Table of Contents

ABA Announcements 3
ABA Chairman Addresses COVID-19 Impact in Latest Letter to Members
ABA Member Banks and Knowledge Partners to Present Papers at Policy Advocacy Committee Meeting
ABA Invited to Support "5th Emerging Asia Banking & FinTech Summit 2020"

Training and Education 5
Experts Discuss Cyber Risk Preparedness in Latest ABA Webinar
Strengthening Cybersecurity Preparedness for Banks: A Summary of Presentations

News Updates 8
OMFIF report talks about the role of data in sustainable investment, policy and regulation
ADB Vows to be Developing Asia's Partner for Recovery From COVID-19
East Asia Dominates World's On-chain Crypto Activity
ADB to Establish Regional Hub to Help Improve Domestic Resource Mobilization and Tax Cooperation
World Bank's IFC adopts new climate rules to deter lenders from backing coal
America and Singapore are top in 2020 for global digital competitiveness
Singapore, Hong Kong No. 1 for dodgy bank transactions
Hong Kong will stay a key financial hub, say experts
ASEAN finance ministers, central bank governors discuss monetary-financial integration

Special Features 16
The Race to Save the World Trade Organization
How Did Vietnam and Cambodia Contain COVID-19 With Few Resources?

Among Member Banks 20
Bank of East Asia to sell life insurance business following strategic review
SBI appoints Charanjit Attra as CFO
MUFG Bank to Invest in Nagano Prefecture's Green Bond
Mizuho to offer shorter workweek for employees
Korea Development Bank issues $200 million SOFR bonds in the U.S.
Maybank introduces EzyQ, first in Malaysia

Table of Contents

Bank of Maldives Appoints New Directors for Retail and SME Banking and Corporate Banking
PNB recognized as Best Bank for Corporate Social Responsibility in PH
RCBC named Best Digital Bank in the Philippines
DBS Bank releases revamped banking app
HNB partners with Prime Group to offer special housing loans for 60 days
Cathay United prepares to compete with virtual banks
CTBC Financial Holdings wins five Asian Excellence Awards
Bangkok Bank integrates Indonesia branches into PermataBank International network
Commerzbank Appoints Deutsche Bank's Manfred Knof as Chief Executive
Intesa Sanpaolo to buy 69% stake in Swiss private bank REYL
J.P. Morgan launches S&P 500 Warrants in Hong Kong

Banking and Finance Newsbriefs **28**
Bhutan Issues First Sovereign Bond to Meet Increasing Fiscal Financing Needs in Fighting COVID-19
India's banking system to be among the last to heal post pandemic, recovery could be beyond 2023
Japan eyes stress test on major banks to gauge impact of COVID-19 on capital
South Korean financial firms still vulnerable to cyberattacks overseas
Malaysia's debt is set to rise as it grapples with the Covid-19 pandemic
India, Maldives Sign $400 Mn Line Of Credit Agreement For Connectivity Project
Philippine Central Bank Governor cites thrift banks' performance amid pandemic
Singapore launches first institute focused on green finance research, talent development
Sri Lanka Drafts Resolution Framework for Banks, Finance Companies
Taiwanese banks launch cell phone number interbank payment system

Publications **33**
Reframing Financing and Investment for a Sustainable Ocean Economy
Trade, Productivity and (Mis)allocation
Europe and Central Asia Economic Update, Fall 2020: COVID-19 and Human Capital
Asian Development Outlook (ADO) 2020 Update: Wellness in Worrying Timest

ABA Announcements

ABA Chairman Addresses COVID-19 Impact in Latest Letter to Members

Mr. Jonathan Alles, Chairman of the Asian Bankers Association (ABA) and Managing Director/CEO of Hatton National Bank from Sri Lanka, sent out a letter to members on September 30 addressing the coronavirus crisis.

In the letter, Chairman Alles noted that it has been more than eight months since the onset of the ongoing COVID-19 pandemic, and expressed hope that everyone has remained safe and healthy amidst the health crisis.

He said that the difficulties and uncertainties brought about by the pandemic has made it hard not only for members' respective organizations, but for their customers and the communities they serve as well.

Nevertheless, he is certain that each ABA member organization has formulated their respective plans and strategies on how to deal with the pandemic. There is no doubt that members have made the necessary adjustments, both internally and externally, to continue operating businesses and serving clients in best way they can despite the current uncertainties.

Chairman Alles went on to wish members, on behalf of the Asian Bankers Association, continued success in their efforts to implement their respective plans and strategies. He earnestly hopes that they would adapt to the various challenges they are facing, and maintain resilience, adding that he looks forward to seeing them all again during the next face-to-face gathering.

ABA Member Banks and Knowledge Partners to Present Papers at Policy Advocacy Committee Meeting

The online meeting of the ABA Policy Advocacy Committee scheduled on November 13, 2020 will feature presentations by experts from ABA member banks and Knowledge Partners of their papers focusing on specific policy issues of current concern to the banking industry in the region. The experts include:

1. **Mr. Dilshan Rodrigo, COO of Hatton National Bank (HNB)**, will present a summary of the HNB paper sharing HNB's experience on process improvement and results, on how to overcome challenges in driving change (including people aspect), and on information and experience on digital banking infrastructure and solutioning
2. **Mr. Eugene Acevedo, President and CEO of Rizal Commercial Banking Corporation (RCBC)**, will present a paper on RCBC's experience in crisis and disaster preparedness and recovery efforts and results (e.g., how the Bank has managed challenges associated with the Corona virus, US-Iran escalation of tensions, natural disasters, etc.); (b) RCBC's experience on how to overcome challenges in achieving crisis and disaster preparedness and recovery (e.g., Business Continuity; (c) RCBC's Planning and Disaster Recovery Plan; and (d) information from both bank regulators and non-bank associations on their experience and best practices for

ABA Announcements

Past ABA Policy Advocacy Meetings

crisis and disaster preparedness and recovery.

3. **Ms. Anna Batenkova, Sustainable Finance Engagement Manager, World Wide Fund for Nature (WWF) Singapore**, will present a paper sharing: (a) WWF's efforts and initiatives to help achieve the UN Sustainable Development Goals (SDGs) (e.g., business ethics, employment policies, conservation of the environment, financial soundness, etc.); (b) WWW's experience in addressing challenges in implementing activities aligned with the SDGs; and (c) information and relevant materials from regulators and other pertinent organizations on their programs aimed at achieving the SDGs.
4. **Mr. Lionel Ho Tze-Kuang, Head of Digital Strategy, GS-Group Digital, Malayan Banking Berhad (Maybank)**, will present a paper sharing: (a) Maybank's efforts and initiatives in collaborating with Fintech companies; (b) Maybank's experience in addressing and overcoming challenges in doing so (e.g., how to manage culture clash and achieve win-win outcomes); and (c) information on government policies and regulations aimed at promoting collaboration between banks and fintech companies
5. **Mr. Oliver Hoffmann, Managing Director, Head of Asia, Erste Group Bank AG** will present a summary of a paper that: (a) provides an update on the LIBOR situation and its impact on banks' lending operations; (b) considers alternative benchmarks following the non-availability of LIBOR in 2021 and how banks can prepare for it; (c) identifies fundamental problems related to LIBOR (e.g., conflict of interests, low liquidity, and small volume of trade) and the current challenges and the potential solutions; and (d) formulates recommendations on how banks can face the transition away from LIBOR.
6. **Mr. Eric Wong, Group Chief Information Officer and General Manager, Head of Technology and Productivity Division at the Bank of East Asia Ltd.** will share information on: (a) activities aimed at information sharing and raising awareness about cyber risks and at encouraging good consumer practices; (b) activities of innovative banks in the area of cybersecurity; (c) cooperation among banks and other financial institutions, governments, and technical bodies to strengthen cyber security; (d) practices on continuing efforts to enhance adopted technology and cyber security; and (e) engagement from regulators across countries to facilitate more discussion on Cyber Security, Digital Banking, EKYC, and Compliance issues.

In addition to considering the above-mentioned papers, the Committee will also exchange views on possible issues for future policy advocacy work of ABA, followed by discussions.

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) FATCA implications; (m) promoting financial literacy; (n) promoting organizational transformation; and o) Islamic banking. Through these, the ABA was able to make significant contributions to the work of regional and international policy-making and regulatory bodies.

ABA Announcements

ABA Invited to Support "5th Emerging Asia Banking & FinTech Summit 2020"

The Asian Bankers Association (ABA) has been invited by Magenta Global, an independent business media company, to be a Supporting Organization of the "5th Emerging Asia Banking & FinTech Virtual Summit 2020", to be held on October 28-29, 2020.

The Summit is an authoritative virtual platform bringing together key players in the banking and financial services ecosystems across the Asian continent to discuss the latest developments, best practices, challenges and opportunities. The event will allow participants to probe new opportunities presented in the financial transformation of emerging Asian economies, including Myanmar; as well as evaluate the business case for digital banking implementation and the latest technological applications relevant to their respective businesses.

The 2020 Agenda will deep dive into several different areas, including: (1) Myanmar's Banking Sector Liberalisation; (2) Customer-first Digital-banking Models; (3) "FinTeching" Last-mile Consumers, Migrant Workers and E-commerce for Increased Domestic Uptake; (4) Expanding the Game; (5) Strategic Alliances and M&A; and (6) Open Ecosystems and Platformification - Transforming Current Business Models, among others.

By attending the two-day virtual event, participants will have the opportunity to get first-hand insight and robust opinions from industry experts on the business opportunities in the region. They will also be able to network with key industry players and listen to practical analyses on the latest financial developments.

To register for the event or to get more information, please click here.

Training and Education

Experts Discuss Cyber Risk Preparedness in Latest ABA Webinar

With the world of finance becoming increasingly digitized, banks can expect to come under a growing threat from cyber-attacks. In 2020, the trend seems to have been exacerbated by the rapid worldwide spread of the COVID-19 pandemic. Criminals are exploiting vulnerabilities opened up by the COVID-19 lockdown, increasing the risks of cyber-attacks.

Focusing on the topic "Strengthening Cybersecurity Preparedness for Banks", a webinar held on September 30 – the second one organized by the Asian Bankers Association with the support of Hatton National Bank (HNB) – aimed to help members explore how banks and financial institutions can find ways to protect their businesses from emerging cyber risks, as everyone – from large corporations to small businesses – is a potential target for hackers.

The webinar began with a welcome statement by HNB Chief Operating Officer Mr. Dilshan Rodrigo, who is also Chairman of the ABA Policy Advocacy Committee.

The two-hour event features six speakers who addressed the following issues:

- Cyber risk regulation and supervision

Training and Education

- Cyber Resilience, COVID-19 Response and the "New Normal"
- CISO and its criticality in managing the bank's cyber related risks
- Training and capacity building for staff and customers on cyber risks
- Bringing Intelligence to Cybersecurity Management
- Cyber Risk Insurance: Pros and Cons

The webinar was moderated by Mr. Eugene Acevedo, President and CEO of Rizal Commercial Banking Corporation from the Philippines.

Strengthening Cybersecurity Preparedness for Banks: A Summary of Presentations

The ABA webinar on "Strengthening Cybersecurity Preparedness for Banks", held on September 30, 2020, gathered cybersecurity experts from ABA member banks and other organizations to help participants explore how banks and financial institutions can find ways to protect their businesses from emerging cyber risks. Below is a summary of the speakers' presentations during the webinar.

1) **Jermy Prenio, Senior Advisor of Financial Stability Institute at Bank for International Settlements (BIS)** talked about *Cyber Risk Regulation and Supervision*, in particular:

- International regulatory initiatives - e.g., Group of 7, Financial Stability Board, Committee on Payments and Market Infrastructures, International Organization of Securities Commissions, and Basel Committee on Banking Supervisory
- Cybersecurity strategy, governance & risk management – regulatory expectations
- Cybersecurity strategy, governance & risk management – supervisory practices
- Cybersecurity incident response and recovery – regulatory expectations
- Cybersecurity incident response and recovery – supervisory practices
- Third party dependencies – regulatory expectations
- Third party dependencies - supervisory practices

2) **Alon Cliff Tavor, Partner, Digital at Oliver Wyman** discussed *Cyber Resilience, the COVID-19 Response and the "New Normal"*, sharing two case studies of banks and how cyber risk vulnerabilities can be exposed.

Case Study one is a ransomware attack that occurred while moving employees to work from home, while Case Study two involves a rise in MDM vulnerabilities as demand for email access on mobile devices increases. Mr. Cliff-Tavor also pointed out:

- COVID-19 has significantly amplified cyber risks

Training and Education

- New threats have emerged exploiting COVID-19
- Emerging trends in cyber threats
- Three cyber information security areas that require urgent attention, namely, enhancing security controls, assessing and addressing external threats, and assessing tech and security teams' resource and continuity planning (medium and long-term priorities)

3) **Suresh Emmanuel, Chief Information Security Officer at Hatton National Bank** spoke on the *CISO and its criticality in managing the bank's cyber related risks*, highlighting:

- The current situation of cyber risk in banking
- Classification of cyber incidents in banking
- Identification of most likely risks and most severe risks in banking
- Key challenges in dealing with cybersecurity threats for banks
- The degree of impact from cyber-attacks on key aspects of a bank's business
- Steps for strengthening cybersecurity preparedness (identifying business requirements, gap assessment, risk assessment, governance, planning and development, and implementation and review.
- Some key takeaways that include big data and threat intelligence, patch and vulnerability management, supply chain attack controls, cyber incident response and restoration capabilities, segmentation, next general malware protection, network and web security, email protection, security awareness training, and security testing and assurance

4) **Keisuke Kamata, Regional Director to Japan and Asia at Financial Services Information Sharing and Analysis Center (FS-ISAC)**, talked about *Training and capacity building for staff and customers on cyber risks*. He cited the following issues:

- Training and capacity-building for staff and customers on cyber risks is one of the biggest challenges on cybersecurity
- Importance of knowing who they are facing (What is their motivation? Who are they? What they will do and what is the impact?)
- What are the major threats (ransomware, phishing site, Business Email Compromise, APT/Spear phishing) and what are the impacts (business suspension/money loss, personal money loss, corporate money loss, and information loss)?
- It is important to provide good level security together with services, make it easy to understand and to do, and communicate the right message to the right people

5) **Michael Araneta, Head of Advisory and Research at IDC Financial Insights**, focused on *Bringing Intelligence to Cybersecurity Management*, highlighting the following points:

- Organizations have a long list of cybersecurity "needs", including a growing number of channels, devices, transactions, environments to protect; ability to deal with a rapidly growing sophistication of cyber threats; continued growth of compliance and regulations; identity integration; recognition of cybercrime as a business; proliferation of security tool sets; addressing the scarcity of qualified information security professions; new infrastructure security considerations and solutions; recognizing that speed of response matters; and acknowledging the primacy of analytics
- There is a need to recognize the promise of intelligence to resolve long-standing problems in cybersecurity (e.g., volume problem, dwell time problem, prioritization problem, and action problem)
- Important elements in cybersecurity include: analytics to drive insight into threat dynamics, using intelligence to index and collect sources of information, orchestration of multiple tool sets to mitigate a threat and harden the network, and triage and initiating the proper response.

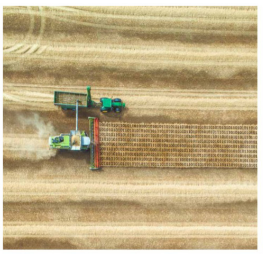
Training and Education

6) **Ross McNaughton, Chief Information Security Officer of Gulf Bank and Member of the Risk Committee of the Kuwait Banking Association** spoke on *Cyber Risk Insurance: Pros and Cons*, specifically:

- Advantages of cyber insurance (it mitigates residual risk and does not negate the need for a good control environment)
- Ensuring correct coverage (Identifying categories that are separated and will need coverage clarification)
- Determining the questions to ask the insurer based upon the risks the organization currently has and potential future scenarios that are identified
- Using cyber insurance to mitigate cyber threats from third parties
- Correctly valuing insurance coverage with risk management and cost of breach calculations
- Risk management, acceptance and insurance
- Key takeaways include: question the insurer based upon your known weaknesses; have your scenario threat assessments realistic and in line with your real technical environment risk; and ask questions to the insurer on potential contention points related to exclusions

News Updates

OMFIF report talks about the role of data in sustainable investment, policy & regulation



The move towards sustainability is accelerating even as the global economy grapples with the consequences of Covid-19, an OMFIF-Refinitiv report shows. Socioeconomic resilience in the face of risks such as the pandemic and climate change is moving to the forefront of agendas across the financial sector. Stakeholders are unanimous in the belief that clear and consistent environmental, social and governance data will be critical to realign the financial markets towards sustainable development and help achieve the sustainable development goals. While there has been significant progress in disclosure of information in relation to environmental and societal impacts over the past decade, this field is still young with unrealised potential.

The report, entitled "The role of data in sustainable investment, policy and regulation", highlights the following findings:

- Climate issues highlight technical gaps in the practical usage of non-financial data.
- Granular tracking through technology has improved, but regulators and investors struggle to determine precise attribution e.g. via Scope 3 emissions along global value chains
- New data demands in the wake of the Covid-19 pandemic; regulatory and industry emphasis has rebalanced away from principally environmental issues to a more holistic focus across the three ESG pillars

Developing a reliable and equitable financial market will require regulators, supervisors, standard-setters and investors to answer key questions around materiality, data transparency and technical capacity-building. These actors are expanding their focus to the issue of data gaps. This report's findings bring together diverse, and at times, contrasting opinions from public and private stakeholders to illustrate the main areas that need to be developed to advance the use of sustainable data in the financial community.

News Updates

ADB Vows to be Developing Asia's Partner for Recovery From COVID-19

The Asian Development Bank (ADB) is committed to partnering with developing economies in Asia and the Pacific to achieve their recovery goals from the coronavirus disease (COVID-19) pandemic, President Masatsugu Asakawa said in an address to ADB's Board of Governors on September 18.

"ADB will continue to earn your trust as a steadfast partner during the uncertain times we still face in our region as we build for a strong and lasting recovery," said Mr. Asakawa. "Our work toward a sustainable, resilient, and inclusive recovery stands on a foundation of mutual trust formed over decades of cooperation with you, our members."

He was speaking at the opening of the Business Session of the second part of ADB's 53rd Annual Meeting of the Board of Governors, held this year in a virtual and abbreviated format due to the COVID-19 pandemic.

As the region moves forward toward recovery, Mr. Asakawa said ADB will build on its relationship with its members to support them in six key areas.

First, ADB will promote regional cooperation and integration to help members seize the opportunity that renewed globalization can offer in a post-pandemic new normal. "While there are some who suggest that recent border closures and travel restrictions are signs that globalization has ground irreversibly to a halt, I do believe that globalization will return, but it will take a different shape," Mr. Asakawa said. ADB will work with developing members to secure more diversified value and supply chains, and to promote regional public goods for better collective prevention of disease outbreaks, mitigation of climate change impacts, and enhancement of the regional financial safety net.

Second, since COVID-19 has contributed to an increase in income inequality and absolute poverty, ADB will strengthen investments in health, education, and social protection, which will better ensure safety and opportunities for all, while building the human capital that economies need to thrive in the long term.

Third, ADB will accelerate its efforts to tackle climate change in order to reach the goals established in its long-term Strategy 2030—to reach $80 billion in cumulative climate investments and 75% of the total number of committed operations by 2030.

Fourth, ADB will invest in information technology and data for health; education; financing for micro, small, and medium enterprises; and remote work—while also addressing both the digital divide and cyber security.

Fifth, ADB will help its members strengthen domestic resource mobilization through international tax cooperation, since all key areas of development require that governments improve their capacity to mobilize financial resources while managing debt sustainability.

And last, ADB will support the efforts of its developing members to secure safe and effective vaccines, and to formulate strategies for equitable delivery. To accomplish this, ADB will continue to strengthen collaboration with the World Health Organization; the World Bank; GAVI, the Vaccine Alliance; vaccine experts; and pharmaceutical companies.

Over two days of online Annual Meeting events, ministers from ADB members, development and industry experts, journalists, and nongovernment organizations have discussed a range of issues confronting Asia and the Pacific. Other events included a CNBC Debate, Resetting Asia: Technology, Investment, and Sustainability; and the Governors' Seminar on Developing Asia Beyond the Pandemic.

ADB News and Events

News Updates

East Asia Dominates World's On-chain Crypto Activity

Blockchain intelligence firm Chainalysis recently published a new report on the "2020 Geography of Crypto," a study that examines 154 countries and the flourishing cryptocurrency adoption in these areas. The company created a crypto adoption index from the large list of nation-states, and only 12 countries had very little traction compared to the rest. The top ten countries are ranked by four individual metrics that are combined to create the official ranking.

Findings indicate that East Asia is the world's largest cryptocurrency market in terms of crypto activity, accounting for 31% of all cryptocurrency transacted between June 2019 and July 2020. Crypto addresses stemming from East Asia accounted for $107 billion received.

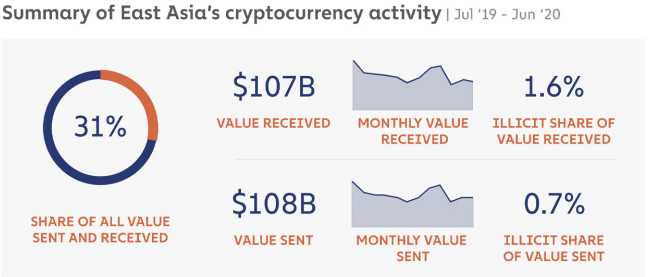
East Asia's cumulated data is 77% larger than the crypto activity in Northern and Western Europe. East Asia is dominated by "pro traders" and "stablecoins," the Chainalysis report highlights. Stablecoin usage in East Asia is "off the charts" in comparison to other regions worldwide.

The top country, as far as onchain value received, onchain retail value received, number of onchain deposits, and peer-to-peer trade volume is the Ukraine.

This country is followed by Russia, Venezuela, China, Kenya, U.S., South Africa, Nigeria, Colombia, and Vietnam respectively. The Chainalysis report notes that "Developing countries have high grassroots cryptocurrency activity."

The study details that African nations like Kenya, Nigeria, and South Africa have been seeing more adoption than other areas throughout the continent. Central & Southern Asia and Oceania (CSAO) is also covered, and researchers say growth is "already strong."

The CSAO area is seeing a number of cryptocurrency regulations adopted within a variety of countries. CSAO is the fifth-most active region worldwide when it comes to



cryptocurrency activity and it's seen over $41 billion sent and $40 billion received during the last 12 months.

Nation-states that ranked lowest in the adoption index include Afghanistan, Algeria, Cape Verde, Chad, Fiji, Laos, Libya, and Mongolia.

The crypto forensics firm says the Middle East is a smaller digital currency ecosystem, and the region is the second-smallest worldwide. According to the study, Turkey captures the most crypto activity in the Middle East, ranking 29th in the crypto adoption index. It mentions that Turkey is a strong crypto adopter due to the Turkish lira falling in value.

Chainalysis also touched on North America (the U.S. & Canada), which captures "conservative buy-and-hold" investors, and institutional investors, and accounted for $52 billion sent and the same value received during the 12-month span. Addresses stemming from North America accounted for 14% of all the crypto activity studied during the company's research.

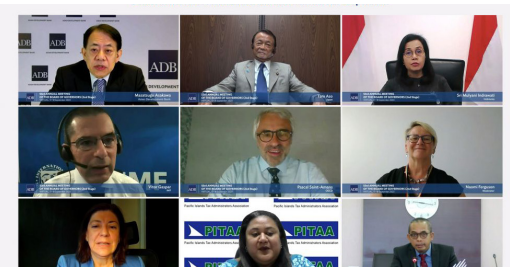
Additionally, Chainalysis highlights that a number of the global regions have formed crypto alliances. "North America and Nothern & Western Europe (NWE) form a quasi-common market, plus heavy trade with East Asia," the "2020 Geography of Crypto" findings detail.

NWE has a "strong professional market" but also a "surprising" amount of illicit activity. As far as crypto activity is concerned, NWE is the second-largest territory behind East Asia. The NWE region accounts for 17% of all the crypto transactions worldwide.

Read the full report here. More information on blockchain technology and cryptocurrency is also available through this guide.

News Updates

ADB to Establish Regional Hub to Help Economies Improve Domestic Resource Mobilization and Tax Cooperation



The Asian Development Bank (ADB) is establishing a regional hub to promote knowledge sharing and strengthen cooperation on tax policy and tax administration across economies in Asia and the Pacific and their development partners.

"I firmly believe that one of the keys to success in achieving the Sustainable Development Goals (SDGs) in a world reshaped by COVID-19 (coronavirus disease) will lie in strengthening domestic resource mobilization (DRM) and international tax cooperation (ITC)," said ADB President Masatsugu Asakawa in a September 17 seminar during ADB's 53rd Annual Meeting.

The Regional Hub on DRM and ITC will focus on promoting DRM and ITC through close collaboration among finance and tax authorities of developing economies; international organizations such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and the World Bank; and regional tax associations.

Despite many developing economies having maintained strong and steady gross domestic product (GDP) growth in recent years, tax yields have not increased proportionately. Even prior to the pandemic, many economies did not achieve a minimum tax yield of 15% of GDP—a level now widely regarded as the minimum required for sustainable development. The COVID-19 pandemic has worsened the situation due to increased pressure on economies' expenditures and a decrease in tax revenue, leaving little room to further increase external borrowing.

Seminar participants discussed how governments must balance efforts to raise tax revenues and promote investments that can contribute to a robust recovery from the pandemic, and the need to earn the trust of taxpayers while seeking to increase the tax base. To improve tax yields in a fair and equitable manner, governments must also cooperate more closely, including to manage aggressive tax planning and combat tax evasion. This requires a higher level of participation in international initiatives such as the Inclusive Framework on BEPS (base erosion and profit shifting) and the Global Forum on Transparency and Exchange of Information for Tax Purposes.

The regional hub will serve multiple functions such as institutional and capacity development, including the exchange of information; knowledge sharing across partners, international financial institutions, bilateral revenue organizations, and developing economies; and collaboration and development coordination across development partners. It will be an open and inclusive platform, with a focus on South–South policy dialogue. The regional hub will seek to bring together practitioners from tax policy bodies as well as tax administration bodies of developing economies to achieve meaningful progress in tax reform.

The synergy created in this hub will ensure strong value addition and effectiveness in the implementation of necessary reforms.

In establishing the hub, ADB will also mainstream DRM and ITC in its operations such as technical assistance and policy-based lending to help governments enhance their capacity for DRM and adoption of international tax standards.

Seminar speakers included Japan Deputy Prime Minister, Minister of Finance, and Minister of State for Financial Services Taro Aso; Indonesian Minister of Finance Sri Mulyani Indrawati; IMF Director for Fiscal Affairs Department Vito Gaspar; and OECD Director of the Centre for Tax Policy and Administration Pascal Saint-Amans. New Zealand Inland Revenue Commissioner and Chief Executive Naomi Ferguson moderated the seminar.

Representatives from the World Bank, the Pacific Islands Tax Administrators Association, and the Study Group on Asian Tax Administration and Research also shared their views.

ADB News and Events

News Updates

World Bank's IFC adopts new climate rules to deter lenders from backing coal

The World Bank's private-sector arm has introduced new climate change conditions for its investments in commercial banks to encourage the lenders to wind down support for coal projects in Africa and Asia.

The International Finance Corporation (IFC), which owns equity stakes in many large commercial banks in emerging markets, hopes the restrictions will trigger other investors to exit the coal sector.

Under the new rules, in effect since July last year but published on September 17, the IFC will no longer make equity investments in financial institutions that do not have a plan to phase out support for coal. The IFC will also use various conditions attached to its existing and new equity investments to ensure that the banks involved reduce their exposure to coal to zero by 2030.

Photo: Reuters

The IFC exerts considerable influence over commercial banks in emerging markets, which often turn to the Washington-based lender for both access to capital and the kind of governance expertise that helps them build credibility among investors.

Apart from the IFC's being a major investor in its own right, its standards are widely adopted by the private sector.

Climate change campaigners welcomed the move, saying it sent a clear message to the commercial banking and insurance sectors that public finances would no longer be made available for institutions backing coal projects.

"We expect an avalanche of different institutions to adopt a similar approach, it will have a huge impact," Nezir Sinani, co-director of Recourse, a Netherlands-based nonprofit organisation which has been lobbying the IFC, told Reuters.

Reuters

America and Singapore are top in 2020 for global digital competitiveness

Figure 4: Digital competitiveness ranking 2020 Top 10

Overall Rank		Knowledge	Technology	Future Readiness
1	USA	1	7	2
2	Singapore	2	1	12
3	Denmark	6	9	1
4	Sweden	4	6	7
5	Hong Kong SAR	7	2	10
6	Switzerland	3	11	5
7	Netherlands	14	8	4
8	Korea Rep.	10	12	3
9	Norway	16	3	6
10	Finland	15	10	9

The US held onto its top spot in a global ranking of digital competitiveness thanks to access to capital and an emphasis on robotics. Singapore also stayed in the No. 2 spot on the Institute for Management Development (IMD) World Digital Competitiveness Ranking (WDCR) for 2020. The country earned more No. 1 rankings than the US in the rankings on individual criteria. The WDCR measures the capacity and readiness of 63 economies to adopt digital technologies for economic and social transformation. This year's Top 10 list looks similar to last year's:

1. United States of America
2. Singapore
3. Denmark
4. Sweden
5. Hong Kong SAR
6. Switzerland
7. Netherlands
8. South Korea
9. Norway
10. Finland

Researchers identified these trends in each country in the top 10

News Updates

list: efficient use of digital talent, a reflection of having the technological infrastructure in place and using the technology available. Researchers believe that the fate of economies today can be predicted by how they manage digital transformation and that COVID-19 was a litmus test for the world.

Economist Mariana Mazzucato, director of the Institute for Innovation and Public Purpose at University College, London, said in a press release that digitalization is no longer an option but a necessity.

The report includes a detailed report on each country that includes scores from the last four reports, scores on the factors and subfactors, and strengths and weaknesses.

The IMD evaluated countries on three criteria:

- Knowledge: Talent, training and education, and scientific concentration
- Technology: Regulatory framework, capital, and technological framework
- Future readiness: Adaptive attitudes, business agility, and IT integration

The data that informs the rankings comes from research done in 2019 and a survey that was conducted after the pandemic started in 2020. The survey did not include questions about COVID-19 but the analysts considered the role technology played in how countries responded to the crisis. The IMD works with partner institutes around the world to produce the report.

Tech Republic

Singapore, Hong Kong No. 1 for dodgy bank transactions

Singapore and Hong Kong were the biggest destinations for suspect transactions in Asia, even though the financial centers saw just a small fraction of an estimated US$2 trillion in potentially dodgy money flows revealed in a report.

Singapore processed US$4.4 billion in suspicious flows through banks, including DBS Group Holdings Ltd, Oversea-Chinese Banking Corp (OCBC) and United Overseas Bank Ltd (UOB), the International Consortium of Investigative Journalists (ICIJ) said in an investigation published on September 20.

About US$4.1 billion was handled in Hong Kong by lenders including HSBC Holdings PLC and Deutsche Bank AG, the ICIJ said.

The two banking centers are followed by China and India in Asia in terms of the size of suspect flows, according to the report based on a trove of documents that was leaked to BuzzFeed News.

The Monetary Authority of Singapore said in an e-mailed statement that it is "closely studying" the revelations and "will take appropriate action based on the outcome" of its review.

The Hong Kong Monetary Authority said that it was also aware of the report, but does not discuss individual cases. The territory's framework for combating money laundering and counter-financing of terrorism is "effective and in line with international standards," a spokeswoman said in an e-mail.

Bank shares were hammered by the revelations. In an e-mailed statement, DBS said it has "zero tolerance for bad actors abusing the financial system," but that it is "generally very difficult to delay or intercept money in transit given the impact on legitimate business" unless there are sanctions on names or account freezes.

OCBC and UOB said that their frameworks for detecting illicit flows are "robust."

HSBC on September 21 said it started a "multi-year journey" eight years ago to overhaul its ability to fight financial crime in more than 60 jurisdictions, making it "a much safer institution than it was in 2012."

Deutsche Bank said that ICIJ raised "a number of historic issues" and those related to the bank are "well known" to regulators.

Bloomberg

News Updates

Hong Kong will stay a key financial hub, say experts

Wikimedia Commons / Mstyslav Chernov (CC 3.0)

Hong Kong's status as a key Asian financial hub will remain intact, according to business experts.

Speaking to the BBC, they said new security laws and protests are unlikely to scare off investors to other countries.

Supporting this, Hong Kong's stock exchange raised $11bn from 59 new listings in the first half of 2020. And the blockbuster debut of Ant Group is likely to see that number grow considerably in late October. The Chinese financial technology group could raise more than $30bn (£23bn), more than any other stock market debut this year.

Numbers like this make Hong Kong irresistible for many investors, according to Tara Joseph from the American Chamber of Commerce Hong Kong. "The flow of money that comes in and out of Hong Kong on a daily basis, that goes into mainland China and comes out, is very hard to replicate," she told the BBC's Asia Business Report.

Critics have previously raised the possibility that security legislation and the ongoing trade war with China will push businesses and investors to look elsewhere. But the sheer ability to raise money outweighs many other factors, according to Drew Bernstein, co-chairman of Marcum, Bernstein and Pinchuk, an accountancy firm. "These companies are basically going to do whatever they have to do to have access to capital," he said.

A recent survey by the chamber found that nearly 40% of US companies were considering moving capital, assets or operations out of the city due to concerns about the new security laws. Other Asia Pacific centres are trying to burnish their credentials as financial centres.

Japan's Prime Minister Yoshihide Suga previously told financial news outlet Nikkei that his government will consider lowering tax rates and promoting diversity in boardrooms to attract foreign talent in an effort to reinvent Tokyo as a global financial hub.

Australian Liberal Senator Andrew Bragg has been pushing his government "to capitalise on the disintegration of Hong Kong as a financial centre by attracting businesses to Sydney."

Some have suggested that Singapore, a country with similar tax rates and a business-friendly environment, is the natural successor to Hong Kong. However, it lacks Hong Kong's proximity to the Chinese market and its stock exchange is far smaller.

Despite the positivity about Hong Kong's future as a financial hub, its economy has still taken a hit from last year's protests, as well as from the Covid-19 pandemic. Even before the pandemic started to bite, Hong Kong was in recession, which has only deepened this year.

"In many ways it's the tale of two cities. One, it's the international finance, here's where Hong Kong continues to be an amazing place," said Curtis Chin, a former US Ambassador to the Asian Development Bank. "But then there's the daily life of Hong Kong people and some of the issues Hong Kong people face have predated these protests, issues, such as inequality issues, such as that divide between rich and poor."

BBC

News Updates

ASEAN finance ministers, central bank governors discuss monetary-financial integration

The sixth ASEAN Finance Ministers and Central Bank Governors' Meeting (AFMGM), the most important event in a series of regional finance-banking cooperation activities hosted by Vietnam this year, was held online in Hanoi on October 2.

The AFMGM was co-chaired by Finance Minister Dinh Tien Dung and and Governor of the State Bank of Vietnam Le Minh Hung.

Participants discussed global and regional macro-economic situation, Covid-19 response policies as well as measures to support economic recovery following the pandemic. They also considered the launch of cooperation initiatives within the framework of the ASEAN monetary-financial integration roadmap.

Due to uncertainties caused by the pandemic, they highlighted the need to step up technological application and digital transformation in financial-banking services which, they said, would contribute to a sustainable regional economy resilient to shocks similar to COVID-19.

About regional financial cooperation initiatives, officials lauded progress made by working groups. On capital market development, they approved a report on promoting sustainable finance in ASEAN with valuable recommendations for member states.

They also acknowledged negotiation outcomes of the Working Group on Financial Services Liberalisation and the ninth package of financial commitments under the ASEAN Framework Agreement on Services.

The meeting adopted the draft revised Roadmap to the ASEAN Insurance Integration Framework, spoke highly of cooperation outcomes of working groups in the banking sector with almost all the targets set early this year being met.

Central bank governors also approved a number of cooperation initiation proposed by Vietnam, and the cyber security risk information sharing programme (CRISP), among others.

With high consensus, delegates approved a Joint Statement of the sixth AFMGM. which was presented by Le in a special press conference.

Vietnam News

Special Features

The Race to Save the World Trade Organization

An interview with Robert Wolfe, Professor Emeritus at Queen's University

The World Trade Organization is at a critical moment in its history. Trade nationalism is becoming more widespread, the U.S./China dispute shows no sign of abating and the WTO is searching for a new leader to take it forward and ensure its relevance. Of the five candidates still in contention, two are women from Africa.

BRINK spoke to Robert Wolfe, professor emeritus at Queen's University School of Public Studies and an expert on the WTO. We began by asking him where the leadership competition for WTO director general currently stands.

WOLFE: The decision is made by consensus, rather than a vote. The three WTO ambassadors running the process asked each ambassador from the 164 member countries at the WTO for a confidential list of four preferred candidates. Based on that, on September 18th, they told three of the candidates that it doesn't look like they are going to meet with consensus. And then they'll do that process again and hope to end up with just two candidates. And then they will try to see if one of those candidates would meet a consensus of the membership.

BRINK: Do you think there may be an outcome before the American election?

WOLFE: I think that's at least a possibility. The only reason it wouldn't be possible would be if major players end up supporting different candidates, with no possibility of compromise. So if the Americans and the Chinese have a diametrically opposed position on who the next director general should be, then countries would probably want to wait until next year and see if that changes.

BRINK: Two of the front runners are African women. What's the significance of that, if any, in your view?

WOLFE: First of all, they are very highly experienced. Ngozi Okonjo-Iweala had a distinguished career at the World Bank, so she knows a lot about the world of international organizations. Amina Mohamed had been both the chair of the general council as her country's ambassador in Geneva and the chair of a WTO ministerial meeting when the WTO met in her country.

Many people think that it's high time the WTO appointed a woman as its director general. There has never been a director general from Africa, whereas there have been from the Western hemisphere, from Asia and from Europe, of course.

Personality Matters

BRINK: How much significance does the actual personality of the director general matter in terms of global markets?

WOLFE: It matters hugely for the work of the organization, and that matters for markets. The Uruguay Round was concluded in the early 1990s in part because the then director general, Arthur Dunkel, took all the texts that chairs had been working with in the various different negotiating groups, crunched it all together, put it on the table and said, "why don't you guys talk about this as a possible outcome for the round?" He took a risk, but it helped bring a major negotiation to a conclusion. And that

Special Features

sort of thing in different ways happens frequently if less dramatically.

BRINK: With regard to trade nationalism, do you think we're heading into even worse territory, or are you starting to feel that maybe things are going to improve?

WOLFE: Well, I'm an eternal optimist, so I'm always expecting that things will start to improve. We have one rogue government at the moment, which is the United States. The U.S. has been consistently operating on a unilateral basis, instead of trying to assemble coalitions inside the WTO to take collective multilateral action.

But there is a growing willingness among the members of the WTO to negotiate differently. The mantra, the default setting for the traditional, multilateral trade negotiator, is that any negotiation has to involve the whole membership all the time. And that, of course, allows countries that don't want to do anything to stall the whole organization.

Plurilateral Negotiations

What we see countries doing now is forming what are called plurilateral negotiations, where only the countries who want to participate in an issue participate in that negotiation. And they're doing it within a WTO framework, which means that anybody who would actually like to seriously negotiate is free to join the negotiation. And anybody who would want to join later should be free to join it. Then the results are applied in a way that should not be discriminatory.

Of course, there is always the problem that if you don't get the largest participants in world trade joining in such negotiations, then you don't get to what's called critical mass, and often you don't get to critical mass if you don't have the U.S., China and the European Union.

If they decided, "We don't agree with each other on a lot of things, but we're going to take our disagreements to the WTO," then a lot of other countries would say, "Fine, let's do it. Let's start talking."

BRINK: So overall, it sounds like forecasts of the WTO's demise are premature.

WOLFE: Oh, absolutely. But that is different from saying forecasts of the demise of multilateralism are premature. The WTO is simply a creature of the existing state of multilateral cooperation. If the leading countries have decided that they do not want to cooperate at all or do not want to cooperate multilaterally, then one of the places they won't be cooperating is the WTO.

But it's been clear for some years now that if the United States and China do not want to have a negotiation of the WTO, nobody can make them have that negotiation. And most negotiations that others would want to have won't come to any useful results.

Hard to Predict Which Way China and US Will Go

China makes fine statements about how they're committed to multilateral cooperation and how they want to cooperate in the WTO, but at the moment, they don't have a partner in Washington. If we find ourselves with a government in Washington that says, "Right, China, you want to cooperate in the WTO? Let's get to work." That will create an interesting situation.

People also say the WTO's dispute settlement system is gone — which is simply wrong. The appellate body has been put into cold storage by the U.S. The U.S. has many critiques of how the appellate body works. We did a survey last year of the trade community and found a good deal of sympathy for many of the concerns of the U.S. So if the U.S. was prepared to engage seriously with the rest of the membership, then appellate body reform should be possible.

The Dispute Settlement System Is Working

As for the rest of the dispute settlement system, it's working just fine. There is the interim appellate process put in place by the EU, with 20 countries. They said, "Look, if we can't appeal to the appellate body, but we need to appeal, here's a different system we can use." That will keep the panel process working, and a lot of countries have confidence in it.

As for negotiations, there are ongoing discussions on domestic support in agriculture, on e-commerce and on domestic regulatory measures in services. The crucial negotiation is fisheries subsidies. It's been going on for many years. They could get a deal done. Some people even think they could get the deal done this year.

So in short, the message that business leaders should keep in mind is that the sky has not fallen. The new director general can make a difference, and if you want to know where the problems in the WTO are, look in Beijing and Washington.

Brink News

Special Features

How Did Vietnam and Cambodia Contain COVID-19 With Few Resources?

By Manisha Mirchandani, Director of Strategy at Atlantic 57

As the coronavirus has ravaged its way across the world, some countries in Asia have shown a remarkable ability to evade its worst effects. As of early August, Cambodia had zero deaths and Vietnam had just six recorded deaths from the coronavirus. This is in spite of these countries having far fewer resources to respond to the threat, compared to wealthy nations such as the United States and Italy, where the virus has exacted a terrible price.

Not all of Southeast Asia has been as successful in containing the virus' spread: Both Indonesia and the Philippines register amongst the highest deaths in Asia outside of China. So why have Cambodia and Vietnam been so successful? Vietnam has recorded only 500 cases for a population of nearly 100 million (five per million) as of the end of July, while Cambodia has recorded just 15 cases per million at this point.

A Younger Population?

Experts have pointed to a younger demographic in these countries as being a possible inoculating factor, but the virus has not spared the youthful populations of Indonesia and the Philippines. Others say that low testing rates and possible underreporting of cases is hiding the true extent of COVID-19 in these countries. But to date, there has been no risk of health systems in Vietnam or Cambodia becoming overwhelmed by the severity of outbreaks, as we have seen in other countries.

The early success of these countries in responding to the coronavirus shows that an effective response is not dependent on resource availability. Much has been made of the importance of testing to contain the disease, as exemplified by South Korea's strategy to "test, test, test." But lacking the resources to mobilize an expansive testing infrastructure, Vietnam and Cambodia have relied on a combination of tactics to "box in" the virus.

Boxing in the Virus

One tactic has been targeted testing, where health authorities have focused on high-risk individuals or homed in on buildings or neighborhoods where positive cases have emerged. This was combined with extensive contact tracing: In Vietnam, people up to three degrees removed from an infected person were identified and tested for infection.

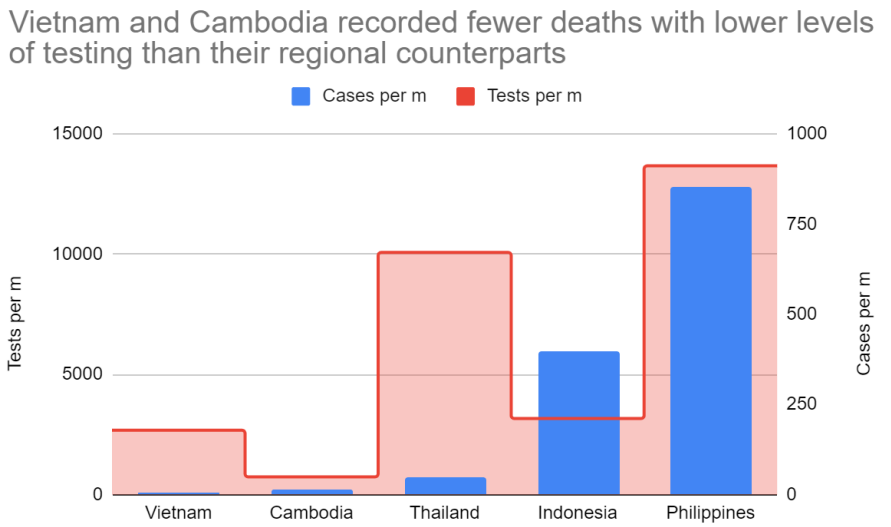
This was enabled by national guidelines that empowered members of communities — including members of the public, teachers, religious and community leaders — to report public health events. Official tracing efforts were complemented by a mobile app that allows for the reporting of health status and suspected cases and another that notifies users of possible exposure.

Local-level surveillance and the participation of communities have helped early identification of possible outbreaks in Vietnam, as did an approach based on risk of exposure regardless of whether a

Special Features

person exhibited symptoms. This may have been critical in containing COVID-19, given the emerging evidence that asymptomatic people are able to transmit the virus to others.

Once identified, Vietnam had set up the infrastructure to quarantine infected persons and international travelers, minimizing household exposure to the virus; some 200,000 people spent time in a quarantine facility between January and May of 2020. In Cambodia, a network of 2,900 health care workers was trained in January and February to assist detection and contact tracing at the community level.



A Population Used to Combating Epidemics

Having experienced the SARS epidemic in 2003 and bouts of the avian flu between 2004 and 2010, the Vietnamese and Cambodian authorities took the threat of COVID-19 seriously from the beginning. Health was prioritized above economic concerns as each country quickly implemented border controls and enforced the wearing of masks and social distancing. Past experience in combating epidemics may have led to greater public comfort with such measures, and an understanding of the need for decisive action to contain the pandemic. In a March 2020 survey, most Vietnamese (62%) agreed that the government's reaction was "the right amount," indicating a high degree of public support for aggressive measures.

Compliance is also a function of an authoritarian style of governance in both countries, which has allowed for the quick implementation of containment measures and the enforcement of them. In this environment, privacy concerns related to surveillance and contact tracing are given little credence, nor the individual rights of people who were forced into quarantine or had their freedom of movement restricted.

Risk of a Surveillance State

Indeed, there is a risk of the government's public surveillance infrastructure being strengthened and normalized during this period. A state of emergency law being passed in Cambodia will allow for unlimited telecommunications surveillance and the right for the government to control the press and social media, and restrict freedom of movement.

Measures taken so far have worked to control the spread of the coronavirus, but both countries are still vulnerable to subsequent waves. The discovery of the first locally transmitted case of COVID-19 in 100 days in Danang has prompted the evacuation of 80,000 people from the Vietnamese town.

The scale of the response by authorities and ongoing vigilance augurs well for the country to manage any outbreaks. Meanwhile, the health system has stocked up on supplies and equipment needed to withstand a surge of sick patients in case of an outbreak.

Targeted testing and the involvement of the community are critical in responding to COVID-19 where resources are more limited. What is less certain is the extent to which citizen concerns about privacy and individual liberties could become impediments to public trust and their willingness to participate in the response. So far, however, Vietnam and Cambodia have proved to be great examples of how countries with limited resources can successfully hold back the tide of coronavirus.

Brink News

Among Member Banks

Bank of East Asia to sell life insurance business following strategic review

The Bank of East Asia (BEA) said it would sell its life insurance business and seek potential partnerships to grow its core business following a months-long strategic review prompted by a long-running shareholder battle with Paul Singer's Elliott Management over the lender's direction.

Hong Kong's largest independent and family-run bank said the sale of BEA Life would enhance the value of its business, improve the lender's financial position and enable management to focus on its core banking operations in Hong Kong and mainland China.

As part of the sale process, the 101-year-old lender said it would seek to enter into a long-term exclusive distribution agreement to sell insurance products through its banking platform.

BEA put a five-year legal battle with US hedge fund Elliott on hold in March after it agreed to the strategic review. Elliott supported the review and agreed to stay its legal action at the time.

Goldman Sachs, which helped conduct the review, is serving as a financial adviser for the sale of the life insurance business. The insurance business reported gross written premiums of HK$4.8 billion (US$619 million) in 2019.

Following the review, the bank said it would explore ways to grow its core businesses, including potential strategic partnerships with its mainland China banking operations. The lender also said it would seek to enhance shareholder value by raising its fee-based income through a renewed focus on wealth management, lower its cost-to-income ratio by streamlining its operations and further strengthen its risk management practices.

BEA News Room

SBI appoints Charanjit Attra as CFO

State Bank of India (SBI) has appointed Charanjit Surinder Singh Attra as Chief Financial Officer (CFO) on October 2, the bank said in a regulatory filing.

According to a Moneycontrol report, the CFO post at SBI fell vacant after Prashant Kumar was appointed as the chief executive of private sector lender Yes Bank in March with a mandate to turn it around. Following that, Chalasani Venkat Nageswar, a deputy managing director at SBI was given the additional role as CFO.

Before joining the country's largest public sector lender, Attra was Partner at EY India and senior executive at ICICI Securities. He is a chartered accountant who specialises in Indian GAAP (Generally Accepted Accounting Principles), US GAAP, International Financial Reporting Standards (IFRS) and Securities and Exchange Commission (SEC) regulations, the report said.

CNBC TV18

Among Member Banks

MUFG Bank to Invest in Nagano Prefecture's Green Bond

MUFG Bank on October 7 announced its decision to invest in publicly offered municipal bond No. 2020-2 (10-year green bond) (the Bond) issued by Japan's Nagano Prefecture.

The Bond was issued to raise funds for environmental projects. Funds raised by the Bond are to be allocated in full to the environmental projects listed below in order to achieve zero CO2 emissions by 2050 and prevent or mitigate damage from natural disasters attributable to climate change.

The Bond has been verified by Japan Credit Rating Agency, Ltd. (JCR) to be in alignment with the International Capital Market Association (ICMA)'s Green Bond Principles 2018 and the Green Bond Guidelines 2020 from Japan's Ministry of the Environment, and was assigned a Green 1 rating by JCR.

Through this investment, MUFG Bank will accelerate environmental projects, contributing to the realization of a sustainable society as a responsible institutional investor.

MUFG Newsroom

Mizuho to offer shorter workweek for employees

Mizuho Financial Group plans to allow staff to work three or four days a week on reduced pay, as the Japanese bank assesses what post-pandemic working life will look like.

Japan's third-largest lender is in talks with labour unions over the shorter working week that could be introduced from December, said a spokesperson for the bank, confirming comments made by chief executive officer Tatsufumi Sakai at an event on October 6.

The bank may introduce the programme at six of its businesses, including its commercial bank, trust bank and brokerage, affecting about 45,000 employees. Staff who choose to work three days a week will receive 60% of their salary and those who choose four days, 80%, the spokesperson said.

Mizuho joins local and global rivals in questioning how staff and businesses will operate once the coronavirus pandemic subsides. The bank plans to trim office space in New York and London in anticipation that some staff will keep working from home even when the crisis is over. Nomura Holdings, Deutsche Bank and Fifth Third Bancorp also see opportunities to cut costly real estate by keeping a portion of staff at home.

The new measures aim to help staff decide on their working style and Mizuho expects the reduced hours will be used for employees who want to dedicate more time for childcare, nursing care or education, she said.

The bank has been trying to reduce costs by streamlining operations, cutting jobs and introducing digital technology. The lender is targeting a 19,000 reduction in staff by the end of March 2027 through natural attrition, according to a 10-year plan from 2017.

Mizuho has postponed plans to return workers to buildings in New York's midtown Manhattan district and the City of London, amid lingering concerns over Covid-19.

In Japan, where there are a relatively low number of infections, only about 20% of employees at the bank's Tokyo headquarters are currently working from home.

Bloomberg

Among Member Banks

Korea Development Bank issues $200 million SOFR bonds in the U.S.

The state-run Korea Development Bank (KDB) said on September 14 that it has issued $200 million in SOFR (Secured Overnight Financing Rate) bonds in the U.S. bond market.

The SOFR is a one-day repo rate on U.S. bonds and is being offered as a replacement rate for LIBOR, which is scheduled to be suspended at the end of next year.

In preparation for the suspension of LIBOR at the end of 2021, the Korea Development Bank prepared infrastructure related to alternative interest rates, such as SOFR, and closely monitored the market, and issued SOFR variable interest rate bonds by detecting the right time.

In particular, the Korean government issued a record-low interest rate of $1.45 billion worth of foreign currency bonds (EUR 700 million, USD 625 million) on September 9, confirming global investors' positive investment sentiment in Korean products, and is expected to contribute to smooth foreign currency financing by private and public institutions in the future. In addition, the U.S. market has recently increased demand for high-quality bonds based on ample liquidity, creating favorable conditions for bond issuance by Korean institutions rated AA.

The Korea Development Bank has issued SOFR-linked foreign currency bonds for the first time in Asia in the US market (144A), the base of the SOFR, and expects to have a positive impact on the issuance of the global bonds scheduled for the fourth quarter of this year.

The state-run Korea Development Bank expects the issuance to contribute to the entry of Korean institutions into various bond markets and create favorable conditions for them to borrow funds overseas.

This SOFR bond is believed to be used as a reference case for agencies preparing for the introduction of SOFR and the issuance of SOFR-based variable interest rate bonds.

Korea IT Times

Maybank introduces EzyQ, first in Malaysia

Maybank Bhd has launched Maybank EzyQ, an online appointment management system for customers, making it the first bank in the country to introduce such a facility in its banking services.

With Maybank EzyQ, customers can now make appointments online ahead of their visits to branches or Premier Wealth Centre (PWC) nationwide, conveniently and seamlessly via the Maybank2u website.

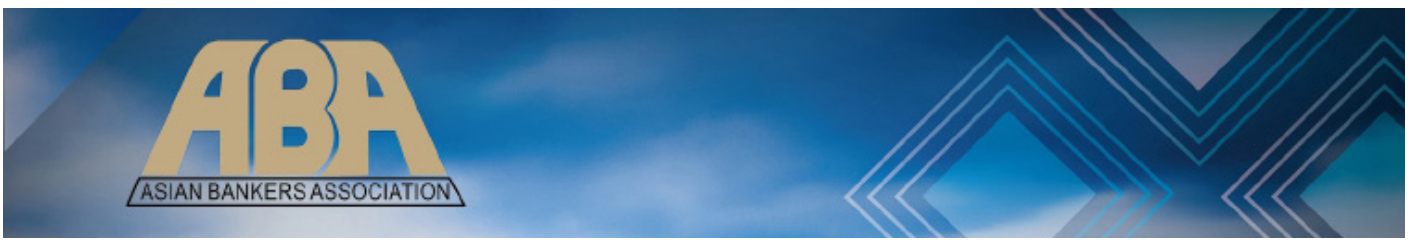
"Customers have the flexibility to choose their preferred date and time slot for the branch or PWC they wish to visit, as well as the services they would like to perform such as account opening, debit card enquiries, and product advisory. This will help reduce customer waiting time, and improve crowd management in the branch or centre for added safety," it said.

According to the bank, in the first phase of implementation, customers will be able to use Maybank EzyQ to make appointments for close to 90 Maybank branches and PWCs nationwide. The bank is progressively expanding the service to more branches and targets to roll out Maybank EzyQ to its entire branch network by early next year.

Maybank customers can make an appointment via Maybank EzyQ as close as one business day in advance and up to 10 business days ahead of the scheduled date. The confirmation of the appointment is immediate and a follow-up email will be sent to the customer within the same day. A reminder email will also be sent one day before the appointment date.

While customers can still walk in without an appointment, the bank encourages to utilise Maybank EzyQ and make an appointment ahead to lessen waiting time and prioritise personal safety.

New Straits Times



Among Member Banks

Bank of Maldives Appoints New Directors for Retail and SME Banking and Corporate Banking

Bank of Maldives has appointed Mr. Moosa Nimal as its Director of Retail and SME Banking and Mr. Ahmed Aseef as its Director of Corporate Banking.

Nimal has been with the Bank since 2003 and throughout the span of his career, he has gained extensive knowledge and experience in multiple areas of banking. Nimal has held various positions in branch operations, customer services as well as in international banking and retail banking; and has been part of notable projects and change initiatives. Prior to this appointment, he most recently held the position of Head of Retail Banking.

Aseef is an experienced corporate banker with expertise in relationship and portfolio management. He joined the Bank in 2012 as a Relationship Manager and over the past 8 years, he has developed his career within the Corporate Banking team, playing a vital role in managing the Bank's vast corporate customer portfolio. Prior to this appointment, he was the Head of Corporate Banking.

Commenting on the appointment, BML's CEO and Managing Director Tim Sawyer stated "Following the extensive recruitment process, I am delighted to welcome Nimal and Aseef to the Bank's executive team. They are skilled locals who have years of practice and experience in the banking sector. Significant steps are being taken to enhance retail, SME and corporate banking and I am confident they will bring positive changes. I wish Nimal and Aseef success in their roles."

Bank of Maldives News & Media

PNB recognized as Best Bank for Corporate Social Responsibility in PH

Philippine National Bank (PNB) was honored by Asiamoney with Best Bank for Corporate Social Responsibility (CSR) in the Philippines during its annual Asiamoney Banking Awards.

PNB President and CEO Wick Veloso said, "We are delighted that PNB's efforts and CSR initiatives are recognized. This confirms our commitment toward building a strong relationship with the community. We believe in empowering our workforce and building up their skills. This is a major component of our Sustainability agenda."

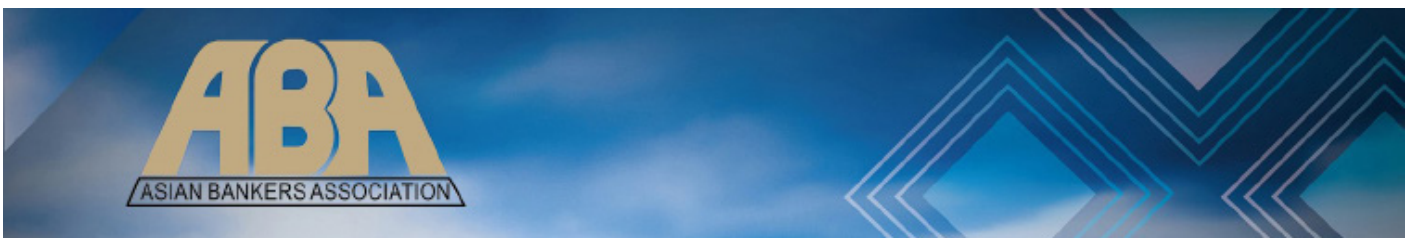
The award is a milestone for PNB as this is the first international recognition for its CSR efforts. Among Philippine banks, PNB was recognized as the bank with a clear track record in demonstrating CSR credentials, while focusing on initiatives, achievements, and milestones.

Veloso said that that PNB recognizes that CSR needs to start from within especially during these difficult times. "We will not be effective in helping our external communities if we are not able to take care of our own people," he said.

In addition, PNB was recognized as a Leader for Women by Asiamoney in its Women In Finance supplement. Among 60 banks in Asia, PNB was one of the banks with the highest percentage of women in the overall workforce. The Leader for Women report will highlight financial institutions that have championed the advancement of women in finance across Asia and encompassed gender diversity in the region at global and domestic banks.

Asiamoney is a division of global media group Euromoney Institutional Investor PLC which principally accredits local Asian banks. They identify the best of the best in all markets across a range of core banking services.

PNB News



Among Member Banks

RCBC named Best Digital Bank in the Philippines

This year's edition of the Annual Alpha Southeast Asia Best FI Awards deliberated on the performance of participating banks, brokers and other financial institutions in the past year and made special note of their position "given the dramatic changes in the operating environment" due to the COVID-19 pandemic.

RCBC was judged through "a fair, robust and informative methodology" with additional criteria "to tighten its eligibility," said Alpha Southeast Asia in its announcement of winners.

The bank is joined by other awardees from Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam in 79 awards categories.

"This is a welcome news in this difficult time. The situation has brought to light the advantage of digital solutions. We are grateful, in RCBC, to have made the right digital investments which prepared us for the worst of the crisis," says Helen Yuchengco Dee, chairperson of RCBC.

In 2019, RCBC successfully expanded its digital initiatives in exponential ways. The bank recalibrated its mobile point-of-sale device, ATM Go service to focus on high-impact and volume-intensive partners. This resulted in the fivefold year-on-year growth of ATM Go's transaction count, volume, and revenues.

The bank's online platform and mobile application, RCBC Online Retail, also saw record-breaking growth performance last year. In addition to exceeding key metrics, the improved mobile banking app also has an enhanced user interface and other new features to optimize digital customer experience.

"This is only the beginning for RCBC and its digital efforts. We are on track to introduce more products and services that will benefit the unbanked and underserved segments of our society," says Eugene Acevedo, president and CEO of RCBC.

RCBC News

DBS Bank Taiwan releases revamped banking app

DBS Bank Taiwan released a revamped online banking platform, dubbed DBS Digibank, in a bid to provide wealth management clients with more personalized services and a more engaging user experience on mobile devices.

The bank this year commissioned a team of about 300 people from Taiwan, India and Singapore to improve its mobile banking platform to satisfy rising demand for mobile banking services, the bank told an online media briefing.

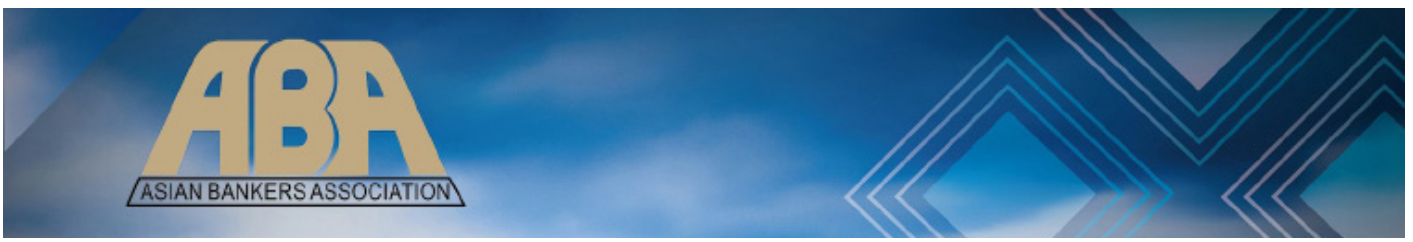
A survey conducted among 400 wealth management clients showed that Taiwanese consumers are most concerned that online banking services be tailor-made for them, that transactions can be completed quickly and easily on the virtual platform, and that their data is kept safe.

The new app addresses these concerns, as it allows people to customize the interface and prioritize functions for transactions they frequently conduct, such as foreign exchange. People can set reminders for the app to remind them about fee payments, loan payments, money transfers or other items, which would improve money management.

According to DBS, the app remembers accounts that users often transfer money to. It also allows users to share information with friends via social networking apps such as Facebook or Line, the bank said.

For wealth management clients who also have a DBS credit card, they can automatically transfer to its DBS Card app without having to log in again, which saves time, it said.

Taipei Times



Among Member Banks

HNB partners with Prime Group to offer special housing loans for 60 days

Sri Lanka's Hatton National Bank (HNB), announced an exclusive partnership with local real estate developers Prime Group, to offer prospective homeowners special interest rates and attractive benefits for Prime Group properties.

The partnership will provide customers with a special promotion on the extensive portfolio of lands, houses and apartments on offer by Prime Group for 60 days.

HNB will offer the most flexible and competitive loans in the market to suit the requirements of any prospective homeowner, for land, property and apartments provided by Prime Group. Dedicated agents will assist customers with comprehensive support for legal and documentation requirements, in addition to offering doorstep mortgage advisory services.

The bank will offer special interest rates during the promotional period spanning September to October, which will also be backed by HNB's state-of-the-art back- end processes to ensure a remarkable 3-day loan approval period; ideal for customers relying on a speedy response to their loan applications.

Prime Group will offer prospective homeowners of Prime Residencies at Kynsey Road, Rajagiriya, Borella, Colombo 5 and Kadawatha exclusive discounts of up to Rs.1 million when investing in an apartment. Additionally, the company will fully waive off the legal fee for the transaction as well as the management corporation fee for six months.

HNB Media Center

Cathay United prepares to compete with virtual banks

Cathay United Bank plans to use artificial intelligence and big data analysis to learn what customers need and maintain their loyalty, as emerging virtual banks are likely to poach existing establishments' clients with fancy marketing and rewards, Cathay United Bank president Alan Lee said.

"No bank dares to say that they are not worried about competition from new virtual banks, and neither can we, but our advantage is that we have long relationships with our clients, know them better and can provide financial products to suit their exact preferences," Lee said on September 23.

For example, the bank has used big data analysis to choose people who have a high demand for funds and might be interested in applying for personal loans, Lee said, adding that Cathay United then sends marketing information to those potential clients.

Among the 5 million clients who use Cathay United Bank's credit cards, about 60% have applied for its other financial products, such as mortgages, wealth management products or small loans. The bank aims to raise that ratio, Lee said.

Cathay United Bank does not invest in any of the nation's three virtual banks. The lender had 680,330 digital savings accounts as of the end of June, the second-highest after Taishin International Bank's Richart service, Financial Supervisory Commission data showed.

Taipei Times

Among Member Banks

CTBC Financial Holdings wins five Asian Excellence Awards

The 10th Asian Excellence Award hosted by Corporate Governance Asia magazine recently announced that CTBC Financial Holdings was awarded Asia's Best CSR, Best Investor Relations Company, and Best Investor Relations Professional, while General Manager Daniel Wu and Chief Financial Officer and Spokesperson Yaling Chiu won Asia's Best CEO and Asia's Best CFO, respectively. This totals five awards for the company.

Corporate Governance Asia magazine claims to be the region's most authoritative journal on Corporate Governance. Since 2011, it has organized the Asian Excellence Award, commending Taiwan, China, the Philippines, Singapore and other Asian regions for performances in corporate governance and investor relations issues.

Wu said that by observing international trends, ESG (Environment, Social and Governance, ESG) has become the focus of corporate sustainability, and CTBC has drawn up a complete blueprint for sustainability. In March, the company set up the Corporate Sustainability Office; and at the end of June upgraded the Corporate Sustainability Committee to a functional committee under the board of directors.

The company has also had several international initiatives, including signing to support the Task Force on Climate-related Financial Disclosures (TCFD) in April, and voluntarily following the United Nations Principles for Responsible Banking (PRB) beginning in 2019.

UDN

Bangkok Bank integrates Indonesia branches into PermataBank International network

Bangkok Bank received in-principle approval from OJK to integrate its three Indonesian branches into its subsidiary PT Bank Permata Tbk (PermataBank).

Bangkok Bank President Chartsiri Sophonpanich said the bank received in-principle approval from the Financial Services Authority of Indonesia (OJK) to integrate its three Indonesian branches including Jakarta, Surabaya and Medan into PermataBank, which has more than 300 branches in 62 cities across Indonesia and has led Bangkok Bank to be the Thai bank with the largest international network. The contribution of international loans to the bank's total loans increased from 17% to 25% as a result of the investment in PermataBank. This aligns with the Bank's strategy for stable and sustainable growth.

"The integration was a condition of OJK's approval for Bangkok Bank to acquire an 89.12% shareholding in PermataBank on May 20, 2020," said Mr. Chartsiri. He added that the integration, which is expected to be completed within December this year, will provide Bangkok Bank's customers in Indonesia with access to a more complete and comprehensive banking experience through PermataBank's network of branches across Indonesia and its retail, Sharia, financial services that comply with Islamic law, and best-in-class digital banking services, as well as wider access to rupiah financing. These services were not previously available through Bangkok Bank Indonesia.

Bangkok Bank News & Media

Among Member Banks

Commerzbank Appoints Deutsche Bank's Manfred Knof as Chief Executive

Commerzbank AG named Manfred Knof, head of rival Deutsche Bank AG's private bank in Germany, as its new chief executive, putting a banking-and insurance-industry veteran in charge of likely deeper cost cuts at the German lender.

Like most European lenders, Commerzbank is struggling to earn money while interest rates remain low or negative, and faces stiff competition in its heavily banked home market.

Mr. Knof, who will take over in January, will succeed current CEO Martin Zielke, who resigned along with Commerzbank's chairman in July after acknowledging he had failed to sufficiently turn around the bank. Commerzbank's new chairman, Hans-Jörg Vetter, said Mr. Knof has the "necessary expertise and human leadership skills for the tasks that lie ahead."

U.S. investor Cerberus Capital Management, which holds more than 5% of Commerzbank, complained last summer the bank didn't have a coherent strategy and wasn't executing on "progressively less ambitious" plans. It said it wants deeper cuts and two board seats, a request Commerzbank has shunned.

Mr. Knof, 55 years old, has been head of Deutsche Bank private bank in Germany, and until 2017 was CEO at Allianz Deutschland AG. His appointment comes in a year that has included leadership changes at several large European banks, including Credit Suisse Group AG, UBS Group AG and ING Groep NV, as earlier restructurings of the lenders were wrapped up and the sector prepares for an expected phase of consolidation.

Commerzbank signaled Mr. Knof will help it to digitize its operations further, another industrywide move that is costing banks billions of dollars to bring more banking online and to automate processes.

Wall Street Journal

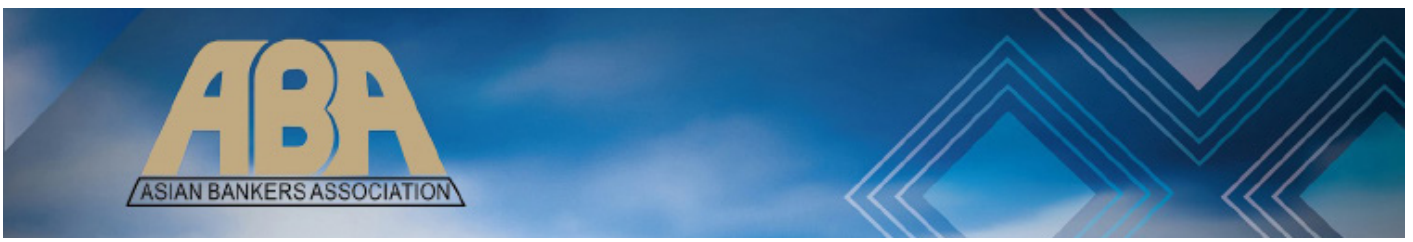
Intesa Sanpaolo to buy 69% stake in Swiss private bank REYL

Italy's Intesa Sanpaolo is purchasing a 69% stake in Swiss private bank REYL & Cie, the groups said in a joint statement on October 5, in a deal that will merge the Italian lender's Swiss private banking subsidiary with REYL.

The transaction will create a Geneva-based private banking group with roughly 400 employees and 250 million Swiss francs ($272.7 million) in regulatory shareholders' equity, managing more than 18 billion Swiss francs in assets, the groups said.

Terms of the deal, which is expected to be completed in the first half of 2021 pending regulatory approval, were not disclosed.

Reuters



Among Member Banks

J.P. Morgan launches S&P 500 Warrants in Hong Kong

In a first for the Hong Kong warrants market, J.P. Morgan has issued derivative warrants linked to the Standard and Poor's 500 Index (S&P 500), one of the major benchmarks of the U.S. stock market. The new derivative warrants will begin trading on the Hong Kong Exchange on September 2, offering investors broader investment opportunities to gain exposure to the U.S. market during local trading hours.

"Volatility has risen significantly since the beginning of the year and investors are always looking for opportunities to diversify their portfolios. The debut of the S&P 500 warrants, together with the Nasdaq warrants we just launched last week, provide local eligible investors another alternative to gain exposure to the volatility in the world's largest stock market," said Cedric Cheung, Head of Listed Structured Products Sales for Asia at J.P. Morgan.

The newly-issued warrants will be linked to the movements of E-mini S&P 500 Futures, covering the full trading hours of the Hong Kong market.

"As the leading issuer of derivatives warrants in Hong Kong, we are committed to providing investors with wider variety of instruments for different market conditions and risk appetites," said Cheung.

JP Morgan News

Banking and Finance Newsbriefs

Bhutan

Bhutan Issues First Sovereign Bond to Meet Increasing Fiscal Financing Needs in Fighting COVID-19

The Royal Government of Bhutan has announced its first sovereign bond to support the economy in recovery from the COVID-19 pandemic while diversifying financial sources. The new financing instrument supported by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) is a monumental step in tapping into the domestic resources market and preparing Bhutan to enter the international capital market.

The Royal Government of Bhutan recently completed the offering of a 3-year bond Series RGOB001 of Nu. 3,000 million (or US$ 41 million) at an annual coupon rate of 6.5% to support financing fiscal needs in responding to COVID-19 pandemic. The transaction was well-received and resulted in oversubscription of 300%. The issuance was mainly dominated by financial institutions, while non-bank institutions such as pension and insurance companies as well as civil society organization also participated. The allotment will be based on a pro-rata basis.

At the request of the Royal Government of Bhutan, ESCAP began providing technical assistance to the Ministry of Finance, government agencies, and key stakeholders since 2017 to help facilitate the pre-issuance process of Bhutan's first sovereign bonds. The COVID-19 pandemic has provided impetus for the government to take much-needed measures to support the economy, since the plan to issue the sovereign bond began years ago.

The innovative project in Bhutan serves as an example of how Least Developed Countries with underdeveloped financial infrastructure could issue sovereign bonds as a tool for economic recovery and capital market development. The bond issuance is a major step to independently finance Bhutan's fiscal needs as the country normally relied on overseas development assistance (ODA) and concessional loans.

UN ESCAP

Banking and Finance Newsbriefs

India

India's banking system to be among the last to heal post pandemic, recovery could be beyond 2023

With the coronavirus taking a toll on the already stressed lenders, rating agency S&P Global has said that India's banking sector could be among the last to recover post the pandemic. In a recent report, S&P Global said that it anticipates difficulty in restoring financial strength ratings of financial institutions to pre-crisis levels. "We don't expect the world's largest banking sectors, including more than half of G20's, to recover to pre-COVID-19 levels until 2023, or beyond," it said. India will be joined by Mexico and South Africa among the banking systems to be the slowest to recover to 2019 levels.

S&P Global rating noted that India was already suffering with an overhang of high non-performing assets (NPA) as it entered into the pandemic. The rating agency noted that India's banking sector, although will be late-exiter from the slump, but some rations could improve faster. "The Indian banking sector is considered a late-exiter. Its recovery will be longer, but some ratios may return more quickly to pre-COVID-19 levels as they were weak prior to the onset of COVID-19 in contrast with many other jurisdictions," S&P Global said.

Asset quality, among Indian financial institutions, had issues prior to the pandemic, unlike other nations where the trend was improving. The report adds that India's recovery could come beyond 2023. Which would take a toll on India which is looking to capitalize on the pandemic to pose itself as an alternative for manufacturing for global supply chains. S&P Global has classified late-exiters on the basis as jurisdictions where COVID-19 and other stresses have already had a meaningful negative effect.

Further, S&P Global said that their base case for recovery assumes economic rebound in 2021 following the release of a vaccine for the coronavirus in the middle of the year. However, it does anticipate a lag between when an economic recovery takes hold and when the credit strength of banks stabilizes. S&P Global has taken 335 negative rating actions globally since the outbreak began. Among the banking systems that it expects to be the early ones to recover include China, Canada, Singapore, Hong Kong, South Korea, and Saudi Arabia. These are expected to recover by the end of 2022. While the US, UK, Australia, France, Germany, and Russia are likely to recover not before 2023, according to S&P Global.

Financial Express

Japan

Japan eyes stress test on major banks to gauge impact of COVID-19 on capital

Japan plans to conduct stress tests on its five major financial institutions this year that look into how the coronavirus pandemic could affect their earnings and capital, the central bank said on October 6.

Unlike many Western nations, where regulators stress tests many banks simultaneously based on standardised risk scenarios, Japan had relied on stress tests conducted individually by each bank.

As prolonged ultra-low interest rates prod major banks to diversify operations in search of yields, however, Japanese authorities decided to align their approach to that of their overseas counterparts, the Bank of Japan (BOJ) said in a report.

For the first time, the BOJ and banking regulator Financial Services Agency (FSA) conducted joint stress tests on five major financial institutions in December, it said. The regulators presented its findings to the five institutions - Japan's three megabanks plus Norinchukin Bank and Sumitomo Mitsui Trust Holdings - with feedback in July.

The BOJ and FSA will conduct such stress tests regularly, with the one this year likely to scrutinise how resilient the financial institutions are to risks posed by COVID-19, the report said. "The biggest challenge would be on how to set the baseline and 'tail event' scenarios that take into account the impact from the coronavirus pandemic."

The findings of the stress tests will not be published and used mostly as a basis for communication between the regulators and financial institutions, it said.

Reuters

Banking and Finance Newsbriefs

Korea

South Korean financial firms still vulnerable to cyberattacks overseas

A string of hacking attempts to break into South Korea's financial institutions from abroad have continued in recent years, data showed on October 5, prompting calls for financial authorities to impose tougher security measures.

As of August, there have been a total of 37 hacking cases targeting local financial firms from overseas over the past five years, said Rep. Hong Sung-guk of the ruling Democratic Party, quoting data from the watchdog Financial Supervisory Service.

The majority of fraud cases involved DDos attacks, followed by financial information leakage and computer system errors. There have been two cases of malicious code infection, data showed.

Earlier this year, the Korea Exchange and the nation's two internet-only banks -- Kakao Bank and K Bank -- as well as online commerce giant 11st faced DDos attacks. A DDos attack disables computer systems by abruptly swamping them with massive traffic. GG Investment Management and Pepper Savings Bank also suffered from information overloads and email server crashes caused by malware attacks, respectively.

Cyber threats arose even during the three-day Chuseok holiday from September 30 to October 2. DDos hackers reportedly tried to penetrate the electronic infrastructure of two commercial banks -- KEB Hana and Woori -- industry sources said.

The damage from the recent global hacking attempts, however, turned out to be minimal, owing to financial firms' risk management systems made to counter mounting cyberthreats that could possibly paralyze the nation's financial infrastructure at a relatively small cost.

Responding to rising concerns over cyberattacks in the financial sector, the regulator Financial Services Commission and related government agencies held a meeting to review domestic financial market conditions and countermeasures against potential DDos attacks, convened by FSC Chairman Eun Sung-soo.

Korea Herald

Malaysia

Malaysia's debt is set to rise as it grapples with the Covid-19 pandemic

Malaysia's debt levels are set to go up, says its finance minister, as the country embarks on measures to support businesses and citizens to deal with the economic fallout from the conoravirus.

"We're anticipating and forecasting that deficit will go up this year for Malaysia," Tengku Zafrul Aziz told CNBC, adding that fiscal deficit will come in at around 5.8% to 6%. So far, fiscal injections into the economy stand at around 20% of its GDP, according to Zafrul.

"We are still focused on fiscal responsibility, of course. We have debt-to-GDP now at around 53%, it will end at around 56%. We have approval from parliament to go up to 60%," he said on October 5 during an interview on CNBC's "Asia Squawk Box."

In August, Malaysia's parliament voted to allow the government to borrow up to 60% of its GDP as part of temporary measures to ease the blow of the pandemic on businesses. Malaysia has rolled out about 305 billion Malaysian ringgit ($73.3 billion) in stimulus packages so far this year, to help inject cash into the economy and prop it up.

The bright spot, according to Zafrul, is that the government is "optimistic" that the economy next year will expand by around 5.5% to 8%, from negative growth this year. For 2020, GDP is expected to be around -5.5% to -3.5%.

CNBC

Banking and Finance Newsbriefs

Maldives

India, Maldives Sign $400 Mn Line of Credit Agreement for Connectivity Project

India and Maldives concluded a $400 million Line of Credit (LoC) agreement for the implementation of the Greater Male Connectivity Project (GMCP). The Dollar Credit Line Agreement was signed between Maldives Finance Minister and EXIM Bank General Manager Nirmit Ved. The Indian High Commission in the Maldives tweeted that the project would be a national economic engine connecting Hulhumalé, Hulhule and Malé with the proposed Gulhifalhu Port and Thilafushi.

In August, External Affairs Minister S Jaishankar had announced that it will fund the implementation of GMCP through a new Line of Credit of $400 million and $100 million grant. The single-largest connectivity and infrastructure project in the island nation will connect Malé with three neighbouring islands through a bridge-and-causeway link spanning 6.7 kilometres.

The announcement of funding came after Jaishankar's meeting with Foreign Minister of Maldives Abdulla Shahid through video conference. The Union minister had also announced the start of regular cargo ferry service between the two countries to boost trade and commerce. After the agreement was finalised, Shahid thanked Indians for partnering in delivering the project and said that it will lead to greater possibilities.

Republic World

Philippines

Philippine Central Bank Governor cites thrift banks' performance amid pandemic

The Philippines' thrift banking industry continues to show resilience from the pandemic as shown by the rise of their assets that allowed them to also help small businesses.

Bangko Sentral ng Pilipinas (BSP) Governor Benjamin Diokno said the thrift banking industry doubled its resources as of end-June this year to PHP1.1 trillion from around PHP566.4 billion last year.

"Deposit liabilities and owners' funds continue to finance asset growth, highly indicative of the public's continued trust and confidence in the thrift banking industry," Diokno said in his speech during the opening of the three-day virtual Chamber of Thrift Banks (CTB) convention on October 13.

Diokno said the sector remains a strong ally of the government in boosting the welfare of the micro, small and medium enterprises (MSMEs) even during the pandemic.

As of end-June this year, thrift banks extended about PHP72.3 billion worth of loans to MSMEs and this rose to PHP80 billion as of end-July, he said. This is on top of the PHP251.2 billion that the industry lent for real estate activities and the PHP302.2 billion extended for consumer finance.

While concerns on the rise of non-performing loans (NPLs) increased during the pandemic, the sector posted an improvement on this area with the figure going down to 5.7% as of last June from 5.9% in the same period in 2019. NPL coverage also got better after it rose to 60.4% from 46.8% in June last year.

"The industry remains highly liquid as more than a quarter of the industry resources are kept as cash or financial assets with the liquid assets-to-deposits ratio improved to 30.9% as of end-June 2020 from 24.9% a year ago," Diokno said.

Capital adequacy ratio (CAR), a gauge of a bank's financial health, also improved from 16% in end-June 2019 to 17.5% at the end of the first half this year. "Amid the pandemic, these are no small feat," Diokno added.

PNA

Banking and Finance Newsbriefs

Singapore

Singapore launches first institute focused on green finance research, talent development

A new institute in Singapore will conduct research and train professionals to become talents in green finance, an area of banking and investment that supports projects that take into consideration climate change and other environmental concerns.

The Singapore Green Finance Centre (SGFC) will tap the strengths of Imperial College Business School and the Lee Kong Chian School of Business at Singapore Management University (SMU) in climate science, financial economics and sustainable investing.

When ready, the centre will offer undergraduate and post-graduate, as well as continuing and professional education.

The launch of SGFC was announced on Oct 13 at the virtual Financial Times Investing for Good Asia Conference. The centre is supported by the Monetary Authority of Singapore (MAS) and nine founding partners: Bank of China, BNP Paribas, Fullerton Fund Management, Goldman Sachs, HSBC, Schroders, Standard Chartered Bank, Sumitomo Mitsui Banking Corporation, and UBS Group AG.

In a joint statement, the two academic institutions and MAS said that SGFC's multi-disciplinary research and training will enable financial institutions, corporates and policymakers to improve the management of environmental risks, develop financial solutions to promote environmental sustainability, and design policies for a sustainable future. Additionally, SGFC aims to equip professionals with skills in climate finance and applied knowledge in Asian markets.

Straits Times

Sri Lanka

Sri Lanka Drafts Resolution Framework for Banks, Finance Companies

The Central Bank of Sri Lanka (CBSL) is drafting a resolution framework for banks and finance companies that will be introduced in the new bill to update the Banking Act.

The resolution framework aims to identify weak institutions before they go bankrupt to ensure depositors are paid, a senior CBSL official told Regulation Asia.

Currently, the Monetary Law Act, the Finance Business Act and the Companies Act provide for resolution measures for distressed financial institutions in Sri Lanka. “This isn’t enough. We need a carefully planned mechanism for failing institutions to exit the market will lead to uncertainty and disruption in the system,” the official said. “We need a stronger set of regulations for banks and a new framework for finance companies. So, we are considering a separate law on this resolution framework.”

The new framework will offer practical guidelines in the areas of problem identification, corrective action, resolution techniques and exit strategies. “When a bank is no longer viable, or likely to be no longer viable, without a prospect of becoming viable once again, the CBSL should resolve the institution without rigid systemic disorder and without exposing the public to losses.”

The official said the framework will additionally seek to ensure continuity of access to the critical functions of an institution in resolution, to sustain financial stability and confidence in the financial system.

Under the new framework, the CBSL will have the ability to supersede shareholders’ rights, replace an institution’s management, take over its operations, and bail out an institution where necessary.

Regulation Asia

Banking and Finance Newsbriefs

Taiwan

Taiwanese banks launch cell phone number interbank payment system

Eight financial institutions in Taiwan launched a new service on September 30 that enables customers to conduct interbank electronic fund transfers using their mobile phone number, according to the government-funded Financial Information Service Co., Ltd. (FISC).

The service allows customers to use mobile phone numbers as validation of identity to access their bank accounts, and conduct interbank fund transfers with immediate confirmation, the FISC said in a statement.

The eight financial institutions that launched the new service are Land Bank of Taiwan, First Commercial Bank, Chang Hwa Commercial Bank, Mega International Commercial Bank, Cota Commercial Bank, Far Eastern International Bank, Yuanta Commercial Bank and KGI Commercial Bank.

An estimated 20 other banks are expected to offer the service from later this year to the first quarter of 2021, according to the FISC.

In the early phase, the service will only allow customers to register their mobile phone numbers as a channel to access their bank accounts and conduct interbank fund transfers through online banks or mobile banks, the company said.

Focus Taiwan

Publications

Reframing Financing and Investment for a Sustainable Ocean Economy

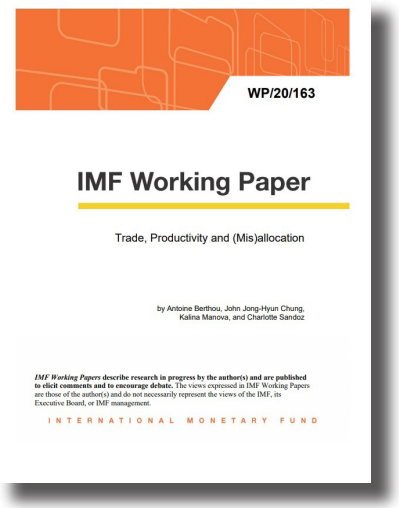
This paper prepared for the Organisation for Economic Co-operation and Development (OECD) sets out a new framing of the challenges and opportunities for scaling up financing and investment for a sustainable ocean economy. It examines the particular challenges associated with financing sustainable ocean activities across different sectors and explores promising financing instruments, including by identifying learnings from elsewhere in the green finance sphere. This paper contributes to the OECD horizontal ocean project. To support government efforts to transition to a more sustainable ocean economy, the OECD is mobilising expertise across multiple policy fronts, covering environmental, economic, financial and social dimensions. Working with both developed and developing countries, the OECD aims to ensure that all societies can harness the benefits of the ocean on a sustainable and inclusive basis.

Contact Details: OECD Publishing

Website: https://www.oecd.org/publications/reframing-financing-and-investment-for-a-sustainable-ocean-economy-c59ce972-en.htm

Publications

Trade, Productivity and (Mis)allocation


WP/20/163

IMF Working Paper

Trade, Productivity and (Mis)allocation

by Antoine Berthou, John Jong-Hyun Chung, Kalina Manova, and Charlotte Sandoz

IMF Working Papers describe research in progress by the author(s) and are published to elicit comments and to encourage debate. The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

INTERNATIONAL MONETARY FUND

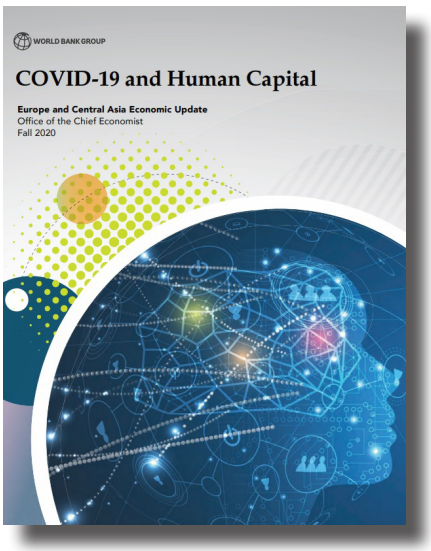
This working paper prepared for the International Monetary Fund (IMF) examines the gains from globalization in the presence of firm heterogeneity and potential resource misallocation.

The authors show theoretically that without distortions, bilateral and export liberalizations increase aggregate welfare and productivity, while import liberalization has ambiguous effects. Resource misallocation can either amplify, dampen or reverse the gains from trade.

Using model-consistent measures and unique new data on 14 European countries and 20 industries in 1998-2011, they empirically establish that exogenous shocks to export demand and import competition both generate large aggregate productivity gains. Contact Details: IMF Publications

Website: https://www.imf.org/en/Publications/WP/Issues/2020/08/14/Trade-Productivity-and-Mis-allocation-49680

Europe and Central Asia Economic Update, Fall 2020: COVID-19 and Human Capital


WORLD BANK GROUP

COVID-19 and Human Capital

Europe and Central Asia Economic Update
Office of the Chief Economist
Fall 2020

The COVID-19 pandemic has hit human capital directly in Europe and Central Asia, adversely affecting both education and health. School closures may lead to learning losses equivalent to a third to a full year of schooling, and they are likely to exacerbate inequalities, by disproportionately affecting students from disadvantaged backgrounds. The disease has already killed thousands of people, and some patients who survive will suffer long-term damage to their health. Recovery from the pandemic will thus require strong investment in education and health.

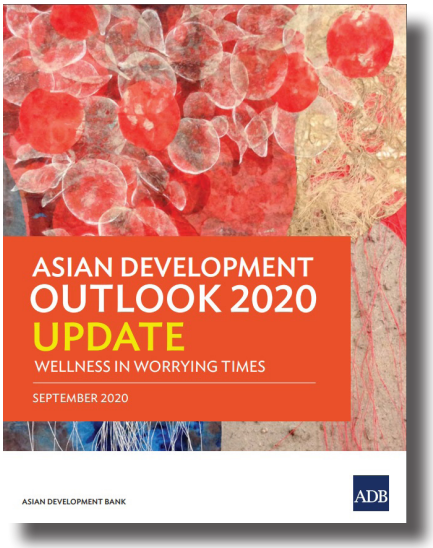
This update prepared by the World Bank examines human capital outcomes in the region and the ways in which the pandemic is likely to affect them. A focus on the quality of tertiary education and health risk factors of obesity, smoking, and heavy drinking highlights the challenges that are particularly important for the region. Post-COVID 19 policy initiatives to improve education and health will need to recognize the challenges posed by increased reliance on remote learning and the importance of being prepared for future pandemics, given the vulnerability of the region's aging societies and the large number of people with underlying health risks.

Contact Details: World Bank Group

Website: https://openknowledge.worldbank.org/handle/10986/34518

Publications

Asian Development Outlook (ADO) 2020 Update: Wellness in Worrying Times



As the COVID-19 pandemic continues to disrupt global economic activity, developing Asia's gross domestic product is now expected to contract by 0.7% in 2020. GDP is projected to grow by 6.8% in 2021.

This is the region's first recession in nearly 6 decades. Excluding high-income newly industrialized economies, regional GDP is expected to contract by 0.5% this year before growing by 7.2% next year. Softening demand and subdued food prices will keep inflation benign. The inflation forecast is revised down from 3.2% to 2.9% for 2020 and maintained at 2.3% for 2021.

The threat of a prolonged COVID-19 pandemic and a return to more stringent containment measures is the main risk to the outlook. While economies in developing Asia remain resilient, continued policy support is needed to underpin recovery.

Physical and mental health is vital to post-pandemic recovery. The report's theme chapter explores wellness, or the pursuit of holistic health and well-being. It examines the state of wellness in Asia and the Pacific and its growing role in the region's economy. It discusses how policy makers can promote wellness by creating healthy living environments, encouraging physical activity and healthy diets, and enhancing workplace wellness.

Contact Details: ADB Publishing

Website: https://www.adb.org/publications/asian-development-outlook-2020-update

About ABA

The ABA aims to provide a forum for advancing the cause of the banking and finance industry in the region and promoting regional economic cooperation. Its primary objectives include the following:

- To provide a venue for tan exchange of views and information on banking opportunities in the Asia-Pacific region;
- To facilitate the meeting of bankers in the region in an atmosphere of fellowship and friendship;
- To encourage joint activities that would enhance the role of its members in servicing the financial needs of their respective economies and in promoting regional development; and
- To undertake projects that will encourage trade, industrial, and investment cooperation in the Asia-Pacific region.

ABA ASIAN BANKERS ASSOCIATION
Published by the Secretariat, Asian Bankers Association
Ernest Lin, Secretary Treasurer; Amador R. Honrado, Jr., Editor,
Abby Moreno, Assistant Editor; Wendy Yang, Contributing 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