creating engagement platforms that connect with its stakeholders and highlights its shared value systems.

"By staying true to these values, we constantly prioritise our customers' financial security and wellbeing in everything we do to ensure that we provide a consistent brand experience for all."

The Sun Daily

BML appoints Chief Risk Officer, Director of Islamic Bankings - Bank of Maldives (BML), announced the appointment of its new Chief Risk Officer Gary Laughton and Director of Islamic Banking Suri Hanim Mohamed.

Prior to his appointment, Gary served as the Chief Credit Officer at Investec Bank, London, United Kingdom (UK). With over 20 years of experience within banking and risk management, Gary held various senior management roles throughout Investec Bank in the UK and South Africa.

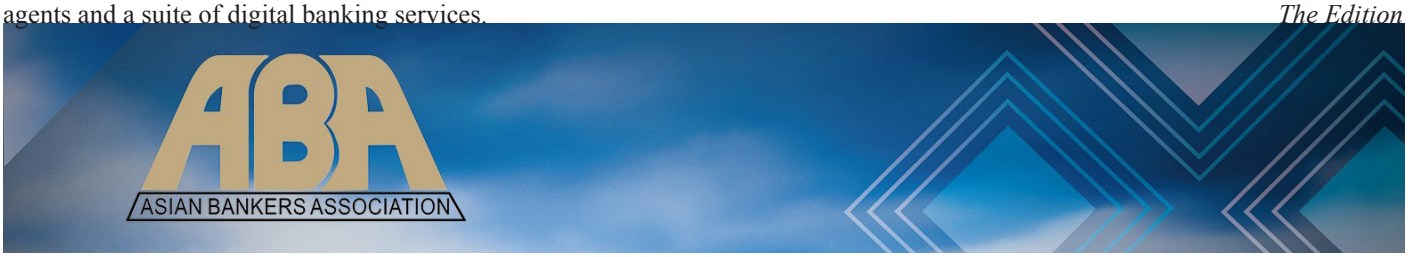
The newly appointed Director of Islamic Banking has over 19 years of experience in establishing and managing Islamic Banking units. She was previously a consultant to Tawafuq Consultancy, Malaysia and held the position of Chief Executive Officer (CEO) and Executive Director of the Association of Islamic Banking and Financial Institutions Malaysia.

"Robust risk management is a key strategic pillar of our Bank. Significant steps have been taken in the past year to meet international best practices and Gary will be an important addition to drive forward our risk management strategy", said CEO and Managing Director of BML, Tim Sawyer.

"We are planning to further strengthen our portfolio of Shari'ah compliant products throughout this year and I am confident that Suri will bring with her international experience and positively contribute to our steadily growing Islamic Banking arm".

BML's nationwide network comprises of 38 branches across 20 atolls, 50 Self Service Banking Centres, 115 ATMs, 277 agents and a suite of digital banking services.

The Edition



Among Member Banks

Two Mutual Funds Worth Rs 1.80 Billion to be Introduced - Two mutual funds are to be introduced when the share market is showing signs of improvement.

These mutual funds are promoted by Sanima Bank and Laxmi Bank, the Securities Board Nepal (SEBON) stated. The mutual funds are equivalent to a total Rs 1.80 billion. The mutual fund promoted by Sanima Bank and dubbed as 'Sanima Large Capital Fund' is worth one billion rupees. A total 100 million units of the fund would be sold.

Similarly, the Laxmi Unnati Kosh, the mutual fund promoted by Laxmi Bank is worth Rs 800 million and a total 80 million units of it would be sold.

It is said these mutual funds are under consideration of SEBON and permission for their sale would be granted soon.

Nineteen mutual funds are being traded in Nepal Stock Exchange (NEPSE) at present.

Nepal24Hours.com

RCBC takes digital banking to the next level - Yuchengco-led Rizal Commercial Banking Corp. has introduced many firsts in its revitalized mobile banking app, with enhanced user interface and other new online banking features to optimize digital customer experience.

Highlights of the new RCBC mobile app include the push and pull payments through QR Ph, the government's national QR code standard promoting interoperability across payments providers in the country, online time deposit placement of up to P10 million or US$200,000, and online check deposit for On-us checks, among others.

It now allows in-app enrollment with newly improved security features such as biometrics log-in, one-time password verification, and device registration where account can only be accessed on registered devices.

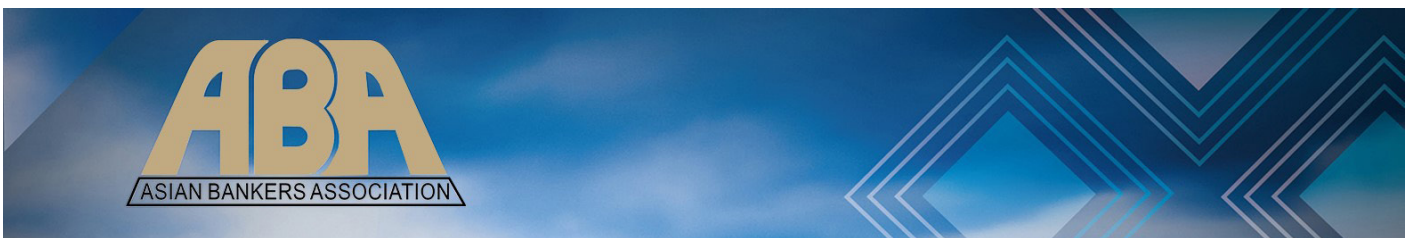
On the other hand, the web version of RCBC Online Banking can now facilitate multi-currency foreign exchange or buy-and-sell supporting various currencies such as Chinese Yuan, Euro, British Pound, Hong Kong Dollar, Japanese Yen, Singapore Dollar, and US Dollar; and online government payments via PESONet in partnership with the Land Bank of the Philippines. Both features will be available in the mobile app by 2nd quarter of this year.

"Filipinos should expect for more digital-enabled banking products and services coming their way as we usher in 2020, further scaling digitalization and financial inclusion," RCBC Chief Innovation and Inclusion Officer Lito Villanueva said.

In a recently released study of the United Nations-based Better Than Cash Alliance it reported that the volume of e-payments usage in the Philippines grew from 1% in 2013 to 10% in 2018, while the value of e-payments rose from 8% to 20% during the same period. The study also revealed that women in the Philippines are ahead of the men in adopting digital payment solutions.

"This clearly shows that people have been receptive of these innovative fintech solutions. By trusting and embracing these solutions, it would surely bring an inclusive and sustainable digital economy," Villanueva added.

manilastandard.net



Among Member Banks

UOB growing online travel marketplace regionally - United Overseas Bank (UOB) is expanding its online travel marketplace, The Travel Insider, to customers in Indonesia, Malaysia and Thailand, it said today.

It said this makes it the first one-stop travel marketplace by a bank in each of the three countries.

Close to 25,000 unique visitors have visited the Singapore online travel marketplace every month since its launch in March 2018, said UOB. The portal allows visitors to search for, plan and book their holidays, as well as secure travel deals.

Ms Jacquelyn Tan, UOB head of personal financial services in Singapore, said: "Our card data shows that UOB cardmembers travel intra-regionally frequently for work and for leisure, with Indonesia, Malaysia, Singapore and Thailand topping their list of travel destinations."

Travel-related purchases on all UOB cards from 2018 to last year accounted for more than 15 per cent of total UOB card spending, she added.

UOB has also expanded the content and travel deals within The Travel Insider for Indonesia, Malaysia, Singapore and Thailand to help travellers make the most of their regional trips. In Singapore, customers can also access exclusive travel promotions through the mobile banking app UOB Mighty, in addition to The Travel Insider's website.

"We will be extending this same suite of offerings to UOB Mighty progressively in our other markets, starting with Malaysia this year," Ms Tan said.

With the launch of The Travel Insider in Indonesia, Malaysia and Thailand, UOB has also expanded its team of travel partners, with online travel agent Booking.com and Singapore Airlines coming on board alongside the likes of Agoda and Expedia.

The Straits Times

CTBC wins seven honors at the 2019 Taiwan Corporate Sustainability Awards - CTBC Financial Holding today announced it has received seven awards at the 2019 Taiwan Corporate Sustainability Awards hosted by the Taiwan Institute for Sustainable Energy. The prizes include a Top 50 Corporate Sustainability Report Award, Top 50 Sustainable Business Award, Growth through Innovation Award, and Creativity in Communication Award.

Rounding out its haul were three Social Inclusion Awards, presented to subsidiary Taiwan Life Insurance, the CTBC Charity Foundation, and the CTBC Foundation for Arts and Culture.

Presented to CTBC Public Relations and Public Welfare Division Head Sam Lin and Taiwan Life General Administration Division Head Joseph Chou at a ceremony attended by Taiwan Vice President Chien-Jen Chen, the awards came as justly de-served recognition of the company's dedication to greater sustainability—and its success in achieving it.

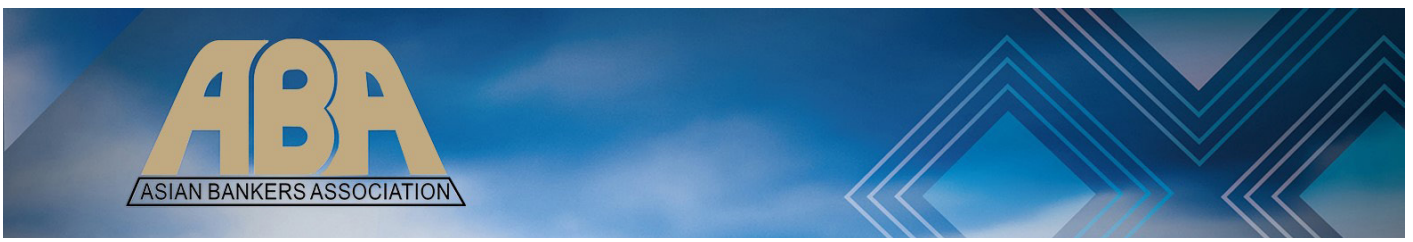
Through its five-pronged approach of corporate governance, environmental sustainability, employee care, quality products and services, and social engagement, CTBC has elevated its CSR practices and policies to a higher level.

Receiving the Corporate Sustainability Report gong was a particular highlight for the company. Earned largely through the integration of U.N. Global Sustainable Development Goals into its CSR Report, the award made CTBC the only financial institution to be an honoree in this category for nine consecutive years.

The company's largest subsidiary, CTBC Bank, earned the Growth through Innovation Award on the back of its launch of Home Bank, its completely redesigned retail banking app. The bank has also been working to integrate digital technology with AI in order to improve the user experience, such as by expanding the services of "Little C," an AI-powered customer service portal. These efforts also helped CTBC collect the Creativity in Communication Award.

As part of its proactive efforts toward financial sustainability, CTBC Bank announced in January that it had become an Equator Principles signatory. It has also voluntarily introduced the U.N.'s Principles for Responsible Banking, Principles for Responsible Investment, and Principles for Sustainable Insurance and is following the recommendations of the Task Force on Climate-related Financial Disclosures. These industry-leading ESG practices have seen CTBC recognized internationally, including by being continually selected as a constituent of Morgan Stanley Capital International's ESG Leaders Indexes, FTSE4Good's Emerging Index, and the Dow Jones Sustainability Indices' Emerging Markets Index.

CTBC International Newsletter



Among Member Banks

Fubon chairman says TAIEX should beat record high - The TAIEX is likely to surpass its record high in the first quarter of 2020 because of an improving economy and strong market liquidity, Fubon Securities Investment Services Co Chairman Charles Hsiao said.

At an investment forum in Taipei, Hsiao said that Taiwan has relatively sound economic fundamentals compared with neighboring countries, and its stock market should continue to flourish.

He pointed to Taiwan's expected 2.64 percent GDP growth for 2019, which would beat growth of 1.7 percent for South Korea, 0.5 percent for Singapore and 0.9 percent for Japan as forecast by IHS Markit.

The Directorate-General of Budget, Accounting and Statistics said that the economy would grow 2.72 percent in 2020.

Those fundamentals should help the TAIEX in early 2020 surpass the historical intraday high of 12,682, set on Feb. 12, 1990, Hsiao said.

Since the beginning of 2019, the TAIEX has gained 1,775.42 points, or 18.25 percent, largely helped by large foreign fund inflows.

The market is expected to continue to benefit from dividend yields in Taiwan ranging from 3 to 4 percent that have appealed to foreign institutional investors, Hsiao said.

The electronics sector would also drive gains in the local market as large tech companies continue to invest in Taiwan, he said.

At a time when the global tech industry is gearing up to pursue 5G technology, Taiwan's semiconductor industry and related component makers are expected to benefit from the trend and see their share prices grow, he said.

Taipei Times

Bangkok Bank takes over StanChart's Permata for $2.7bn - Bangkok Bank Plc agreed to buy 89.1% of Indonesia's PT Bank Permata for about US$2.7 billion in the first major purchase of an overseas lender by a Thai bank.

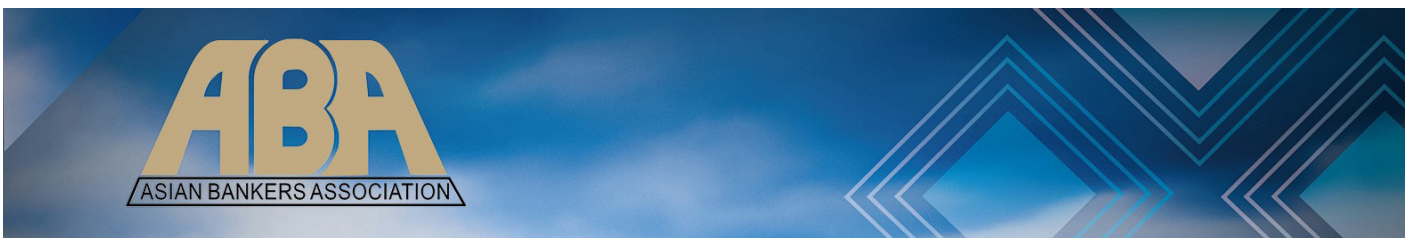
The transaction fits with its strategy of transforming into a leading regional bank with a larger presence in Southeast Asian markets, Bangkok Bank said in a stock exchange filing. Indonesia is a highly attractive and fast growing market, it said.

The deal is a shift in tactics for Thailand's second-largest bank by assets, which has traditionally been viewed as a conservative organization. The prospect of the purchase rattled investors, sparking a 4.4% slide in Bangkok Bank's stock by the close on Thursday to the lowest level since 2016.

The acquisition at 1,498 rupiah per share implies a valuation of 1.77 times book value, and will be financed via a combination of internal resources and routine funding, Bangkok Bank said, adding it doesn't expect to raise equity for the transaction.

It expects to complete the deal in 2020 subject to approvals and other conditions being satisfied, and anticipates conducting a tender offer for the remaining stake in the Indonesian lender.

Bangkok Post



Among Member Banks

Vietcombank reports $1B in profit in 2019 - The Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) announced on Friday its total profit last year increased by 26 per cent year-on-year to 23.15 trillion dong ($1 billion).

The latest figure has helped the bank achieve the $1 billion profit target one year ahead of schedule.

Despite the lowest saving rates in the sector, the bank's total mobilised capital was up 14.1 per cent year-on-year to one quadrillion dong.

The figure included capital raised from tier-1 capital market – individuals and economic institutions – which rose 15.4 per cent year-on-year to 950 trillion dong.

Of the total capital mobilisation, termless savings accounted for 27.6 per cent.

The bank also recorded a 15.9 per cent growth of total lending – the highest among large-cap banks – with 51.8 per cent of the money loaned to retail customers. Retail lending also grew by 32.3 per cent last year while wholesale banking was up only 2.3 per cent.

The services division continued performing positively such as international payment, trade payment, foreign currency trading, e-banking and remittance.

At the end of 2019, the bank recorded a bad debt ratio of 0.77 percent, down from 0.97 per cent at the beginning of the year.

This year, Vietcombank eyes growth rates of 12-14 per cent in total assets, total mobilised capital and total lending. It forecast pre-tax profit in 2020 would rise 15 per cent year-on-year to 26.5 trillion dong.

The bank's director-general Pham Quang Dung suggested the State Bank of Vietnam (SBV) approve Vietcombank's capital hike plan following the government's agreement for the bank to use its profit to increase capital.

He also proposed the SBV grant a credit growth of more than 14 per cent – the average of the banking sector – for Vietcombank so that the bank can explore its full potential.

The Phnom Penh Post

Banking and Finance Newsbriefs

Hong Kong

Hong Kong's first digital bank offers 6 per cent rate to outdo HSBC in warning shot to new competition

The first of Hong Kong's new generation of digital banks has announced its arrival with a 6 per cent introductory rate for deposits.

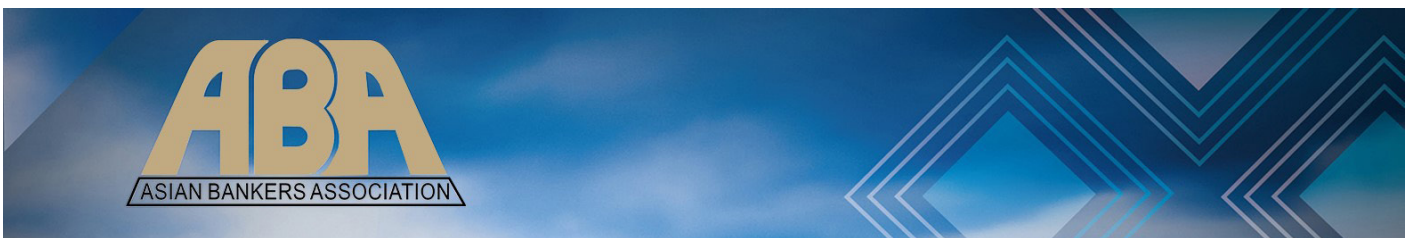
ZA Bank Ltd, a unit of ZhongAn Technologies International Group, has begun a trial run that pays a select group of depositors over 3 percentage points more than banks such as HSBC Holdings and Standard Chartered. Though many doubt the new banks well be able to maintain such rates, the offer is a warning of upcoming competition for the city's US$410 billion worth of local currency time-deposit business.

"This is more of a gimmick, which shouldn't become a norm," said Terry Siu, treasurer at CMB Wing Lung Bank Ltd., which pays 3.8 per cent to new savers for two-month Hong Kong dollar deposits. "But competition for funds is indeed getting higher as eight more banks are coming out."

ZA began a pilot last month for the city's first digital-only bank. It's offering the 6 per cent rate for three-month Hong Kong dollar deposits capped at HK$200,000 (US$25,000), according to a person with knowledge of the matter. The accounts are set at a 2 per cent rate, but offer a top up of as much as 4 per cent to select clients, the person said. Standard Chartered, HSBC and BOC Hong Kong Holdings pay 1.9 per cent to 2.3 per cent for the same maturity.

Deposit rates could stay elevated as the unrest persists amid concerns over money outflows. So far there haven't been any signs cash is fleeing the city, though banks have said some clients are inquiring about opening accounts elsewhere as a precaution. The HKMA, the de facto central bank, steers the economy and maintains stability by pegging the city's dollar to its US counterpart.

South China Morning Post



Banking and Finance Newsbriefs

Japan

Green Debt May Ease Corporate Bond Sales Slowdown

Japan's record corporate bond issuance will likely slow down, but a boom in environmentally friendly debt could limit the downside.

Companies have sold ¥13 trillion worth of bonds this business year, which ends March 31, already the most ever with three months still remaining in the period, Bloomberg-compiled data show.

That red-hot pace of issuance probably will not be repeated in fiscal 2020 because borrowing costs may rise, while fewer notes will mature during the period, reducing corporate demand to sell bonds, according to underwriters.

The bond sale frenzy has increased the cash Japan Inc. holds even more to a record ¥513.2 trillion. While the plentiful funding has not translated to a major rise in capital spending, companies may be using the cash more to boost shareholder returns including stock buybacks, according to bankers.

"There are many companies that are cautious about making big investments on capital, but it's positive that they are diversifying their use of proceeds," said Hisashi Kawada, executive director of debt capital markets at Nomura Securities Co.

Issuers including electronic component maker Nidec Corp., developer Tokyo Tatemono Co. and contractor Shimizu Corp. sold green notes last year, helping boost offerings to the equivalent of $6.6 billion, a record, according to data compiled by Bloomberg. That pushed Japan into the top 10 for green bond issuance for the first time.

Sales of the notes in Japan may double in 2020 as addressing climate change becomes a bigger topic, Nomura's Kawada said.

One type of environmentally friendly bonds that may emerge in Japan this year is transition debt, according to Naoki Shindo, managing director and head of debt syndicate at SMBC Nikko Securities Inc.

Those securities help companies such as utilities finance projects aimed at switching to cleaner ways of doing business. Issuers in Europe have begun selling such debt.

He expects total Japanese corporate bond sales to be around ¥11 trillion to ¥12 trillion next fiscal year.

Shindo said that new debt types like Italian utility Enel SpA's sustainability-linked bonds issued last year may start to take off in Japan as well. Interest costs for the notes are partly tied to the company's success in hitting renewable energy targets.

A record 15 Japanese issuers have used the pot system in bond sales this fiscal year, including the Japan International Cooperation Agency, the first government-backed organization to sell notes that way, according to Bloomberg-compiled data.

Japan Times

Korea

South Korea export decline slows to 5.2%

South Korea's exports posted the smallest decline since April last year, offering evidence that the worst might be over for the Asian bellwether of global trade.

Exports last month fell 5.2 percent from a year earlier, data from customs office showed.

Imports decreased 0.7 percent, with trade surplus of US$2 billion.

The letup in exports slump adds to optimism that global commerce is turning a corner after the US and China agreed to a truce in their trade dispute, which has hurt South Korea particularly hard by cutting demand for its semiconductors.

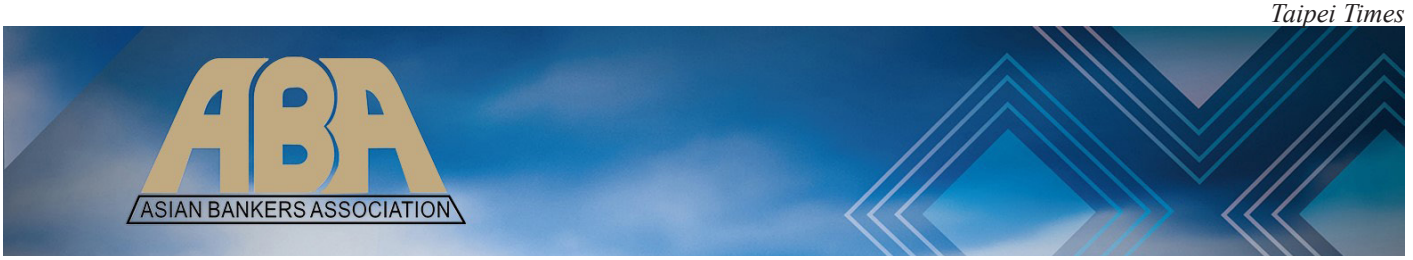
The country's export slide has put the economy on course for its slowest annual growth last year since the global financial crisis.

South Korea's trade data, serve as a barometer of global demand, as the country is the world's biggest source of memory chips, which go into everything from computers to smartphones. "The rate of decline should ease now," Meritz Securities Co economist Stephen Lee said before the release. "But global trade volumes aren't recovering very quickly."

The Korea International Trade Association expects the decline in exports to be reversed during the first quarter of this year, citing a survey that showed sentiments among exporters rising above the benchmark 100 for the first time since the last three months of 2018.

The Bank of Korea has cut its interest rates twice last year to support an economy hit by trade tensions.

Taipei Times



Banking and Finance Newsbriefs

Philippines

Peso weakening to 53:$1 this year, economists say

Economists expect the peso to weaken to 53 to $1 this year amind the escalating tension between US and Iran.

"While the extent of the oil price volatility and other economic risks associated with this Middle East event risk have yet to pan out, we anticipate the peso followed by the local equity market would likely take the brunt of the negative news flow on any escalation of conflict in the region," Philippine National Bank economist Jun Trinidad said. Trinidad said the weaker peso view underscored a larger current account (CA) deficit outlook of two to three percent of gross domestic product (GDP) this year.

The Lucio Tan-led bank expects higher importation of capital goods and raw materials as the Duterte administration ramps up its Build Build Build program for crucial infrastructure projects.

Trinidad said inflation trajectory could edge higher to an average of 2.8 percent this year from two percent in December amid oil price uncertainty coupled with a weaker peso.

HSBC Private Banking chief market strategist for Asia Fan Cheuk Wan said the peso may depreciate to 53 to $1 this year after emerging as the second best performing currency in the region last year.

The peso strengthened by 3.7 percent to close 2019 at 50.635 from 52.58 to $1 in 2018.

"On currency, expected policy rate and reserve requirement ratio cuts by the BSP would reduce the relatively high carry buffer of peso. We expect the peso to weaken to 53 against the dollar by end-2020 due to loosening monetary and fiscal policy, fading foreign direct investment inflows and rewidening of the current account deficit," Fan said.

Fan said the British banking giant sees the Philippines CA shortfall widening to 2.4 percent of GDP in 2020 from two percent of GDP as of the second quarter of last year.

Meanwhile, Fitch Solutions Research Macro expects the local currency to weaken to 51.70 to $1 this year.

"We at Fitch Solutions forecast the peso to average at 51.70 per $1 in 2020, versus a prior forecast of 53 per $1. Our revision partially reflects a stronger-than-expected starting point for the currency in 2020, but also broad support for Asian foreign exchange on the back of a phase one US China trade deal expected to be signed in early 2020," it said.

Philippine Star

Singapore

Singapore receives 21 applications for five digital bank licences

Singapore has kicked off a shake-up in its banking industry after opening its market to some of Asia's leading technology companies for the first time.

The Monetary Authority of Singapore (MAS) is set to issue five digital banking licences later this year after receiving 21 applications from companies including Singaporean gaming and internet company Razer, south-east Asian ride-hailing group Grab and Alibaba's fintech unit Ant Financial.

Xiaomi, the Hong Kong-listed Chinese smartphone maker, and Sea, the New York-listed tech group, also said they had made applications.

Virtual banks have been taking off across Asia as regulators seek to improve their digital services and catch up with western peers. Hong Kong, Malaysia and Taiwan have all introduced digital banking licences in the past 12 months.

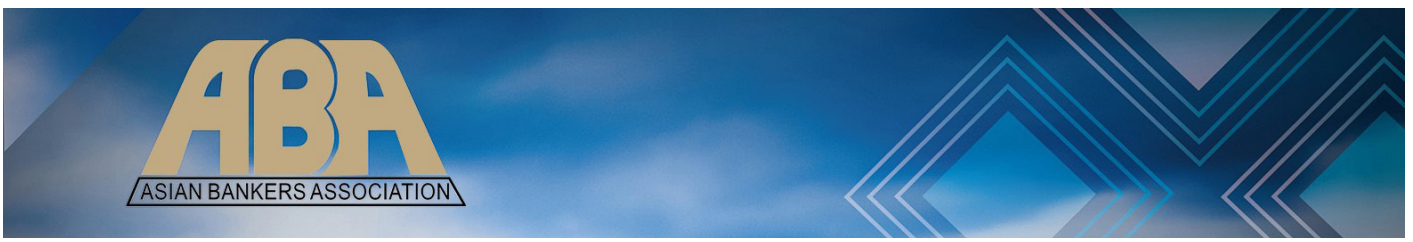
Singapore's three top banks — DBS, UOB and OCBC — "will not really face much disruption from these initiatives," said Eugene Tarzimanov, senior credit officer at Moody's. "They have very, very strong commercial franchises, domestically they're well known and they have very diversified businesses, be it retail, SMEs or corporate [banking]".

However, he predicted there might be "a bit more disruption" for foreign banks with smaller balance sheets such as Citigroup and HSBC, as well as for regional banks including Chinese lenders or Malaysia's Maybank that tend to face higher funding costs.

Citi said it welcomed the raising of the competitive bar in Singapore, calling it an "exciting" development. "It helps drive us to the next level," said Amol Gupte, Asean head and Citi's country officer in Singapore.

The MAS said it would judge applicants based on their level of innovation, ability to build "prudent and sustainable" businesses and their contribution to the city as a financial centre.

Financial Times



Banking and Finance Newsbriefs

Taiwan

All banks in Taiwan to offer services in English by 2030

All banks in Taiwan are set to provide both Chinese and English services by 2030 as part of the country's bid to become a bilingual nation.

Mega International Commercial Bank and DBS Bank Taiwan each have a branch in Taipei's Tianmu area designated as a model bank for the initiative, said Financial Supervisory Commission (FSC) Chairman Wellington Koo on Dec. 17, 2019. Home to one of the country's largest expat communities, Tianmu boasts banks with abundant experience in dealing with the needs of foreign clients, Koo told CNA.

DBS Bank focuses on digital banking and sustainable operations, while Mega Bank offers a great variety of services, including even French and Japanese, according to the Banking Bureau. DBS will emulate the experience of its parent company, which is headquartered in Singapore, and Mega Bank already has institutions in place to send staff members overseas for training, Koo added.

Mega Financial Holding Co Chairman Michael Chang reckoned the company aims for all of its Taiwanese branches to be bilingual by 2028. DBS Bank General Manager Lim Him-chuan touted the planned English services, which will be provided by its physical banks, online platforms, and customer hotline, reported Anue.

In addition to the two banks, 14 other banks are also working to implement bilingual services. These include the Bank of Taiwan, Land Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Bank, Chang Hwa Bank, Shanghai Commercial and Savings Bank, Fubon Bank, Cathay United Bank, Citibank, Taiwan Business Bank, Taichung Commercial Bank, E.SUN Commercial Bank, and CTBC Bank, wrote CNA.

Taiwan News

Thailand

SMEs receive aid scheme of B280bn

Commercial banks are expected to offer combined loans worth 100 billion baht, while the state-owned Thai Credit Guarantee Corporation (TCG) is projected to help small and medium-sized enterprises (SMEs) tap credit facilities worth 180 billion baht under the government's latest relief package.

The banking sector is expected to provide loans worth 100 billion baht this year to assist SMEs through government measures, said Predee Daochai, chairman of the Thai Bankers' Association.

Banks will not be required to set aside loan-loss reserves for the additional credit lines for SMEs, which should be an enticement for banks to help their customers, he said.

The cabinet approved the SME relief package, comprising credit guarantees, loan schemes and debt restructuring to help those who want to access financial sources but cannot, as well as those whose debts have soured and those who can access financial institution lending but need additional liquidity.

The first scheme with a 10-billion-baht credit guarantee is estimated to aid 10,000 SMEs, while another with a credit guarantee of 40 billion will help another 20,000 SMEs. Both schemes have a 10-year maturity.

Bangkok Post

Banking and Finance Newsbriefs

Sri Lanka

Sri Lanka shares slip on rising Middle East tensions

Sri Lankan shares fell on Monday to their lowest in nearly four weeks, as escalating tensions in the Middle East lifted crude prices and shook investor confidence across the globe.

Tensions in the Middle East after the U.S. killed a top Iranian general pulled down an index of Asian shares off an 18-month high on Monday as investors pushed safe-haven gold near a seven-year high, and oil jumped to four-month peaks.

The benchmark Sri Lankan stock index closed down 0.68% at 6,066.93, the lowest level since Dec. 24, weighed down by financials and industrial stocks.

Conglomerate John Keells Holdings Plc was the top drag on the index, falling as much as 1.58%, while Hatton National Bank PLC fell 2.4% to a near three-month closing low and Commercial Leasing & Finance PLC dropped 5.3%.

Foreign investors were net buyers in the equity market, adding 91.3 million Sri Lankan rupees ($503,863.13) worth of shares. The Sri Lankan rupee was last quoted at 181.20 against the dollar, Refinitiv data showed.

Reuters

Vietnam

SBV sets cashless payments as top priority for 2020

The State Bank of Vietnam (SBV) has issued a resolution to boost cashless payments in the country.

In SBV's Resolution 01/CT-NHNN, issued on January 3, Governor Lê Minh Hưng asked financial institutions and SBV units to improve their performance, ensure macroeconomic indicators are accomplished and the banking sector operates healthily in 2020.

Among key tasks set for 2020 is to boost the use of cashless payments, as the SBV and the Ministry of Information and Communications are working to launch mobile money services this year.

In the resolution, banks are asked to encourage the use of cashless payments for government-funded services and assure the payment system functions properly, securely and stably.

"(Banks) must improve and upgrade their technology and telecommunication facilities, develop digital banking services and assure cybersecurity in their activities," the resolution stated.

The SBV's latest resolution is expected to comply with the Government's Resolution 02, which puts the use of cashless payment among key tasks to improve the business environment and national competitiveness in 2020.

In the resolution, the Government requests ministries, ministers and ministry-level agencies to put at least 30 per cent of their services online, and allow people and enterprises to make cashless payments by different methods.

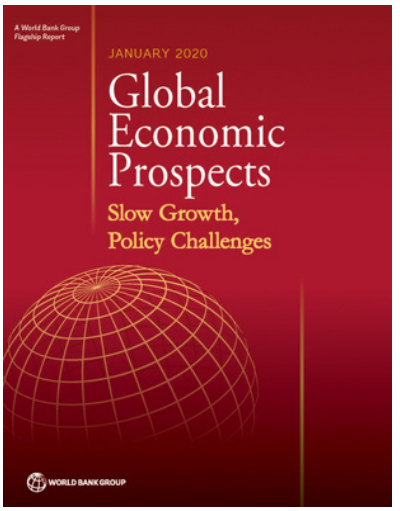
By the end of 2020, the SBV, Ministry of Justice and related agencies must complete policies on mobile money services to help regulators deal with cross-border transactions.

Vietnam News

Publications

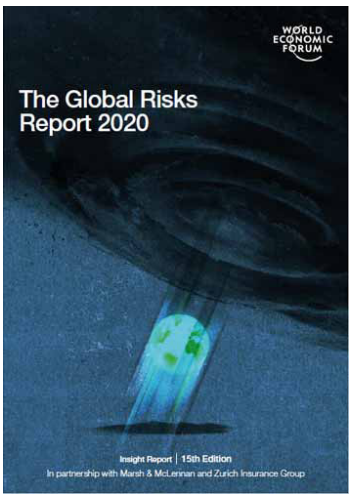
Global Economic Prospects, January 2020: Slow Growth, Policy Challenges

Global growth is projected to be slightly faster in 2020 than the post-crisis low registered last year. While growth could be stronger if reduced trade tensions mitigate uncertainty, the balance of risks to the outlook is to the downside. Growth in emerging market and developing economies is also expected to remain subdued, continuing a decade of disappointing outcomes. A steep and widespread productivity growth slowdown has been underway in these economies since the global financial crisis, despite the largest, fastest, and most broad-based accumulation of debt since the 1970s. In addition, many emerging market and developing economies, including low-income countries, face the challenge of phasing out price controls that impose heavy fiscal cost and dampen investment. These circumstances add urgency to the need to implement measures to rebuild macroeconomic policy space and to undertake reforms to rekindle productivity growth. These efforts need to be supplemented by policies to promote inclusive and sustainable long-term growth and accelerate poverty alleviation.



Contact for details: World Bank Open Knowledge Repository
Website: https://openknowledge.worldbank.org/

Global Risks Report 2020



The Global Risks Report, published by the World Economic Forum with support from Marsh & McLennan, provides a rich perspective on the major threats that may impact global prosperity in 2020 and over the next decade. The 15th edition of the report draws on feedback from nearly 800 global experts and decision-makers who were asked to rank their concerns in terms of likelihood and impact.

Contact for details: Oliver Wyman
Website: https://www.oliverwyman.com/our-expertise/insights/2020/jan/globalrisks2020.html?utm_source=exacttarget&utm_medium=email&utm_campaign=risk-report

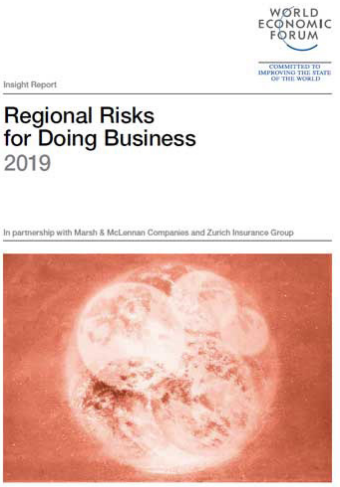
Publications

Regional Risks for Doing Business

Results from the World Economic Forum's 2019 Executive Opinion Survey suggest that the threat of a major economic slowdown is high on the minds of business leaders worldwide, with growing apprehension about a wide range of geopolitical shock.

Globally, three of the top five risks identified by executives are economic-related, with "fiscal crises" topping the list, and "unemployment or underemployment" and "energy price shock" ranking as third and fourth, respectively. Fears of an "asset bubble" and "failure of critical infrastructure" are new entrants to the 2019 global top ten.

Contact for details: Oliver Wyman
Website: https://www.oliverwyman.com/our-expertise/insights/2019/oct/regional-risks-for-doing-business.html?utm_source=exacttarget&utm_medium=email&utm_campaign=risk-report



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Ernest Lin, Secretary Treasurer; Amador R. Honrado, Jr., Editor, Jacqueline Uy, Associate Editor
Wendy Yang, Contributing Editor; Teresa Liu, Assistant Editor
7F-2, No. 760, Sec. 4 Bade Road, Taipei 10567, Taiwan; Tel: (886 2) 2760-1139; Fax: (886 2) 2760-7569
Email: aba@aba.org.tw; Website: www.aba.org.tw