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Virtual 37th ABA Conference confirms speaker lineup

The Asian Bankers Association (ABA) is set to hold its 37th Conference virtually from August 24 to 27, 2021.

The four-day online event, which will carry the theme "Asian Banks: Achieving Sustainable Growth in the New Normal", will have one session per day, each featuring experts from the banking sector, government, multilateral and regional organizations, and the academe.

Session One (August 24): "Responding to Challenges and Disruptions in a Changing Global Ecosystem"

The session will feature speakers who will share their narratives on the challenges and disruptions brought about by the pandemic on their respective communities, and their efforts to find innovative solutions to adapt in the so-called new normal that has emerged from the pandemic.

Eugene Acevedo, President and CEO of Rizal Commercial Banking Corp (RCBC) will serve as session chairman, alongside the following speakers and panelists:

Speakers:

- Donghyun Park, Principal Economist, Macroeconomic Research Division, Asian Development Bank
- Taimur Baig, PhD., Managing Director and Chief Economist, DBS Group Research
- Dr. Le Xia, Chief Economist for Asia, BBVA Research Dept.

Panelists

- Dr. Paul C. D. Lei, Chairman, Taiwan Cooperative Financial Holding Co. Ltd, and Chairman, Taiwan Cooperative Bank
- Shri Ashwini Kumar Tewari, Managing Director (IB, T & S), State Bank of India
- Dr. Katy Dineen, Senior Associate, The Mizen Group and Assistant Lecturer, University College Cork

Session Two (August 25): "The Role of Technology in Sustainable Growth"

The session will provide a platform for invited experts and the Conference audience to exchange views and perspectives on how technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

The session chairman will be Oliver Hoffman, Managing Director, Head of Asia of Erste Group Bank. The speakers and panelists are as follows:

Speakers:

- Ruchin Goyal, Senior Partner, Financial Institutions Practice, India and South Asia, Boston Consulting Group
- Michael Araneta, Head of Advisory and Research, IDC Financial Insights
- Michael Lor, Senior Adviser, Asia Pacific, EFMA

Panelists

- Neeraj Maskara, Partner, Technology Consulting Practice, Ernst & Young Advisory Pte. Ltd.
- Louise Vogler, Managing Director, Global Head of Banks and Broker Dealers Corporate, Commercial and Institutional Banking Client Coverage, Standard Chartered Bank
- Hojjat Sheikhattar, Co-Founder, Tech2Change, Netherlands

Session Three (August 26): "Current Banking Trends and Their Implications on Regulatory Policies"

The session will feature regulators who will share their efforts in reviewing their own supervisory processes and reinforcing the core bank supervisory pillars of governance, risk management, capital adequacy and planning, liquidity management, and compliance with laws and regulations in response to the rapid changes in the banking and finance industry, and what their impact is on the industry in the years ahead.

Dilshan Rodrigo, Chief Operating Officer of Hatton National Bank, will serve as the session chairman, with the following speakers and panelists:

- Chuchi Fonacier, Deputy Governor, Financial Supervision Sector, Bangko Sentral ng Pilipinas
- Timothy Sawyer, CEO, Bank of Maldives

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- Senior Representative from the Financial Stability Board
- Jermy Prenio, Senior Advisor, Financial Stability Institute, Bank for International Settlements

Session Four (August 27): "Navigating the New World Order"

The session will invite CEOs who will share their experiences and views on their efforts to reinvent their companies in order to mitigate the impact of global disruptions, such as the Covid-19 pandemic, and ensuring sustainable growth, by creating innovative solutions through the use of new business models, new pricing structures, greater outsourcing, investment in and new approaches to using technology, and more effective uses of data, among others.

The session chairman will be Wolfram Hedrich, Partner, Financial Services Advisory at Ernst & Young. The following CEOs, meanwhile, will serve as panelists:

Panelists:

- Mr. Jonathan Alles, Managing Director/CEO, Hatton National Bank
- Mr. Wick Veloso, President & CEO, Philippine National Bank
- Dr. Nasir Salari, Senior Lecturer and Course Leader, Bath Spa University
- Mr. Teodor Blidarus, CEO and Co-Founder, FintechOS
- Ms. Chi-Shan Luo, Director, FinTech Space

Updates and other relevant information such as the meeting link, registration procedure, etc. will be sent out in due course. In the meantime, should you have questions, please contact aba@aba.org.tw.

ABA Policy Advocacy Committee to hold next online meeting on August 30

The Asian Bankers Association (ABA) will be holding the next online meeting of the ABA Policy Advocacy Committee on August 30, 2021, from 2:30 PM to 4:30 PM, Taipei time.

The meeting – the second to be held by the Committee this year – will discuss and finalize policy papers on issues of current interest to members. Representatives from ABA member bank and ABA Knowledge Partners have been invited to prepare and present the papers during the meeting.

Mr. Oliver Hoffmann, Managing Director, Head of Asia of Erste Group Bank AG will be presenting a summary of "From Interbank Offered Rates to Risk-Free Rates: Latest Update", a paper on the LIBOR scenario, touching mainly on how banks can adapt to the new environment.

Mr. Kailavasan Indravasan, Head of SME & Micro Finance at Hatton National Bank, will present a paper on "HNB's Experience Driving Business Revival Post-Covid in MSME Sector", which shares the experience of HNB in its efforts in assisting its customers establish relationships among each other to build an ecosystem aimed at strengthening supply chain linkages.

Mr. Suresh Emmanuel, Chief Information Security Officer, Hattion National Bank, will present a paper on "Strengthening Bank's Cyber Security Capability", which shares the issue of cyber security and what banks are doing to strengthen their capability in this area through, for instance, utilizing tools such as cyber insurance, etc.

Dr. Adrian Fenton, Vice President, Asia Sustainable Finance, World Wide Fund for Nature (WWF) Singapore, will present "Sustainable Financial Regulation Across the Region." The paper focuses on the sustainable finance regulation landscape across the region, how it is evolving, and the challenges being faced by government in their implementation, drawing on the relevant research study being conducted by SEACEN Agreed.

Mr. Shirish Pathak, Managing Director, Fintelekt Advisory Services, will present "Financial Sanctions on Banks and Corruption Issues Amidst the Covid-19 Pandemic", a paper focusing on financial sanctions on banks and on corruption issues amidst the Covid-19 situation, and how to aid and speed up development in poorer countries and help them achieve financial inclusion post-Covid.

Ms. Armi Lamberte, Head of the Portfolio Quality Division, Risk Management Group of Rizal Commercial Banking Corporation (RCBC) will present "Activities to Meet Challenges in Implementing Regulatory Framework to Achieve Sustainability Goals", a paper proposing activities to help ABA member banks in their efforts to meet the challenges they experience in implementing the sustainability framework set by

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regulators for banks to follow to achieve sustainability goals.

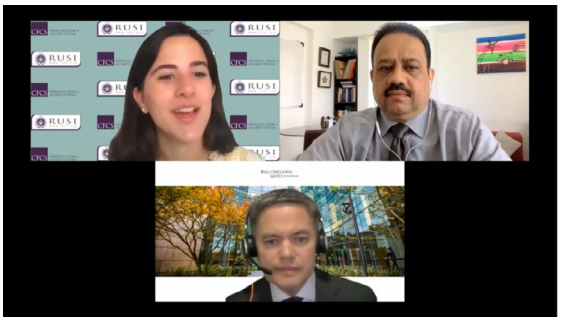
Mr. John Berry, CEO of EFMA, will present a paper on "Challenges and Opportunities for the Bank".

Mr. Mostafa Beheshti Rouy, Board Member, Bank Pasargad, will present a paper on "The Role of Banks in Business Survival After Covid-19 Pandemic".

Those interested can register in advance for the meeting here. After registering, please expect to receive a confirmation email containing information about joining the webinar.

Training and Education

Fintelekt-ABA Webinar on Assessing the Impact of the FATF on Financial Inclusion: Key Takeaways



ABA and its Knowledge Partner, Fintelekt Advisory Services, hosted a webinar on Assessing the Impact of the FATF on Financial Inclusion on June 22, 2021.

The webinar was moderated by Fintelekt Managing Director Shirish Pathak, who was joined by esteemed speakers F. Christopher Calabia, Senior Advisor, Supervisory & Regulatory Policy of the Bill & Melinda Gates Foundation; and Isabella Chase, Research Fellow at the Centre for Financial Crime & Security Studies, Royal United Services Institute.

Financial inclusion and the implementation of AML/CFT standards can be mutually supportive and complementary objectives – in so that enabling a wider population with the access to financial services will in fact increase the reach and effectiveness of AML/CFT measures.

The covid-19 pandemic has further underscored the importance of reaching unbanked populations and the massive opportunity presented by digital financial services in inclusive growth.

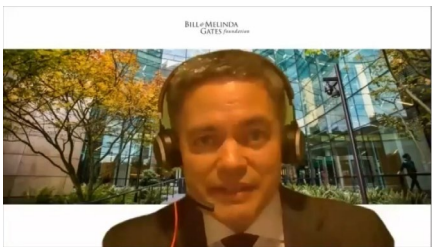
The panelists presented the conclusions of an important research by the Centre for Financial Crime & Security Studies, RUSI that highlighted:

- the impacts of the FATF framework on financial inclusion
- five recommendations for how FATF could better promote and protect financial inclusion in the future

Christopher provided a background for sponsoring the study on financial inclusion and the unintended consequences of FATF standards, which was executed by the Centre for Financial Crime Studies at RUSI.

One of the objectives of the Gates Foundation is to encourage policy makers and regulators to support regulatory policies that will expand access to, and the use of, especially digital financial services, among people who have traditionally been left out by the formal financial services – especially underserved women, poor and the unbanked.

Christopher pointed to a growing body of research that suggests that when people who live in extreme poverty have access to appropriate digital financial tools, they are able to lift themselves and their families out of poverty sustainably.



Financial systems and financial services providers should be well regulated and they should promote the protection of consumers against harm as well as achieve important public policy goals such as financial stability, financial inclusion, as

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well as financial integrity.

When economies are better protected against abuses such as money laundering and terrorism financing financial institutions are more likely to have a greater confidence in their ability to bank people who are previously unbanked or underbanked or accept consumers who might have been viewed as having higher risk of ML/TF.

The research also aims to work towards a better evidence base – for regulatory bodies, standard setting bodies, donors and those who advocate for financial inclusion and international development – in order to understand what types of policies can help the poor to gain access to financial services and participate in the formal economy.

The research by RUSI set out to better understand the relationship between FATF and financial inclusion and to what extent the FATF has impacted digital financial inclusion, how different elements of the FATF framework impact digital financial inclusion. It also studies how countries undergoing a mutual evaluation prioritise and perceive financial inclusion while they are going through the process, and the extent to which the FATF system is compatible with the tools that are important for digital financial inclusion.

The research found that overall, the FATF framework does have some negative impacts on financial inclusion but that the negative impact tends to be inadvertent, and it occurs despite the fact that there are tools and provisions in place to support financial inclusion. However, these tools and provisions are either not used or might be misinterpreted or poorly interpreted.

1. The FATF Standards: The FATF Standards afford the necessary provisions and flexibility to support financial inclusion. However, there are insufficient incentives within the framework to ensure they are implemented in a way that supports inclusion. This is further impeded by limited guidance on how to balance financial inclusion.
2. The Mutual Evaluation Review Process: The MER process indirectly inhibits financial inclusion by failing to grasp the opportunity to bolster the narrative that financial inclusion and the robust implementation of financial crime controls are mutually beneficial. Inconsistent treatment of financial inclusion in the MER process is made worse by the limited training that assessors receive on the subject.
3. The ICRG Process: FATF listings have repercussions for financial inclusion in listed countries. Listings impact national policymakers, the investment climate and remittances. Better data must be produced to validate and better understand these impacts.
4. FATF Governance: The FATF president, FATF and FSRB secretariats and other associated international bodies play a vital role in setting the tone for how the FATF framework is implemented. These bodies must do more to ensure that all stakeholders understand that proper implementation of the FATF framework should benefit financial inclusion and, as a result, inclusive financial integrity.

Some of the recommendations that were a result of the research include:

1. Update the FATF Recommendations to better promote compliance practices that enable financial inclusion.
2. Update the FATF Methodology to incorporate a recognition of financial inclusion as contributing to the effectiveness of a country's anti-money laundering and counterterrorist financing regime.
3. Strengthen FATF assessor training on financial inclusion.
4. Measure the impact on financial inclusion of the International Cooperation Review Group process.
5. 'Walk the talk' – ensure all stakeholders understand that promoting financial inclusion is key to the successful implementation of the FATF framework.

The two papers by CFCS, RUSI may be accessed at:

- Assessing the Financial Action Task Force's Impact on Digital Financial Inclusion
- Walk the Talk: How the Financial Action Task Force Can Prioritise Financial Inclusion

A recording of the webinar is available through Fintelekt Academy.

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Even 30% Pay Raises Can't Stop Junior Banker Exodus in Asia

They've raised salaries and promised quicker promotions. But the world's biggest securities firms and banks are still struggling to retain junior investment bankers in Asia, challenging their expansion plans for a region that's growing faster than almost anywhere else.

Recruiters and executives say the exodus is in some ways more difficult to stem than in New York and London, where analysts and associates have rebelled against the industry's work-till-you-drop culture.

In Asia's biggest hubs, young employees are more likely to leave because they think they can earn more -- and climb the corporate ladder faster -- at one of the many fintech and investment firms that have sprouted up to tap the region's buoyant economies and swelling piles of wealth. The challenge is particularly acute in China and Hong Kong as foreign firms ramp up hiring to take advantage of a financial opening in Asia's largest economy, competing with each other as well as the local startup scene.

"The whole industry is running into a pretty big supply and demand issue, and I don't think this is going to be alleviated any time soon," Mark Leung, JPMorgan Chase & Co.'s chief executive officer for China, said in a Bloomberg Television interview. The U.S. lender is among banks including Goldman Sachs Group Inc., Credit Suisse Group AG and HSBC Holdings Plc. hiring hundreds of staff for their push into China.

While it's hard to quantify turnover with any certainty, an informal Bloomberg News poll of executives at four global securities firms found that anywhere between 13% to 15% of investment banking analysts and associates left their roles this year, roughly double the average in previous years. That's in line with estimates for the U.S. and higher than the U.K., according to executives at recruiting firms.

Exits have picked up despite annual pay raises of 25% to 30% since 2019 for Hong Kong-based bankers covering in-demand sectors like technology and health care, said executives who oversee groups or the region, asking not to be named discussing private information. The increments have been more subdued for Southeast Asia where attrition is also rising, one of them said.

Jonathan Lam left HSBC Holdings Plc's investment bank in Hong Kong in the middle of last year to join Butler, a home concierge company he helped start that offers personalized services ranging from housekeeping to fixing washing machines and hosting dinner parties. It was the feeling of making an impact and "owning something" that drove Lam to quit his debt capital markets job right after a promotion, he said. The prospect of a financial windfall also helped.

"With banking you can make good money in the short term, but with startups, if you grind it through, it will lead to big fortunes," said Lam, 30, who founded Butler with alumni of Goldman Sachs Group Inc. and Wells Fargo & Co. The startup completed a funding round last year and has 30 employees.

Asia's economic rise has made it one of the world's most attractive regions for entrepreneurs. Its share of global startup investments rose to about 40% in 2015-2017, up from 10% a decade earlier, according to McKinsey. It's home to more than a third of the world's unicorns, the nickname for startups valued at $1 billion or more.

The attrition is made more acute by the fact that finance is still a growth industry in Asia and is smaller relative to the overall economy than in the U.S. and Europe. More than half of finance firms in mainland China surveyed by recruitment firm Michael Page expect to increase their headcount by about 11% this year, on average. Financial services will likely be the most-active recruiter in Hong Kong and the second most-active in Singapore, the poll showed.

Some smaller hedge funds and money managers in Hong Kong are offering double the salary to lure talent, two quantitative trading analysts at a Wall Street bank said based on approaches from headhunters. Private equity firms, where employees get a share of profits, have also been active recruiters of junior talent in the past year, including Bain Capital, PAG and Hillhouse Capital, one of the people said.

In Singapore, opportunities are sprouting at hedge funds and private equity firms as well as a new breed of fintech and digital banking firms, according to Lim Chai Leng, a senior director at recruiting firm Randstad Singapore.

A former banking associate at HSBC in Hong Kong, who asked not to be named, jumped to a fund manager last year, accepting a 20% cut in base salary. He'd seen his total remuneration rise 70% over four years with the bank, he said, but wanted to get on the path to managing his own capital.

Startups and smaller boutique firms can offer flexible

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working and other benefits that established players have struggled to keep up with, said James Carss, managing director at executive search firm NRG in the U.K. The churn rate in the U.K. is three to four months behind Asia, but is likely to catch up, he said.

Big technology firms are also drawing from the banks. Morgan Stanley Vice President Shiyi Lin last month left to join the strategic investment group at Alibaba Group Holding Ltd., according her LinkedIn page. In Singapore, Jack Ma's Ant Group Co., Southeast Asia's most-valuable startup Grab Holdings Inc. and its most valuable company Sea Ltd. are setting up digital banks.

Daniel Yuan, a Yale-educated former analyst at Goldman Sachs, left in 2019 to become chief of staff at online finance company Futu Holdings Ltd. While he credits Goldman for teaching him everything he knows about finance, he found his ability to move up the ladder too rigid.

"I knew exactly what I needed to do and how long I needed to keep doing this in order to advance my career at Goldman," Yuan said. "At a leaner and more entrepreneurial corporate like Futu, there's a lot of flexibility around what I can do, especially in my capacity as the chief of staff."

Banks are starting to notice. One example is Lam's old firm, HSBC, which counts Hong Kong as its largest market. The lender, which is in a midst of a major pivot to Asia, last month promised a shorter career path for new associates, offering promotions after three years instead of four. It also pledged to boost pay. JPMorgan is also hiring more junior bankers and staff globally.

Lenders are raising pay for junior employees, enforcing curfews and adding staff to prevent defections and ease discontent as a jump in deals during the pandemic intensified the focus on work-life issues. Wall Street was set abuzz earlier this year by a leaked presentation from junior analysts at Goldman Sachs that detailed their grueling workload and punishing hours.

"In Asia, junior bankers are more likely to leave for career opportunities that they see as more financially attractive," said John Mullally, regional director at Robert Walters in Hong Kong. "The long hours and stress of banking careers are a factor, but just not as much as it is for their counterparts in Europe and the U.S."

For some beleaguered bankers, the exodus of their colleagues at the same time as deal making is thriving, is taking its toll. Over the past 12 months, mergers and acquisitions have jumped 30% in Asia Pacific, while initial public offerings have risen 44%, according to data compiled by Bloomberg.

An associate at JPMorgan, who asked not to be named, said his workload doubled after a colleague quit for a financial technology firm in December, leaving him to work 18 hours a day, on average, without a break for almost two months.

He's now actively hunting for a job at a buy-side firm, he said, looking for a place with less hierarchy and more opportunities for career advancement.

Bloomberg

Asia Pacific shows explosive growth in demand for fintech apps

Fintech apps are rapidly gaining popularity in the Asia Pacific (APAC), dominating other regions, says a new report by marketing consultancy Appsflyer.

The State of Finance App Marketing tracked data on finance app usage across the globe, across five categories of apps. They include digital banks, traditional banks, financial services, loans, and investments.

It was found that there were over 1230 fintech apps available in APAC, and marketers have spent US$ 244 million to acquire new users in 2020 alone.

Within APAC, a total of 2.7 billion installations occurred between Q1 2019 and Q1 2021.

The bulk of the marketing was spent on investment apps and made up more than 65.5% of paid installations. The total number of paid installations reached 600 million.

India and Indonesia, together with Brazil, make up almost half of global fintech app downloads. This is not surprising, given that these mega developing markets comprise massive numbers of unbanked and underbanked customers, especially in Indonesia.

On the whole, developing markets show 70% more finance app installs as opposed to developed markets. Indonesia, the Philippines, Thailand, and Vietnam all saw fintech app demand grow in 2020.

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Different sub-categories of fintech apps dominate in different markets

Whilst investment apps tended to be the most popularly downloaded across the region, Indian users had a clear preference for financial services, which made up over 80% of downloads. However, the market still continues to be dominated by e-wallet apps.

Indonesians, on the other hand, over 75% of users have downloaded apps for either financial services or lending. This ties in with the trend seen in Indonesia where there is a large market of millennial SMEs and startups that can be served by the fintech sector.

Furthermore, the merger of unicorns Gojek and Tokopedia may bring good tidings to enterprises as a whole as fintech services are planned to roll out under them.

In the Philippines, however, there was a 20% drop in lending apps and installations between Q1 2020 and Q1 2021. The Philippines is still a developing economy for fintech, with a growing presence of digital banks.

Fintech apps still at risk of being targeted by cybercriminals

On the whole, fraudulent installations have dropped by 15% across the APAC due to improvements in anti-fraud solutions. However, that is still a high number. This is particularly problematic for India and the SEA region as the rates of fraudulent installations hovered at around 40%.

Nevertheless, on the whole, the SEA region has seen a 20% y-o-y reduction in fraud rate. Across APAC, bots are responsible for the majority of fraudulent installations in SEA and Japan, whereas India and South Korea are plagued by click flooding.

Key takeaways for enterprises in the region

The rapid growth of financial app installations in the APAC and SEA regions generally reflects the changing finance and banking landscape, as well as consumer demand, in these regions.

Digitalization and the pandemic have also rapidly catalyzed consumer demand for digital services, which contributes to the growth of startups and SMEs.

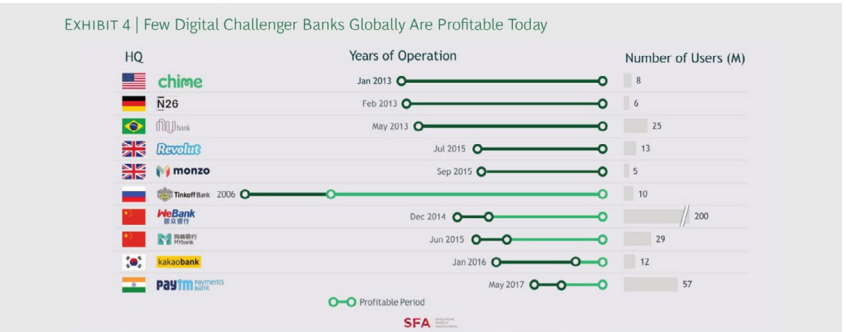
Additionally, the SEA region, in particular, promises huge potential in consumer adoption of consumer fintech services as it is home to over one billion underbanked and unbanked customers.

Furthermore, regulators are far more amenable to handing out more digital banking licenses in countries such as the Philippines, Malaysia, Indonesia, and Singapore, making it far more conducive to start fintech services here.

All these together present an opportune moment for more players, including investors to enter the fintech market and promote continued innovation to bring personalized services to individual and enterprise clients together.

Techwire Asia

Southeast Asia Enters Digital Banking Era



The transformation of consumer expectations and incumbent banks' slowness to meet evolving consumer needs are creating significant opportunities for Southeast Asia's new and upcoming digital banks, a Boston Consulting Group (BCG) study found.

A survey of 3,250 consumers and 1,350 merchants conducted in Indonesia, Malaysia, Singapore, Thailand and Vietnam found that lack of personalized advice (58%), high fees (45%) and an unattractive image (40%) are the top reasons for consumers to shift from traditional banks in Southeast Asia.

This, combined with wider economic growth, growing digital penetration and the large population of unbanked, are setting a fertile ground for digital banking to thrive in Southeast Asia.

Regulators across the region are introducing regulatory frameworks and changing legislation to open the banking

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industry to new, innovative players, following on the path of other regions where challenger banks have grown strongly over the past years.

Since 2010, more than 200 digital challenger banks have been established globally, aggressively challenging for market share, the report says. Out of those still active, 46 are found in the Asia Pacific (APAC) region.

APAC digital banking leaders

China and South Korea are amongst the most developed digital banking markets in the region, with leaders like KakaoBank and WeBank rapidly gaining ground. These winners have in common the fact that they are branchless, customer-focused and tech-driven, core principles that have enabled them to reach a wide range of customer segments rapidly and at scale, the report notes.

KakaoBank, from South Korea, is an example of a digital bank serving millennial segments, offering powerful personal financial management tools focused on budgeting and saving.

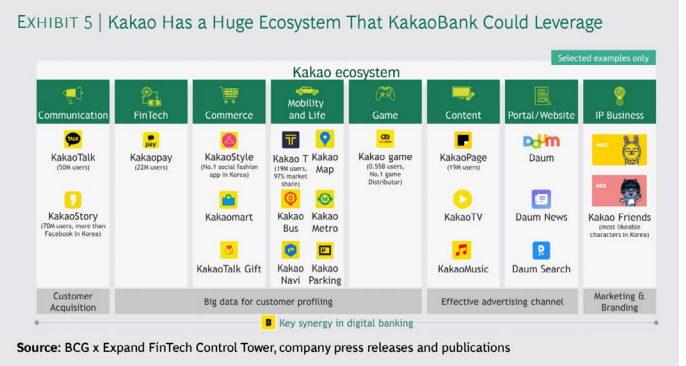
Leveraging its extensive digital ecosystem comprising a widely popular messaging app, a payment platform, commerce functionalities and more, KakaoBank has quickly risen to prominence, emerging as a notable winner amongst digital banks that served some 13.6 million customers as of the end of 2020.

KakaoBank reported 113.6 billion won (US$101 million) in net profit in 2020, up eightfold from a year earlier. During the same period, operating profit and revenue spiked by over ninefold and 21% to 122.6 billion won and 804.2 billion won, respectively.

The company is now planning a domestic initial public offering (IPO) that's likely to see its valuation surge to 20 trillion won (US$18 billion).

In China, WeBank has put a focus on reaching underbanked customers and blue-collar workers, which today make up about 75% of its client base, the BCG report says. Leveraging cutting edge technology including artificial intelligence (AI), blockchain, cloud computing and data, WeBank is able to optimize its efficiency, improve user experience and scale up quickly in a cost-effective manner.

In 2019, WeBank generated US$570 million profit and served 300 million customers, making it the largest digital-only bank in the world.



Southeast Asian incumbent banks gain momentum in digital banking space

While initially slow to react, traditional incumbents across Southeast Asia have ramped up their digital banking efforts as they seek to penetrate the growing market.

In Singapore, legacy operator United Overseas Bank (UOB) launched its TMRW digital bank in Thailand in 2019, which operates a mobile-first approach with a full suite of banking solutions. TMRW's underlying tech architecture was built in-house, but it uses personalization capabilities powered by tech providers such as Personetics, Avatec.ai, and Meniga.

TMRW quickly gained popularity in Thailand, tripling its customer base in six months from August 2019 to February 2020. In August 2020, the digital bank expanded to Indonesia. It plans to roll-out across other markets in Southeast Asia in coming years.

In Indonesia, government-owned Bank Rakyat Indonesia (Bank BRI) has gone on a digital transformation journey, adopting a digital strategy that mostly centered around the smart use of cloud-based APIs.

This approach has provided the bank with automation and agility, allowing it to integrate seamlessly with platforms such as the Indonesian government's ID database, offer automatic verification and onboarding, as well as tackle important fraud or identity concerns.

Bank BRI's innovative digital strategy has seen it leapfrog fintech competition, with indications that it has achieved

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70% financial inclusion across the country by the end of 2019.

Southeast Asia's upcoming digital banks

Southeast Asia is undergoing a period of banking liberalization, with Singapore clearly leading the way. The Monetary Authority of Singapore awarded four digital banking licenses in December 2020. The four digital banks are expected to commence operations by early 2022.

In the Philippines, the central bank recently announced the granting of two more digital banking licenses. Tonik and UNObank are joining state-backed Overseas Filipino Bank, which got a license in March 2020.

Tonik launched its services in March 2021 under a previously acquired rural banking license. It claims to have secured over 1 billion pesos ($$20 million) in retail deposits in less than a month.

UNObank is run by Singapore-based DigibankAsia and uses technology provided by Mambu and Amazon Web Services.

Other companies are eyeing a digital bank license in the Philippines, including South African digital banking challenger Tyme, which has partnered with Filipino conglomerate JG Summit Holdings.

Malaysia plans to hand out digital banking licenses next year, while Thailand and Indonesia are readying their respective ecosystems to be able to grant full digital bank licenses.

Fintech Singapore

Asia has the world's most advanced digital currencies. Here's where each one stands

On June 8, Hong Kong's de-facto central bank, the Hong Kong Monetary Authority (HKMA), signaled it is pushing forward in its drive to develop a usable digital currency for consumers. The regulator announced that an in-depth study on the 'e-HKD' will be released next year.

"It is the right time... to explore if we should have an e-HKD. Hong Kong people nowadays, are more willing to use digital banking services [and] many central banks [worldwide] have studied digital currencies," said Eddie Yue, CEO of the HKMA.

Two weeks earlier in South Korea, the Bank of Korea (BOK), moved one step closer to the creation of its own CBDC. It launched a search for a technology partner to help develop its digital currency.

The two announcements, in quick succession, underscore how Asia has pulled ahead in the global race to develop digital currencies that are backed by central banks.

Asia is "by far the most advanced region when it comes to both retail and wholesale CBDCs," says Henri Arslanian, PwC crypto leader and partner. He says that Asia "probably has the perfect mix of size, resources and knowledge, combined with a willingness to improve the status quo."

Based on project maturity, three of the world's top ten retail projects—aimed at creating a digital currency that individuals and companies can use as digital cash—are located in Cambodia, China and South Korea, according to PwC's first-ever CBDC Global Index. China especially is a standout; its People's Bank of China (PBoC) became the first major central bank to launch a retail CBDC in April.

Across the globe, central banks are throwing more and more resources at exploring and trialing CBDC implementation, particularly as cryptocurrencies boom and blockchain technology matures.

In a January survey of 65 central banks by BIS, 86% of respondents said they are exploring the use of digital cash. The BIS says that CBDCs could be used in 20% of the world by 2024.

CBDCs will fundamentally be a "game changer," says Benoit Sureau, partner, financial risk services and blockchain at PwC France & Maghreb. State-supported digital cash will provide access to alternative payment solutions for both citizens and corporations and reinvent financial market settlement and interbank monetary transactions, he said.

Here's where the top CBDC players in Asia stand:

Cambodia

Apart from the Bahamas' 'Sand Dollar,' the National Bank of Cambodia's (NBC) 'Project Bakong' is the only live retail CBDC project in the world. Launched in October 2020, Bakong is a blockchain payments platform backed by central bank-held fiat currency. It isn't a purely 'native' digital currency, but one where users use their own cash reserves of Cambodian riels or U.S. dollars to make payments in 'e-cash.'

Japanese firm Soramitsu developed Hyperledger Iroha,

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the platform that Bakong runs on. It connects mobile phone users to financial institutions and payment providers, allowing for instant mobile payments without a centralized clearing house. Consumers store their digital cash in a virtual wallet.

The Cambodian government says Bakong is a crucial step to modernize the country's financial system and boost financial inclusion in a sorely underbanked country that has a strong base of mobile phone users. The implementation of Bakong will also promote payments in Cambodian riels, rather than in the dominant U.S. dollar. As of January, Bakong had transacted over $20 million via 50,000 users and 20 banks.

China

In April, China became the first major economy worldwide to launch a digital currency known as the 'digital yuan' or 'e-CNY.' It's the most advanced CBDC project by a major economy. The electronic currency is issued by the PBoC, but distributed by commercial banks and digital payments platforms run by China's Big Tech firms. In May, Alipay—the country's largest mobile payments platform with over 1.3 billion users—added the e-CNY to its platform. However, the digital yuan is only enabled for some users since the currency is still in a pilot phase.

The world's second-largest economy was the first to begin exploring CBDCs in 2014.

"If you want to know what the future of money looks like, don't waste your time in Silicon Valley or London," says Arslanian. "All eyes should be on China—they are easily four to five years ahead of every major country when it comes to retail CBDC."

China hasn't yet rolled out the digital yuan nationwide but has conducted trials in four major cities—Shenzhen, Chengdu, Suzhou and Xiong'an—by giving away free digital cash via lotteries. During the Lunar New Year, e-commerce giant JD.com took part in a $3 million lottery trial. Winners received a 'red packet' app worth 200 RMB on the JD app, which they could spend on the site.

PBoC vice-governor Li Bo said that testing proved the digital yuan is compatible with China's financial system, but the PBoC is still working to develop the digital yuan for widespread domestic use, improve functionality and security, and ensure a sound regulatory framework. Li expects physical cash and digital currencies to coexist for some time.

By the end of last year, Chinese citizens had spent more than $300 million using the digital cash in 4 million transactions. The country is now preparing for more widespread use and preparing the digital yuan for use at the 2022 Beijing Winter Olympics.

Hong Kong

Hong Kong unveiled its 'Fintech 2025' strategy on June 8, which restated its commitment to developing a usable CBDC. Eddie Yue, CEO of the Hong Kong Monetary Authority (HKMA) said that the regulator will "soon begin a comprehensive study on 'e-HKD' to understand its use cases, benefits and risks."

As China's PBoC ramps up its multi-jurisdictional efforts, it's launched joint projects with the HKMA, including a cross-border trial to explore how Hong Kong residents can use and top up their virtual wallets with digital yuan.

HKMA's chief fintech officer, Nelson Chow, said that the trials will ultimately facilitate easier use of digital yuan for Chinese residents when they cross into Hong Kong.

Roger Xie, an equity analyst at Fosun Group, says it's likely the "majority of Hong Kong-based retail banks will roll out their own mobile apps with the capability to transact e-HKD and e-CNY in the near-term."

Hong Kong-Thailand

Project Inthanon-LionRock, a joint project between the HKMA and Bank of Thailand (BOT), is the world's most mature interbank/wholesale initiative to date. The two countries' central banks joined forces in 2019 to test the use of CBDC in cross-border payments between financial institutions.

In 2021, the project started its second phase of developing a software prototype to facilitate cross-border CBDC settlements. In this stage, the countries will also explore how to expand use to multiple jurisdictions and currencies.

In February this year, China and the United Arab Emirates joined the project, dubbed 'm-CBDC Bridge' or Multiple Central Bank Digital Currency Bridge Project, to explore multi-jurisdictional solutions.

South Korea

On May 23, the Bank of Korea announced that it's looking for a technology partner to launch its 'E-won' pilot program, which will run from August to December this year. It is the latest step in the country's CBDC effort—and a significant

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one at that.

Alongside the selected partner, the BOK will operate a CBDC in a limited environment and capacity—via a test platform—to analyze functionality and security. The platform will simulate the services of commercial banks and retail outlets, such as fund deposits, money transfers and mobile payments, to test the functionality and security of its e-Won

A BOK official said in a May press conference that the country's cash transactions are declining significantly. "The steps we are taking now are to prepare for the changes in the payment settlement system, [which is] changing rapidly."

Singapore

The Monetary Authority of Singapore (MAS) kickstarted its CBDC initiative 'Project Ubin,' in 2016 in partnership with JPMorgan and state investment firm Temasek. Last July, the fifth and final phase of testing was completed. The five phases included a range of tests of blockchain-based payments, conducted with over 40 financial and non-financial institutions.

Piggybacking on Ubin, Singapore began a joint project with the BIS called 'Project Dunbar,' which is initially focused on developing a common platform for multi-currency CBDC settlement that works for central banks and financial institutions.

Singapore's MAS is also seeking greater collaboration with other central banks, particularly China's PBoC.

Japan

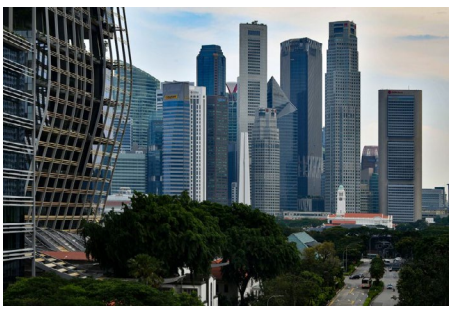
In April, the Bank of Japan (BOJ) announced that it has begun the first phase of trials for a retail-focused 'digital yen,' which will run until next March. This initial phase will test the "basic functions... core to CBDC as a payment instrument—such as issuance, distribution and redemption," said the BOJ in an official statement.

In January last year, parliamentary vice minister for foreign affairs Norihiro Nakayama told Reuters that Japan's digital currency could be a joint venture between public and private sectors to align Japan with global changes in financial technology.

The BOJ is planning two additional trial phases after March 2022. Still, there are no concrete plans to actually launch the digital yen, yet.

Fortune

Covid-19 is driving more Asia-Pacific firms to embrace sustainability in finance: Citi report



The Covid-19 pandemic is prodding firms in Asia-Pacific to act on sustainability, with many already embarking on meeting environmental, social and governance (ESG) goals, said a new report by Citi on July 13.

The survey found that 54% of the respondents already have ESG policies and practices integrated in their organizations' corporate strategy. Nearly 90% of the remaining respondents said they intend to roll out ESG policies and practices within five years.

"Evidently, sustainability is coming of age in this region," Citi said in a media statement. "With Covid-19 presenting new challenges, ESG issues that were previously on the periphery are now in the forefront for many companies."

Over two-thirds of the respondents said Covid-19 was a driving force of ESG policies and practices in their firms, the report showed.

A total of 65% also said alignment to the overall corporate sustainability strategy was a main driver behind the adoption of ESG standards.

Other reasons that drove firms to adopt such standards include the desire to make a positive impact on their relationships with customers and stakeholders, social and environmental factors, and regulatory obligations, as firms pre-empt broader policy and regulatory changes. They also said they adopted such standards because of access to funding dedicated to ESG projects.

Citi Asia-Pacific chief executive Peter Babej said: "As a global, value-driven firm, we are dedicated to supporting the transition to a low-carbon economy.

"We view sustainable financing both as a mandate and as an opportunity to partner with our clients across geographies, to help them decarbonise their operations and achieve their

News Updates

enterprise sustainability goals."

When asked to choose the top sustainable and green finance instruments to help them meet their goals, respondents selected green bonds, ESG-linked working capital financing and green loans.

The report said: "The momentum is set to continue with increasing focus on ESG by corporates, and higher expectations and demands from stakeholders of firms to be accountable across the entire environmental, social and governance spectrum."

The survey was conducted by Citi in the first quarter of the year among 259 institutional clients in 14 markets across Asia-Pacific. The majority of the respondents hold senior positions in their firms, including chairmen, presidents or chief executives, managing directors and other C-suite executives.

The report also highlighted the growth in environmental finance in the region. Citi raised more than US$25 billion (S$33.8 billion) for clients in Asia-Pacific in the first half of this year, an increase of about 400% compared with the same period last year.

In April, the bank committed US$1 trillion to sustainable finance by 2030. This figure includes extending its environmental finance target from US$250 billion by 2025 to US$500 billion by 2030, to further accelerate the transition to a sustainable and low-carbon economy.

Its commitment also includes an additional US$500 billion to invest in other activities that advance the United Nations' Sustainable Development Goals, such as education, affordable housing, healthcare, economic inclusion, community finance, international development finance, racial diversity and gender equality.

Mr. Babej added: "In this effort, we are conscious that our region is in a critical position - both in accounting for almost half of global emissions, and in its particular exposure to climate-driven human and economic risks."

"Asia can and must be a leader in driving positive change across the globe."

Straits Times

Special Features

Multilateral Banks and the Role They Play in Climate Change Reduction

By Mark Plant, The Center for Global Development

There is growing pressure on multilateral development banks (MDB), such as the World Bank and the Asian and African Development Banks, to make greener investments in the developing world and align with the targets set by the Paris Agreement on climate change.

Mark Plant is the director of the Sustainable Development Finance Program at the Center for Global Development (CGD) and the chief operating officer of CGD Europe based in London. He says that they are starting to make this a priority.

PLANT: These multilateral banks have set targets for how much of their portfolios should have a positive climate impact. Most of them are looking at about 50% by 2030, and they're around 35% to 40% now. That doesn't mean the other half isn't climate friendly, but the question is how much is squarely aimed at confronting the climate challenge that the world faces.

BRINK: Is that fast enough, given the rapid change that's now underway in the climate space?

PLANT: No, they were inline with pre-COVID thinking, but there's been a sea-change in everyone's thoughts since then. There's now much greater awareness of global economic interconnectedness and the need to act in concert. One of the things that will help the banks accelerate their progress is the change in the U.S. administration. Most of the MDBs have a representative of the United States government sitting on their boards. During the Trump administration there was some hesitancy to move aggressively on decarbonization for fear of alienating one of their major shareholders.

BRINK: There have been years of climate protests outside World Bank and IMF meetings. Are you surprised that it's taken them so long to catch up on this?

PLANT: No. The MDBs are focused on developing countries, but the major carbon emitters are large developed countries — the United States and Europe. And while China, India and Brazil are also big carbon emitters, the MDBs impact in these large developing countries is at the margin. So decarbonization has not

Special Features

been central to the MDBs' purpose until recently.

Creating the Right Economic Growth Is Not Easy

In the last four or five years, people have been coming around to the idea that we need to have sustainable growth not only in the developed countries, but also in the developing countries — where we have the chance to set the pattern for the economic growth for years to come.

The potential for global growth in the next 20 years is in middle- to lower middle-income countries. They're going to be the engines of growth. That makes the decarbonization mandate much more central to the mission of the MDBs.

BRINK: So do the multilateral banks see green growth as an opportunity in these low to middle income countries rather than a problem?

PLANT: Yes. It's an opportunity to grow right, if you will. Some of these countries may be smaller relative to the size of the world economy, but they will grow. China is in many ways a harbinger of what might happen in other developing countries. Thirty years ago, China was not considered an economic powerhouse.

I think people now look back on the Chinese experience, and perhaps think what if China had grown in a carbon-friendly way? We'd have a different carbon load in the industry. So we need to think about growth more broadly than just producing more — the question is how do you produce more while making it sustainable?

BRINK: Is there much difference between the multiple MDBs? Does the African Development Bank or the Asian Development Bank take a different position on this?

PLANT: No, I think they're all pretty much at the same place. They're going to differ a bit in how they arrange their carbon portfolios. The Asian Development Bank is going to be lending to the economic tigers of Asia, where the economic structure is more advanced.

If you're looking at some of the countries in Africa that are very poor, it's going to be a very different equation because these countries are really not big carbon emitters.

In fact, their contribution to the global carbon load is minimal, and you need to focus on how to get them to grow. So you might not worry as much about the initial carbon load of energy generation because it's so small, but what you want to do is figure out how they grow it into the future.

Adaptation Vs. Mitigation Is a Big Challenge

The other challenge is adaptation versus mitigation — a real problem for some of the MDBs. They know how to do mitigation: You move from fossil fuel-based energy production to a sustainable energy production, and it is becoming more and more possible to do that on a wholesale level, if you will.

But it's adaptation that really makes a difference in people's lives in a lot of the very poor countries — climate change is going to happen so the question is how do you adapt lives and livelihoods to the new climate reality? That's a much more retail change which has to be brought about country-by-country, and even village-by-village.

Suppose you're the minister of finance of a small African country. You have a limited budget: You can either change your gas-producing plant to solar or you can build badly needed schools and hospitals. What do you do?

Those are the kinds of choices that each country's government is now having to make.

To the extent that the MDBs can alleviate the budget constraints by providing more financing, so much the better. But to date, the resources the world is devoting to developing countries are insufficient, so the choices will remain.

The trick is to find synergistic solutions — ones that are going to be both good for economic and social development and climate improving. Some progress has been made on this, but a lot more work needs to be done.

BRINK: John Kerry, the U.S. Special Presidential Envoy for Climate, has been demanding an increase in climate financing. Are we going to see a bigger proportion of climate financing coming out of the MDBs?

PLANT: That's the hope, and certainly it's grown over time. In 2019, the climate financing from MDBs for developing countries was about $45 billion, which is about an 8% increase over the previous year.

The MDBs see their role more and more as motivating the private sector and private development to do the right thing and to go in the right direction — and they see pro-climate financing as being part of that process.

Special Features

Paris alignment is a bit of a fuzzy term as to exactly what it means because it can be widely interpreted. The real question will be when it gets down to individual projects — how do they decide what is climate enhancing and how much of each project counts towards their climate finance goals?

If they can do that in a consistent and transparent and consistent way, that will be real progress. It's a complicated system to coordinate, but with the Biden administration in place, world leaders are pushing in the same direction. This gives a clearer steer to the MDBs about greening their portfolios.

Brink News

Among Member Banks

SBI donates ₹62 crore to PM CARES Fund for fight against Covid-19

The State Bank of India (SBI) has allocated ₹62 crore to PM CARES Fund on its foundation day of the bank to support the fight against Covid-19. "Around 2.50 lakh employees of the country's largest lender, State Bank of India (SBI), have donated a sum of Rs.62.62 crore to the PM CARES Fund on the occasion of 66th Foundation Day of SBI," the bank said in a statement. This is the second time that State Bank Employees have contributed to the PM CARES Fund.

"It is a matter of pride for State Bank of India that our employees have continued to offer banking services to our customers throughout the pandemic, putting service before self, in the true sense of the term. In addition, they have voluntarily come forward to contribute to the PM CARES Fund at a time when the Government is strengthening the healthcare system to tackle the pandemic," said Dinesh Khara, Chairman, SBI, said.

He added that as a responsible Corporate Citizen, SBI remains committed to support the Government in all its endeavours to address the challenges arising out of the pandemic.

Early last year, SBI had committed 0.25% of its annual profit to support the fight against COVID-19 and also made significant contributions in the form of supply of masks, sanitisers among others to the needy.

Mint

MUFG closes $163 million of financing for India solar project

Mitsubishi UFJ Financial Group (MUFG) has closed a $163-million, five-year syndicated financing deal for a 300 MW solar plant in India. Developer Azure Power will build the plant in the Indian state of Rajasthan.

The latest transaction marks another milestone for MUFG, as it is the third renewables project financing in which it has acted as green structuring adviser. It has secured certification for a cumulative renewables capacity of 2.6 GW over the past six months.

MUFG also acted as lead arranger, hedging bank, and facility agent. It was recently among the 12 international banks that committed $1.35 billion in debt funding for Adani's under-construction renewable asset portfolio. The revolving fund will initially finance the 1.69 GW hybrid portfolio of solar and wind projects to be set up through Adani's four special purpose vehicles in the Indian state of Rajasthan.

"Having played leadership roles in a string of renewable project financings in India, we are even more convinced of the exciting prospects in the country's renewables sector. We look forward to further harnessing our project financing and ESG expertise to support India's sustainability aspirations," said Colin Chen, MUFG's head of ESG finance for the Asia Pacific.

PV Magazine

Among Member Banks

Mizuho fights to regain shareholder trust after ATM glitches

Mizuho Financial Group CEO Tatsufumi Sakai appeared before shareholders in an annual general meeting on June 23 and vowed to transform Japan's third-largest bank following a major computer glitch earlier this year.

Sakai highlighted steady improvements in the company's bottom line, but the whole meeting was overshadowed by the computer glitch, which brought 70% of Mizuho's ATMs to a temporary halt on Feb. 28. It was the third such trouble in Mizuho's 21-year history and a huge blow to the company's goal of becoming a major player in the field of financial technology in partnership with companies like SoftBank Group.

Sakai started the meeting by offering "deep apologies" over the customers who were stranded in front of ATMs for hours, waiting for the machines to return their bank cards. The incident was followed by three other glitches, though on much smaller scales, over the ensuing two weeks.

The meeting came after a third-party panel of experts released its findings on June 15 following an investigation it conducted with two law firms and the consultancy Accenture.

The Financial Services Agency, Japan's banking watchdog, is conducting its own investigation, however, forcing Mizuho to delay the announcement of a plan to replace the head of its banking unit until the FSA probe ends.

Sakai said the incident was a "man-made" disaster, blaming Mizuho's poor internal coordination, weakness in supervising computer systems and lack of empathy with customers.

Sakai, citing the third-party report, said there were common strands in the past three incidents, suggesting that Mizuho still has a way to go toward rebuilding the group around technology.

The direct cause of the glitch was an overload of the computer system's temporary memory as the bank attempted to speed up the digitization of some customer accounts. The problem was compounded by poor coordination between Mizuho's system integration subsidiary, Mizuho Research and Technologies, and the developer of the new system's main computer, IBM Japan.

"To prevent a recurrence of such troubles, we will strengthen coordination across the group," Sakai said. He also said Mizuho will invest more to develop expertise in technology and computer systems.

Nikkei Asia

Japanese bank Sumitomo Mitsui to get 4.99% stake in RCBC

Sumitomo Mitsui Banking Corporation (SMBC) is set to acquire over 101 million common shares of Rizal Commercial Banking Corporation (RCBC), representing a 4.99% stake in the company.

In a stock exchange filing on June 29, RCBC said SMBC's investment raises P4.5 billion ($93.9 million) of new core equity tier 1 (CET1) or the primary funding source of RCBC.

Part of the investment will be used to support the bank's asset growth and digital investments.

"The proceeds from the investment will allow the bank to finance the different requirements of key customers in the corporate, SME (small and medium enterprise), and consumer segments and expand the reach of its sustainable finance network," RCBC said.

RCBC added that the deal will improve its CET1 ratio from 11.01% to 11.75% on a pro-forma basis.

Credit Suisse acted as sole financial advisor to RCBC, while Clifford Chance and Romulo Mabanta Buenaventura Sayoc & de los Angeles provided legal advice.

SMBC is one of the largest banks in Japan and is the commercial banking arm of the Sumitomo Mitsui Financial Group, which has over $2.2 billion in total assets.

Rappler

Among Member Banks

KEB Hana Bank Launches LINE Bank in Indonesia

LINE Bank, the digital banking arm of Bank KEB Hana Indonesia, was launched on June 10, 2021. Indonesia becomes the bank's third market after its success in Thailand and Taiwan.

KEB Hana Bank Indonesia's compliance director Bayu Wisnu Wardhana said that LINE Bank will focus on consumer financing in Indonesia.

"The company is targeting to get new customers, raising third party funds and consumer credit with LINE Bank," said Bayu on Friday, June 11, 2021, as quoted by Bisnis Indonesia.

With the increasing competition in digital banking, Bayu is confident that the presence of LINE Bank will accelerate the growth of new customers, new public funds, and wider coverage. "It would also be easier to target LINE's social media users as customers," Bayu said.

KEB Hana Indonesia has budgeted IDR 150 billion for IT development this year. In releasing LINE Bank in Indonesia, KEB Hana Bank cooperates with LINE Corporation and LINE Financial Asia.

"LINE Bank will provide various financial products and fintech services that are tailored to meet our customers' needs and interests," KEB Hana Bank Indonesia president director Jong Jin Park said.

Tempo

BML holds Annual General Meeting on July 15

The Bank of Maldives (BML) held its 38th Annual General Meeting on July 15.

BML said all of its shareholders were invited to attend the General Meeting. The meeting was held online at 10:00 AM using 'Fahivote', an online general meeting management system developed by Maldives Security Depository Pvt Ltd.

The agenda items include the approval of minutes of the 37th Annual General meeting, the balance sheet and income statement for the year ended December 31, 2020, the Director's Report and Auditor's Report, dividend proposed by the board of directors as well as the appointment of auditors and their fees for the year 2021. Additionally, directors were elected and the director's fees approved. A question and answer session with shareholders was also held.

Avas

Sanima Bank adds new remittance feature in mobile application

Sanima Bank Ltd has added a new feature “Sanima Xpress (Remittance Service)” in the bank’s mobile application ‘Sanima Sajilo’ e-Banking from June 1.

With this added feature, bank’s active account holders can send domestic remittance to the beneficiary directly through a mobile app using “Send Remittance” without visiting the bank. While sending money, the customer will have the option to send in cash mode or in a bank account.

In the case of a bank account, the beneficiary’s account will be instantly credited. The beneficiary can also collect cash remittance through 16,000 authorized agents having a presence in all 77 districts of Nepal.

Besides this bank customers can also receive international and domestic remittance directly to their own account using “Receive Remittance” in Mobile App. This service is also available in the web version of the Sanima Sajilo e-Banking App.

Khabarhub

Among Member Banks

Clients now allowed to open PNB accounts online

For the first time since opening its doors over a century ago, Philippine National Bank (PNB) now allows new clients to open an account without physically visiting any branch, in line with the bank's bid to ride on the digital banking boom.

This year, PNB is investing P3.2 billion for technology initiatives, 28% higher than the budget last year. Of this amount, 30% will go to digital payments and e-wallet initiatives.

Recently, the bank's board also approved a plan to set up an all-digital bank separate from PNB as it seeks to join the mobile banking race.

PNB launched its online account opening service to make it safer and more convenient for customers to start a banking relationship amid cutthroat competition.

Previously, all accounts opened at PNB required a visit to one of its branches where the know-your-customer (KYC) process is conducted. With the launch of this online account opening service, customers can go to the PNB website, submit the necessary identification and information required, and comply with KYC via video conferencing.

Prior the its public launch earlier this year, the bank conducted pilot testing in all of its local offices, where majority of employees are millennials. As of end-May, the bank had processed over 3,000 new accounts.

PNB has been encouraging more customers to use digital banking since the start of the community quarantine last year. As a promotional offer, PNB has agreed to waive the maintaining balance for customers who will open accounts until Sept. 21 this year.

Philippine Daily Inquirer

Philippine lender RCBC to set up digital bank after SMBC investment

Philippine lender Rizal Commercial Banking Corp. plans to set up a digital banking arm and ramp up tech investments after securing $93.9 million in fresh capital from Japan's Sumitomo Mitsui Banking Corp.

The move comes as traditional lenders like RCBC face rising competition from nimble, digital-savvy startups that are launching mobile-based financial services with the backing of Philippine regulators.

RCBC is incubating "at least one" business that may be spun off to apply for a digital bank license with the central bank, President and CEO Eugene Acevedo told reporters on June 29, without disclosing a timetable. One of those units is DiskarTech, which operates a banking app launched last year, he said.

The fresh capital will help bankroll tech initiatives as more people turn to their mobile phones, especially during the coronavirus pandemic, for financial services.

In a sign of where the industry is headed, RCBC closed 70 of its 500 or so branches last year, and not only because of COVID-19, according to Acevedo. "What really happened was customer behavior forced us to follow them," the CEO said, citing a similar trend in Europe.

The RCBC chief also said the low interest rate environment that has squeezed lenders' margins is prompting banks to make drastic cost cuts.

"The only way we can survive is to cut operating expenses by a significant percentage, cut them radically in fact," Acevedo said. "The way to do that is to use the mobile apps as our main factory for servicing [and] engaging customers because the cost of the mobile app is much less than brick-and-mortar business."

Apart from bolstering its capital base, RCBC, the sixth-largest Philippine private bank by assets, intends to find synergies with SMBC, such as in consumer and corporate banking. Among Philippine banks, RCBC already has a robust number of relationships with Japanese clients.

SMBC has made larger investments in Vietnamese and Indonesian financial institutions, as it turns to Southeast Asia amid slowing growth in Japan. RCBC, which is controlled by the Yuchengco Group and is 22% owned by Taiwan's Cathay Financial Holdings, said it could approach its new Japanese partner for future funding needs.

"Right now, both sides are happy with the 5% stake but ... what is significant about this transaction is that if there's future need for capital, we now have an extra shareholder that we can approach to discuss," Senior Executive Vice President Jomi Deveras said.

Nikkei Asia

Among Member Banks

Doha Bank holds blood donation drive in partnership with HMC

Doha Bank recently held a blood donation drive at its headquarters in West Bay as part of its corporate social responsibilities.

The initiative was organised in partnership with the Blood Donor Centre of Hamad Medical Corporation (HMC) to support HMC's nationwide campaign to encourage citizens and residents to become regular blood donors.

The blood donation drive was well-received with approximately 60 donors, which included bank staff and customers, who actively took part while observing regulatory Covid-19 protocols.

Doha Bank CEO Dr R Seetharaman said, "We applaud our employees who spearheaded this initiative and who stepped up to donate their blood and save lives. While this initiative serves a vital social cause and provides a lifeline when needed, donating blood has various health benefits, such as detoxing and replenishing one's blood. We at Doha Bank will continue to contribute towards Qatar's well-being through various such initiatives."

In a statement, Doha Bank said it is encouraging people to visit the Blood Donor Centre at the HMC complex near the Shura Council.

Gulf Times

UOB Asset Management sees jump in SMEs investing online

More corporates are going online to invest, UOB Asset Management (UOBAM) said on July 12.

The number of users in Singapore, Malaysia and Thailand on UOBAM Invest - its digital investment portal for corporate investors - has more than quadrupled over the last 18 months. Their total assets under management (AUM) on the online portal also surpassed S$1 billion.

About 60% of UOBAM Invest users were new customers to the banking group, and many are small- and medium-sized enterprises.

The growth may reflect the increasing demand from corporate investors for round-the-clock access to digital solutions, the bank said.

Such tools also allow flexibility for corporate clients to make real-time changes to their investments and personalised portfolios.

Since the start of this year, the number of transactions made on the UOBAM Invest online portal to date has been more than 60% of all those made in 2020.

UOBAM has seen strong demand from corporate investors for bond funds that offer stable returns. Its flagship United SGD Fund, which focuses on global short-term, high quality investment-grade bonds, had AUM of more than S$200 million on UOBAM Invest as at June 30, 2021.

UOBAM Invest's Digital Adviser, which the bank says is the first robo-advisory service dedicated to corporate investors in Singapore and Malaysia, features an algorithm-based portfolio planner. With it, users can invest in customised portfolios of UOBAM's funds and global exchange-traded funds.

UOBAM has also made available more funds that allows corporates to invest in the environment, social and governance - or ESG - theme.

The Business Times

Among Member Banks

HNB empowers women drivers with Pink Drives partnership for leasing

Empowering women drivers and commuters, Sri Lanka's leading private sector bank HNB PLC partnered with ride-sharing app Pink Drives to offer lady drivers' access to exclusive bundled leasing, insurance and card packages with special low-interest rates.

In addition to special low-interest leasing facilities, Pink Drives chauffeurs will also be offered a free life insurance cover of up to Rs. 4.5 million and natural death insurance of Rs.600,000, as well as a Prestige Prime credit card with the first-year annual fee waived off. Notably, women who open and maintain accounts with HNB will have access to Pink Drives ride-sharing platform.

"We are delighted to partner with HNB to offer our chauffeurs convenient leasing facilities inclusive of attractive interest rates and benefits. Our services aim to provide women & children in Sri Lanka a safe journey to their destination, while also offering women drivers a hassle-free mode of employment," Pink Drives (Pvt) Ltd Founder/CEO, Shohan Kulasuriya said.

Pink Drives is Sri Lanka's First & Only Lady Driven Taxi Service for Ladies and Kids. Initially providing the service in Colombo and the suburbs, the company utilizes the latest technology to facilitate safer and convenient travel while empowering women.

Colombo Page

CHB intends to keep targets for business growth

Chang Hwa Commercial Bank (CHB) aims to keep business growth targets for this year unchanged as many economies around the world recover from the COVID-19 pandemic, the bank said yesterday.

"We strive to boost profitability this year as planned, being aware that the COVID-19 pandemic poses lingering uncertainty at home and abroad," CHB spokesman Chen Bin told an online investors' conference in Taipei.

Chen gave the cautiously optimistic outlook after the bank's financial performance continued to disappoint in the first quarter of this year.

Pretax income fell 23% year-on-year to NT$2.38 billion (US$85.86 million), while net profit shrank 7.5% to NT$6.9 billion, or earnings per share of NT$0.19, company data showed.

The soft earnings were because financing weakened amid the worldwide COVID-19 crisis, and interest rate cuts by global central banks squeezed interest and fee incomes, the bank said, adding that a conservative investment strategy also weighed on trading income.

Interest spread for loans in local and foreign currencies was 1.18% last quarter, while net interest income averaged 0.86%, it said, adding that both rates were lower than in the previous quarter.

Sentiment has improved, as evidenced by an increase in syndicated loan interest and other banking operations, Chen said, attributing the trend to the rollout of COVID-19 vaccines in the US and Europe.

CHB would increase its overseas banking operations, he said, adding that the bank's domestic operations would target clients with high net worth.

Overseas branches and local branches' offshore banking units generated 28.8% of pretax profit, down from an average of 37.5% last year, Chen said, adding that their contributions would likely gain momentum later this year.

CHB said that it raised stakes in local equities last quarter, and would acquire more local and foreign bonds this quarter to raise yields.

Taipei Times

Among Member Banks

CTBC enters Indonesia's digital bank space with 1-minute loan product

Bank CTBC Indonesia, a subsidiary of CTBC Bank, announced that it has officially launched a web-based online lending platform for its personal loan product called KTA Dana Cinta.

The product allows people to borrow up to 200 million rupiah (around US$13,800) without collateral, and it promises to give applicants a loan approval decision within 60 seconds. The company claims that it is the only bank in the country that offers instant approval on principle for unsecured personal loans with such a limit.

While other banks in the country entered the digital space mainly through savings, Bank CTBC Indonesia decided to offer a lending product first. According to the company representative, it realized its position as a small bank in the country and thus has to pick its battles accordingly.

"Every other digital bank is launching a super app that promises to provide every banking and non-banking product they can think of. But that's an arduous task, and loans are probably lower down the stack. That's why we try to cut to the chase and stay nimble," Ryan Koesuma, the company's head of digital lending tells Tech in Asia.

The company is also looking to develop a know your customer (KYC) process that wouldn't require a face-to-face meeting or a video callback.

During the trial process of its one-minute loan product, Bank CTBC Indonesia received around 20,000 online loan applications in less than four months. Bambang Simmon Simarno, the company's executive director for retail banking, says that it targets to increase to 50% the digital loan product's contribution to the bank's total unsecured personal loan business in the next five years.

Tech in Asia

Taishin Holdings' plan to buy Prudential Life Insurance approved

Taishin Financial Holding Co.'s plan to enter the life insurance business by acquiring Prudential Life Insurance Company of Taiwan Inc. has been approved by regulators, an official said on June 1.

Taishin Holdings' proposed purchase of the American insurer's Taiwan unit, which was announced in August 2020, was approved by the Financial Supervisory Commission (FSC) on May 31 with several conditions, Thomas Chang, a deputy director-general of the Insurance Bureau under the FSC told reporters.

According to Chang, Taishin Holdings agreed to retain all Prudential employees and ensure existing Prudential customers are not affected by the NT$5.5 billion (US$199.05 million) merger deal.

Taishin Holdings will also increase the capital required to run the life insurance company for the next 10 years, Chang said.

The deal was approved by the Fair Trade Commission in November, but the FSC has been negotiating with Taishin Holdings over the details of the merger, including its funding and capital requirements to run an insurance unit.

In a press call held after the FSC's announcement, Taishin Holdings President Welch Lin said the company held a board meeting to approve the conditions negotiated with regulators.

Apart from promises made regarding Prudential Life's Taiwan unit, Lin also said Taishin Holdings will sell its 22.55% stake in the government-invested Chang Hwa Bank.

The newly acquired life insurance unit will give Taishin Holdings an additional engine to drive business, other than its core units of Taishin International Bank and Taishing Securities, Lin said.

CNA

Among Member Banks

Vietcombank H1 profit surges 35%

Vietcombank reported a VND14.8 trillion (nearly $643.5 million) profit in the first half of the year, up more than 35% year-on-year.

A senior Vietcombank official who did not want to be named said Monday that the rise in profit can be attributed to a 60% year-on-year increase in non-interest income, mainly from services.

In the first half of the year, the bank made bancassurance revenues of some VND500 billion.

In its first-half review meeting held late last week, Vietcombank said that as of late June, its outstanding loans rose over 9.8% against late 2020 to VND920 trillion.

The credit growth of more than 9.8% approaches the ceiling rate of 10.5% set by the State Bank of Vietnam for the whole year, so Vietcombank has proposed that the central bank increases it to 14%.

Its bad debt ratio increased from 0.6% early this year to 0.91% by the end of the second quarter, due to the Covid-19 outbreak.

The Vietcombank official said profit growth in 2021 is projected to be lower than the first half surge as credit growth has approached the ceiling rate, and the bank plans to continue to lower lending interest rates in the second half. Its bad debts are likely to increase further because of the pandemic.

Retail News Asia

Banking and Finance Newsbriefs

Bhutan

Bhutan adopts India's BHIM-UPI payments system

After the resounding success of Unified Payments Interface (UPI) in India, NPCI will now launch BHIM-UPI in Bhutan in collaboration with the Royal Monetary Authority of Bhutan.

As per the deal, all merchants acquired by the Royal Monetary Authority of Bhutan will accept UPI QR transactions, the National Payment Corporation of India (NPCI) said in a press release. The launch will benefit more than 2,00,000 tourists from India who travel to Bhutan each year, as well the Bhutanese people, it added.

“Our vision has always been focused on taking our robust and popular payments solutions to global markets," said Ritesh Shukla, CEO of NPCI International Payments Limited (NIPL), the international arm of NPCI, which inked the deal with Bhutan's central banking authority.

This makes Bhutan the first country to adopt UPI standards for its QR deployment. Bhutan will also become the only country to both issue and accept RuPay cards, as well as accept BHIM-UPI. Singapore also accepts BHIM-UPI at merchant sites.

The service was launched by finance minister Nirmala Sitharaman on July 13, 2021, in a virtual press conference. To demonstrate its effectiveness and speed, she initiated a live transaction using BHIM-UPI and purchased a product from a Bhutanese One Gewog One Product (OGOP) shop.

The Minister said the services were extended to Bhutan as part of India's neighbourhood-first policy. Sitharaman highlighted that UPI was one of the brightest spots for India during the pandemic last year, with nearly 22 billion transactions worth Rs 41 lakh crore being processed by the platform.

"BHIM UPI is one of the achievements of India in terms of fintech in which India invested a lot. We have also encouraged our start-ups to come up with solutions. Therefore, BHIM UPI stands out as one of the very good successful experiments that we have undertaken," she added.

YourStory

Banking and Finance Newsbriefs

India

Indian government to eventually privatise most public sector banks, says finance secretary

The Centre will eventually privatise most public sector banks, finance secretary TV Somanathan said at India Policy Forum 2021. The finance secretary, however, said these were his personal views, and not of the government. He was speaking at the forum was held by the economy-based think tank National Council of Applied Economic Research (NCAER) on July 13.

"The thrust now of the government is to go beyond this position that the public sector banks will remain in the public sector. We have announced that most of the public sector banks will eventually be privatised… Saying eventually privatised and actually privatising them are two different things, but we are actively engaged in privatising them. And banking is one of those sectors where only a bare minimum public sector banks will eventually remain, that is the stated policy," he said, reported CNBC TV18.

He also said the subsidy schemes run by the Centre need an overhaul so the focus should be diverted to essential items that need the actual support. He also advocated for an improvement in public expenditure across education, health and infrastructure sectors to ensure fiscal improvement. He also said the Centre has fixed the initial glitches that were faced by taxpayers during the launch of the new income tax filing portal.

Business Today

Iran

Iran appoints new central bank chief

Tehran Times, Mr. Akbar Komijani

Iran has appointed Akbar Komijani as head of the central bank, a senior official told state TV on June 30.

"President Hassan Rouhani has appointed Komijani today as the central bank chief," presidential chief of staff Mahmoud Vaezi said.

Rouhani, whose second term will end in early August, dismissed Abdolnasser Hemmati on May 30 after the former central bank chief registered to run in Iran's June 18 presidential election. Hardline cleric Ebrahim Raisi won the election and will take office on Aug. 5.

The central bank's deputy governor since 2014, Komijani took over all responsibilities from Hemmati after his dismissal.

Komijani has Ph.D. in economics from the University of Wisconsin in the United States.

Gulf News

Banking and Finance Newsbriefs

Korea

Korean banks boost cybersecurity to back digitalization

South Korean banks are adopting unprecedented measures to boost cybersecurity in a bid to better compete with local fintech firms.

Woori Bank said on July 5 that it became the first lender here to adopt the security orchestration, automation and response technology, or SOAR. SOAR is an advanced set of technologies that enables organizations to automatically collect and file security data.

The latest technology would help upgrade its cybersecurity platform from the previous monitoring-focused system to a more comprehensive one, according to Woori.

On top of it, the flagship lender under the nation's fourth-largest banking group by market capitalization has been expanding its database and bolstering monitoring of its cloud platform provided by Amazon Web Services.

Another major banking group, KB Kookmin Bank, has been developing its own artificial intelligence-based automatic cybersecurity system, as part of its record-high 551.9 billion won ($488.5 million) investment in information technology services this year.

The lender has also been using a special technology to monitor and spot fake apps that could mislead its customers into thinking they're using official mobile services provided by KB Kookmin. The technology, provided by local cybersecurity startup Everspin, has prevented more than 10,000 possible cases of phishing and fraud by detecting and deleting such apps in the March-June period, the bank said.

Shinhan Bank and Hana Bank have been taking active steps to adopt and improve blockchain technologies, which could bolster protection against hackings and reduce security gaps.

Shinhan, in the last year or so, has launched three blockchain-related services, including an easy identity verification service for its main mobile app Sol. In January, the bank signed a deal with local cybersecurity startup Stealien to introduce services that prevents hackers from illegally copying its app.

Hana, meanwhile, adopted blockchain technology in its Hana 1Q app that helps customers better manage their highway toll payments.

With major lenders continuing to upgrade their cybersecurity, the overall cyberattacks on local financial institutions dropped 35.9% on-year to some 6.2 million cases as of end-2020, the state-run Financial Security Institute said last month.

But industry watchers have warned that businesses have to constantly update their cybersecurity platforms, especially with the recently revised law pushing traditional lenders to partner up with cryptocurrency exchanges to issue real-name accounts.

Cybersecurity has risen as a key issue for both traditional banks and fintech groups in recent years as customers continue to seek more convenient services that require less face-to-face interaction.

The Korea Herald

Banking and Finance Newsbriefs

Japan

Big Japan banks to cut online transfer fees in October

Japan's three megabanks will lower internet banking fees as soon as in October, as competition with fintech startups heats up.

The country's major banks plan to cut their internet banking fees to encourage individuals and businesses to transfer money online. In fiscal 2022, the banks also plan to introduce a system that will allow users to send money at a discount via a smartphone app.

Banks are facing a torrent of criticism over high fees, while fintech upstarts offering cheaper services are gaining market share.

Aside from the three megabanks -- MUFG Bank, Sumitomo Mitsui Banking Corp., and Mizuho Bank -- Resona Bank will also offer lower internet banking fees starting in October, at the earliest. Regional banks such as Bank of Yokohama are considering similar moves.

Now, when an individual transfers less than 30,000 yen ($271) in cash to another bank account through internet banking, a service charge of about 200 yen applies. The fee rises to between 300 and 400 yen for transfers over 30,000 yen. Several banks are considering lowering the fee by 50 yen for transfers of less than 30,000 yen and around 100 yen for transfers of 30,000 yen or more.

The sudden industry moves follow the first cuts in interbank transfer fees in 40 years for transactions conducted through the Zengin System (Data Telecommunications System of All Banks). With the reduction in bank-to-bank transfer fees, major banks have decided to lower their own service charges to customers.

Fukuoka Financial Group announced that it would review its transfer fees for the first time, following that reduction.

Banks are also reviewing their strategies in a bid to lower the high costs of maintaining ATMs, which require constant monitoring to prevent fraudulent transactions and money laundering. As internet banking has lower operating costs, banks are hoping to direct their users online to carry out simple transactions, like money transfers.

In addition, the three megabanks, as well as Resona and Saitama Resona Bank, are joining efforts to develop capabilities for the transfer of small amounts through a service they have named "Kotora," with the aim of launching in fiscal 2022. This service will allow users to transfer small amounts, like when splitting a restaurant bill.

Traditional banks are rushing to review their business strategies and services as fintech startups become a major threat.

Cashless services like PayPay, a mobile payment app affiliated with SoftBank Group, have expanded their reach in Japan. PayPay claims to have 40 million users, on a par with MUFG Bank's personal accounts. PayPay allows users to transfer money to each other for free but charges some to withdraw money.

Cashless businesses have been able to attract users while spending less capital to build infrastructure because they are able to use existing transfer systems that were built by banks and other financial institutions.

Meanwhile, in the West it has become commonplace for users to transfer money at no cost. In the U.S., mobile payment services like Venmo, as well as Zelle, which allow users to transfer money between each other, have gained popularity.

In Japan, money transfers were mainly carried out from one bank account to another, but now smartphones have become a more convenient way for individuals to transfer money.

As banks face tougher competition, the pressure to lower fees have grown. Since online financial services can be operated at a lower cost, banks may also start reviewing their fees for services other than money transfers.

Nikkei Asia

Banking and Finance Newsbriefs

Malaysia

Malaysia digital banking lures dozens of firms as fintechs expand in Asia

Southeast Asian ride-hailing-to-fintech group Grab and budget airline AirAsia were among more than a dozen bidders involving over 50 companies that are vying for digital banking licences in Malaysia, people familiar with the matter said.

Others who submitted bids by the June 30 deadline included telecoms operator Axiata and a consortium backed by Chinese tech firm Tencent, said the sources.

They have been drawn in by relatively low financial entry barriers and the promise of a growing army of young smartphone users in a country with a population of more than 32 million.

Malaysia's move to open up its banking sector comes as Asian markets such as Hong Kong, Singapore and the Philippines are ushering in new players, mostly fintech firms, who are taking on incumbents with their low-cost and newer services.

The Malaysian central bank has said it will issue up to five licences by early 2022.

Malaysia requires only 300 million ringgit ($72 million) of capital funds for digital banks, which has drawn interest from fintechs to money remittance companies to co-operatives representing banks and housing sectors.

In contrast, Singapore needed license applicants to have S$1.5 billion ($1.1 billion) in paid-up capital for fully functioning digital banks or S$100 million for digital wholesale banks.

Sources said that most of the applicants for Malaysia's online-only banks were likely to be local, with only a handful of foreign names such as Southeast Asian internet platform Sea, Grab, and Tencent-backed Linklogis.

Sea, which won a full digital banking licence in Singapore, is partnering with Malaysian conglomerate YTL Corp Bhd, they added. A joint venture of Grab and Singtel, which also won a full digital banking licence in Singapore, has applied with a consortium of other investors, Singtel said on July 1.

AirAsia has tied up with a consortium for the application through its fintech unit BigPay, sources said. Axiata has teamed up with RHB Bank.

At a news conference last month, Axiata Digital CEO Khairil Abdullah said that a lack of access to credit for a big chunk of Malaysia's population had created a "very sizeable underserved segment" for the company to tap into.

Maybank, CIMB Group Holdings and Public Bank Bhd dominate Malaysia's banking sector. Nomura analysts said in a June report that the entry of digital banks would intensify competition in segments such as deposit pricing, fees, and later, loan pricing where there might be some overlap with conventional banks.

Reuters

Nepal

Nepal inks $150-mn loan pact with World Bank for post-Covid growth

Nepal inked a concessional loan agreement of USD 150 million with the World Bank (WB) on June 27 for post-COVID-19 recovery and development.

Nepal Finance Secretary Sishir Kumar Dhungana and WB, Country Director, Maldives, Nepal, and Sri Lanka, Faris Hadad-Zervos, signed the loan document.

A concessional loan is a debt instrument where more favourable terms are agreed upon for the borrower than the market place.

After signing the agreement, Dhungana said the funds will help Nepal build back better and greener, especially in view of the adverse effects of the pandemic. "The proposed budgetary support will be utilised in infrastructure projects and economic recovery... according to the requirements and priorities of the government, he said.

"The financial assistance will help speed up the ongoing large development projects, creating jobs, accelerate markets, and support green recovery," the Finance Ministry said in a statement.

Business Standard

Banking and Finance Newsbriefs

Philippines

BSP chief wants rural banks to focus lending on agri, MSME sectors

The Philippines' monetary regulator wants to strengthen rural banks and empower these to better finance the needs of the neglected agriculture sector and those of small firms that are unable to obtain loans from larger lenders.

At an online briefing, Bangko Sentral ng Pilipinas (BSP) Governor Benjamin Diokno said the agency's Rural Banking Industry Strengthening Program (RBSP) aims to launch initiatives to enhance the rural banking industry's ability to provide financial services to the agriculture sector and micro, small and medium enterprises.

The RBSP is the latest rural banking initiative carried out by the BSP after the Consolidation Program for Rural Banks (CPRB), CPRB Plus, Strengthening Program for Rural Banks (SPRB), SPRB Plus and the Rural Bank Rehabilitation Program.

For RBSP, an interagency working group is in charge of performing tasks and activities necessary to achieve the program's target outcomes.

"The end goal of the [working group] is to strengthen the rural banking industry to help achieve the mutual end-goals of the agencies," according to Monetary Board Member V. Bruce Tolentino, who chairs the interagency body.

The working group's other members included the Department of Agriculture and the Department of Trade and Industry, represented by the Small Business Corp. These agencies complement the BSP in terms of crafting strategies to channel financing to the agricultural and MSME sectors.

The steering committee, chaired by the BSP, provides the strategic policy direction to the interagency working group.

Philippine Daily Inquirer

Singapore

MAS Seeks Greater Investigative Powers

The Monetary Authority of Singapore (MAS) issued a proposal to strengthen its investigative powers, including the ability to enter premises without prior notice or warrant.

MAS issued the consultation paper on July 2, which made various proposals including greater investigative powers for the financial regulators.

This includes the empowerment of the MAS to enter premises without prior notice or a court warrant for investigations under the Securities and Futures Act (SFA) or the Financial Advisers Act (FAA) when the regulator deems there to be risk of evidence being destroyed.

The MAS is also proposing to make the power and other existing powers under the SFA and FAA available for investigations under the Banking Act, Insurance Act, Trust Companies Act, Payment Services Act and the new omnibus Act for the financial sector.

Other proposals in the paper include clarifications that the MAS may reprimand a person for misconduct even after leaving a financial institution or the financial industry and powers to enable the MAS to impose requirements on certain financial institutions over risks from unregulated businesses.

Fintech Singapore

Banking and Finance Newsbriefs

Sri Lanka

Sri Lanka to Use Forex Reserves to Repay $1 Billion Debt in July

Sri Lanka's central bank said it will dip into its foreign exchange reserves to partly repay $1 billion of bonds maturing later this month, seeking to allay investors' concern about a possible default.

There may be some inflows to the government coming in July, which could also be used toward the debt obligation, Governor Weligamage Don Lakshman said at a press conference in Colombo on July 8. The nation's reserves stood at about $4 billion, according to a central bank statement last month.

His comments seek to quell doubts about the nation's ability to service the July 27 debt obligation amid dwindling forex reserves and rising risk premium for a default. The nation still has two more payments totaling $1.5 billion that becomes due in the next 12 months.

"Adequate financing strategies have been lined up to maintain reserves at sufficient levels and to meet all maturing debt servicing obligations of the government on time," the monetary authority said after keeping interest rates unchanged to support the economy's recovery.

While rates were maintained despite inflation edging up toward the upper end of its 4%-6% target band, the central bank said it stands ready to act to keep price-growth in mid-single digits. However, any action appears unlikely before next year as the monetary authority sees inflation within target for the remainder of 2021.

Bloomberg

Banking and Finance Newsbriefs

Taiwan

73% of Taiwanese not satisfied with generic credit offers from their bank: FICO survey

A recent survey by global analytics software firm FICO has revealed that 73% of Taiwanese consumers are not satisfied with generic credit offers from their bank. The poll demonstrates growing ambivalence to generic financing solutions, with respondents across the region having expressed indifference to standard offers.

There was broad discontent from consumers in Asia Pacific with the experience of taking up new products. 34% said they were not offered any attractive incentives (better rates, gifts), 31% said the bank failed to offer them a superior product to the one they applied for while 28% said the bank failed to offer any additional products to their liking.

By contrast when banks get personalized offers right there is an overwhelmingly positive reaction. 53% of Taiwanese consumers had a positive reaction to offers that took into consideration their circumstances.

"Capturing greater customer share of wallet will require re-imagining the entire digital lending process, particularly within the context of personalization," said Aashish Sharma, FICO senior director of decision management solutions in Asia Pacific. "Surveyed respondents remain unimpressed with banks that appear not to know them or be able to anticipate what they might need. Banks need to learn to do the same so that their customers are more open to additional products and services."

Banks can deepen their relationships with customers and build loyalty by offering better interest rates or lower fees in return for more financial information. Many banks in Taiwan do not have a comprehensive pricing strategy that aligns with the organization's overall business strategy, yet customers are extremely willing for banks to make them offers that consider their total customer relationship.

The survey showed that one in five Taiwanese are very willing to offer more financial information for preferential pricing, while half are somewhat willing to do so.

In addition to personalized offers and pricing innovation, FICO's survey also revealed that there is pressure to make the funds available quickly. The real-time transactional experiences on other platforms have led to an expectation of similar engagement from lenders.

While most Taiwanese surveyed (57%) expected access to loaned funds in a week, 21% wanted access in a day and 19% within the hour.

"This finding continues to fit within the evolving personalization paradigm where banks need to think about the customer journey from end-to-end," added Sharma. "Lenders are cognizant that to compete effectively in today's retail financing environment, speed to market and pricing features may be insufficient and the greatest value-add is centered on products that are bespoke and tailor-made to meet the specific needs of the customer."

FICO's Advancing New Experiences in Digital Banking survey was conducted in December 2020 using an online, quantitative poll of 5,000 consumers across ten countries and territories carried out on behalf of FICO by an independent research company. The countries, regions, and territories surveyed were Australia, Hong Kong, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.

PR Newswire

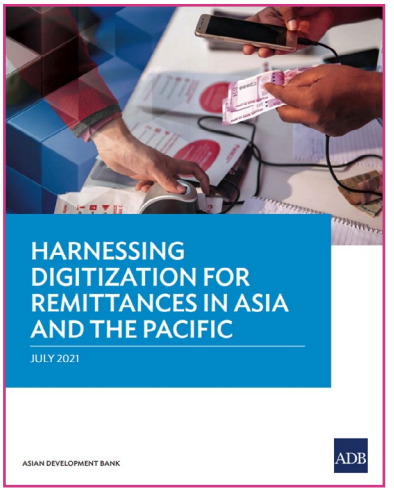
Publications

Harnessing Digitization for Remittances in Asia and the Pacific

Remittances are considered a lifeline of developing countries and are especially vital for migrants and their families. Digital data technology can help alleviate many of the "pain-points" in the remittances industry. For example, it can significantly enhance the convenience, speed, security, and affordability of sending and receiving remittances. The report discusses the importance of remittances in Asia and the Pacific, the key challenges faced by the industry, and the impacts of the coronavirus disease (COVID-19) pandemic. It also includes country case studies that demonstrate the benefits of digitization and makes recommendations on how the digitization of remittances across the region can be further advanced.

Contact Details: ADB Publications

Website: https://www.adb.org/publications/harnessing-digitization-remittances-asia-pacific



OECD Main Economic Indicators, Volume 2021 Issue 7

This monthly publication presents comparative statistics that provide an overview of recent international economic developments for all the OECD countries, the euro zone and a number of non-member economies. This indispensable and unique source of key short-term statistics is a vehicle for analysis for corporate planners, economists, academics, researchers and students. Using the most up-to-date, user-friendly tabular presentation, the indicators cover national accounts, business surveys and consumer opinions, leading indicators, retail sales, production, construction, prices, employment, unemployment, wages, finance, international trade and balance of payments.

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