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ABA Announcements

RCBC Executive Assumes Chairmanship of the ABA Policy Advocacy Committee

The ABA Policy Advocacy Committee has a new Chairman in the person of Ms. Ma. Christina Alvarez, Corporate Planning Group Head and Corporate Information Officer of the Rizal Commercial Banking Corporation (RCBC) from the Philippines.

Ms. Alvarez was appointed to the position by the newly-elected ABA Chairman Mr. Eugene A. Acevedo, President and CEO of RCBC. She takes over from Mr. Dilshan Rodrigo, Executive Director and Chief Operating Officer of Hatton National Bank (HNB), who headed the Committee during the term of Immediate Past ABA Chairman Mr. Jonathan Alles, Managing Director and CEO of HNB.

Ms. Alvarez has over 21 years of corporate and financial planning experience mostly in RCBC. She holds a Master in Business Management degree from the Asian Institute of Management.

She participated in several past meetings of the ABA Policy Committee, and had presented – during the Committee meeting held virtually in November 2020 - a policy paper sharing RCBC's experience in the area of crisis management and in the implementation of its Disaster Preparedness and recovery Plan during the Covid-19 pandemic.

Ms. Alvarez will be chairing the Committee during the two-year term of Mr. Acevedo as ABA Chairman until the later part of 2023.

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

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

ABA Publishes Immediate Past ABA Chairman Jonathan Alles' "Chairman's Reflections"

ABA is pleased to announce the release of the Chairman's Reflections (2018-2021), which summarizes the activities undertaken by Immediate Past ABA Chairman and currently Advisory Council Chairman Mr. Jonathan Alles, Managing Director and CEO of Hatton National Bank, during his three-year term from 2018 to 2021.

ABA sent out digital copies of the reflections to ABA members and officers. In the accompanying letter, the ABA, on behalf of Mr. Alles, thanked members and officers for the cooperation and assistance they have extended to him in undertaking the projects and programs he initiated during his Chairmanship. Without such support, Mr. Alles would not have accomplished what he had set out to do to when he took over the helm of ABA in 2018.

ABA Announcements

ABA sends out request for suggestions on Theme and Topics for 38th ABA Conference

In preparation for the 38th ABA General Meeting and Conference to proposed to be hosted by Hatton National Bank (HNB) in November 2022 on in Negombo, Sri Lanka, members of the ABA Planning Committee will meet tentatively before the end of this year to discuss the Conference Program, including the theme and topics for the Conference, the program format, and possible speakers, among others.

To this end, the ABA Secretariat sent out a survey asking officers and members for their suggestions on issues that are of current concern to members and the banking sector of the region as a whole, and should be discussed by members during our 2022 Conference.

After receiving the suggestions, these will then be circulated to the Planning Committee for consideration prior to its meeting.

Training and Education

ABA-Temenos webinar on "LEVELUP with Infinity Wealth: Wealth Advisory in the New Normal"

The Asian Bankers Association (ABA) and Temenos, an Associate Member of the ABA, jointly held a successful webinar on "LEVELUP with Infinity Wealth: Wealth Advisory in the New Normal" on September 23 with nearly 200 registrants.

The webinar sought to shine a light on the dynamic shifts of the wealth landscape and how wealth managers may need to position themselves in the new normal.

The webinar featured thought leaders including Mr. John Yang, Senior Vice President, Division Head, Private Wealth Management Division, CTBC Bank; Mr. Mirsad Cekic, Partner, Synpulse Management Consulting; and Mr. Eric Mellor, Wealth Management Specialist, APAC, Temenos.

Mr. Mellor served as host and ensured the smooth conversations between speakers. Mr. Cekic elaborated on his insights on wealth landscape in Asia. Mr. Yang shared his expertise on wealth landscape in Taiwan, consumers behavior and how its applicable to the Taiwan and Asian market.

The following questions were addressed during the panel discussion:

1. Prior to the onset of CoVid, there was already a strong focus on digital development by a number of banks in the region. How has the past 18 months impacted this? Has it accelerated or changed direction? Do you remain focused on the same challenges? How has Covid impacted your organization's digital initiatives?
2. In Singapore, many insurers saw an increased demand in health related sales – life and critical insurance, health plans etc… many of which came via non-advised, direct channels. Did your organization witness a similar trend? Do you feel that post-Covid, you may focus more in these areas? Are they now considered more important by your customers?
3. During the extended lockdowns, we witnessed a number of global events that highlighted a growing sense of social awareness – the Black Lives Matter movement is just one example, election related misinformation that shone a light on big data and

Training and Education

the power of tech is another… have you seen a growing demand for more socially responsible investments from your client base and, if so, how are you aiming to address this demand?

4. As per the above, the lockdown also saw a massive increase in the use of trading platforms such as e-Toro and RobinHood. Whilst we likely all agree that Gamestop and Doge Coin were short lived fads, they did serve to highlight the ease at which investors are now able to access global markets and their willingness to make speculative and unadvised investments. Do you view these platforms as a threat?

Please visit Temenos to access the recording of the webinar.

Fintelekt, AACOBB hold webinar on AMLCFT

On October 3, 2021, Fintelekt Advisory Services, an ABA Knowledge Partner, and the Association of Anti-Money-Laundering Compliance Officers of Banks in Bangladesh (AACOBB) jointly hosted a virtual session on 'Shell Banks and related challenges' for the Bangladesh Banking Industry.

The General Manager of the Bangladesh Financial Intelligence Unit (BFIU), Mr. A.B.M. Zahurul Huda, inaugurated the session, while Ms. Surinderjit Kaur was the key speaker. Around 250 AML professionals benefited from the session.

ABA and Fintelekt Jointly Organize Webinar on "The Impact of ISO 20022 on AML Screening Effectiveness"

ABA Members are invited to attend the free webinar on "The Impact of ISO 20022 on AML Screening Effectiveness" on October 29, 2021 at 11.00 am IST / 1.30 pm SGT.

Jointly organized by the ABA and Fintelekt Advisory Services, the webinar will focus on ISO 20022 timelines and implementation, compliance priorities, technology challenges and the impact on AML compliance screening.

Invited as speakers are Sharad Nair, SVP and Principal Officer AML, Axis Bank; Arun Shankar Chandrasekaran, Incharge – Risk Management – Emerging Digital Products & Principal Officer, AML Compliance, National Payments Corporation of India (NPCI); and Rohan Bania, Senior Business Solutions Consultant, Accuity. The webinar will be moderated by Arpita Bedekar, Director - Strategy & Planning, Fintelekt.

To register, please click here.

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Companies can do more to bridge South-east Asia's green financing gap: Panel

There is often an initial mismatch between policymakers' approach to sustainable projects in emerging markets and what investors are willing to put their money into, said the International Finance Corporation's (IFC) vice-president for Asia and the Pacific on September 30.

Mr. Alfonso Garcia Mora said that green investment frameworks that resonate with investors and have clear standards that can be used across projects will help spur funding.

He told a panel discussion at the inaugural Singapore Sustainable Investing and Financing Conference that blended finance - a mix of various sources of capital to support sustainable projects in developing countries - can help reduce the risk of entering new sectors.

Sembcorp Industries group chief financial officer Eugene Cheng - who was also a panelist - said corporate-based financing such as green or sustainability-linked bonds allow funds to be deployed quickly.

Companies also need to have technical and commercial capabilities to assess whether projects are commercially viable and will generate the required returns, he added.

Fellow panelist John Eric Francia, who is president and chief executive of AC Energy, said it is important for the term of a green bond to match a project's investment horizon: "In the space of green infrastructure, the longer the better."

The discussion, which was moderated by Ms. Jennifer Tay, partner and infrastructure leader at PwC Singapore, was held in hybrid form and wrapped up the three-day Ecosperity Week sustainability conference organised by Temasek.

Finance Minister Lawrence Wong said in his opening remarks at the conference that Singapore has potential to become a carbon services and trading hub for the region.

ASEAN needs an estimated US$200 billion (S$272 billion) in green investments annually through 2030.

Mr. Wong also called for more private sector players to seek opportunities and partnerships in blended finance to address climate change financing collectively.

He said the banking, finance and investment community plays a crucial role in facilitating investments in renewable energy solutions and carbon neutral technologies.

But he added that it needs to do more to enable the transition to a low-carbon future while investors need greater clarity about definitions of green projects to ensure these activities truly help with decarbonisation.

"This will facilitate investments in such activities and help close the sizeable financing gap."

Better data management will also help companies, financial institutions and investors measure their progress towards sustainability goals, as well as the impact of their operations and investments, added Mr. Wong.

"Besides good data, we need to implement a consistent set of global standards for disclosures and reporting," he said, noting that this will mitigate greenwashing - instances where companies and organisations give the impression that they are environmentally sustainable when they are not.

Straits Times

iFintechs are taking Southeast Asia by storm

iFintechs, or, Islamic fintechs, are seeing rapid growth and opportunities in Southeast Asia. Malaysia, an ASEAN emerging economy of 32 million, was named the leader in the iFintech hubs maturity model. The ASEAN nation of 32 million boasts high growth and high conduciveness, according to the 2021 Global Islamic Fintech Report.

Malaysia is also number one out of 64 key iFintech markets worldwide when measured by the GIFT (global Islamic fintech) Index, showing the most robust ecosystem supporting the industry.

Six countries in the Asia Pacific made it to the top 20 of the report's country index list: Indonesia (4th place), Pakistan (8th), Singapore (12th), Hong Kong (14th), Australia (16th), and

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Bangladesh (19th).

The report, produced by Islamic economy management consultancy DinarStandard and ethical digital finance advisory and investment firm Elipses, counted 241 iFintechs worldwide, with 62 in Southeast Asia. The GIFT Index looked at 32 indicators covering five categories: Islamic fintech market and ecosystem, talent, regulation, infrastructure, and capital.

Malaysia and Indonesia digital economy and Islamic finance

Malaysia and Indonesia both have substantial Muslim populations and governments who are driving Islamic economy aspirations. Malaysia has its Shared Prosperity Vision and Indonesia has its National Shariah (Islamic law) Economy Plan.

"The government has identified the digital economy and Islamic finance as key catalysts in its Shared Prosperity Vision. With those two pillars, Malaysia will continue its push to become the Heart of Digital ASEAN and the instrumental driver for various advancements within Industrial 4.0," said Surina Shukri, former CEO of Malaysia Digital Economy Corporation (MDEC), in a report last year.

"Since it is widely recognized as a benchmark of excellence in Islamic finance by the international community, Malaysia has all the makings to lead the Islamic fintech agenda.

"Its robust regulatory environment, well-established Islamic financial community, increasingly influential and affluent population, unshakeable government commitment to Shariah finance, and foresight as well as the willingness to adapt and lay the foundation for a fertile Islamic fintech sector."

Indonesia's Vice President Ma'ruf Amin, speaking at the Indonesia Sharia Summit 2021 inauguration on Wednesday (22 Sept), said: "In terms of sharia economy and finance, the Government continues to take measures to strengthen the regulation and management, digitalization, research and innovation, human resources, awareness, and literacy."

iFintechs seek to fill the gap

iFintechs have a higher growth projection at 21% CAGR by 2025 than conventional fintechs at 15% CAGR for the same period, the report said. iFintechs seek to fill the gap for the underserved or unserved Muslim population, which numbers 1.8 billion people globally, by following Shariah principles.

Last year, a World Bank (WB) paper said more than half of the global population under 34 years old are Muslims. "This young demographic is highly tech-savvy with source markets having high mobile and internet penetration relative to the global average," the paper said.

iFintechs also attract ethical finance consumers as they both champion common environmental, social and corporate governance (ESG) factors and outcomes.

The WB report identified three opportunities for iFintechs:

1. Helping leap-frog Islamic financial services reach and impact.
2. Addressing significant financial inclusion gaps within core markets.
3. Delivering Islamic social financing to support global Sustainable Development Goals (SDGs) and needs.

The United Nations Development Programme (UNDP) in 2018 estimated zakat (obligatory charity for Muslims) could contribute between US$200 billion and US$1 trillion globally towards poverty alleviation.

Nurturing solutions by iFintechs

Last May, the Securities Commission Malaysia (SC) and the United Nations Capital Development Fund (UNCDF) launched the FIKRA Islamic Fintech Accelerator Programme, the first of its kind for its Islamic capital market.

It aims to nurture iFintechs to generate new ICM offerings, accessibility, and social finance integration. The three-month program will hold a public virtual demo day to showcase its participants at the SCXSC Fintech Conference 2021 next month.

The Global Islamic Fintech Report listed nine iFintech services segments, raising funds, deposit and lending, and payments as the most popular categories. The other segments include alternative finance, capital markets, digital assets, wealth management, insurance, and social finance.

With the Islamic fintech market projected to reach US$128 billion by 2025, coupled with the widening reach of digitalization and increasing demand for its services by Muslims around the world, the future holds the promise of a more varied and dynamic iFintech ecosystems in ASEAN and beyond.

Techwire Asia

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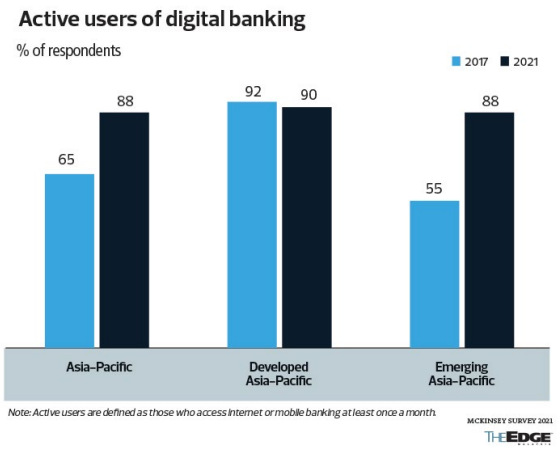
Asia's emerging markets on par with developed ones in Digital Banking Usage



The level of digital banking adoption in Asia-Pacific emerging markets (EMs) has risen dramatically over the last few years and is now on par with that in developed markets, a key survey has found, in a boost to the digital banks that are soon to come in the region.

According to McKinsey & Co's Personal Financial Services survey, the share of consumers actively using digital banking in EMs rose sharply to 88% this year from 54% in 2017, while that in developed markets remained stable over the same period, at about 90%.

This means nearly nine in 10 consumers across the emerging and developed markets of the Asia-Pacific region use digital banking actively. "Actively" means accessing internet or mobile banking at least once a month. The survey also found that most of these consumers are open to purchasing more banking services through digital channels.

These developments should spell good news for the upcoming slew of digital-only banks in the region. Malaysia is set to issue up to five digital banking licences early next year after recently receiving 29 applications, while Singapore issued four licences last year, and Hong Kong, eight, in 2019.

Meanwhile, Indonesia reportedly has seven digital banks, with seven more awaiting licences.

"There is an opportunity for digital-only banks in the region to increase their customer base as more than 60% of Asia consumers are open to switching to a direct bank (that is, a digital bank with limited or no branches)," Sonia Barquin, a Jakarta-based partner at McKinsey, tells The Edge.

Moreover, based on the survey, affluent consumers expect to move 36% of their portfolio to digital banks in the next three years, she points out.

"To address this opportunity, direct banks will need to move beyond convenience, speed, ease of use and security to introduce innovative features and a compelling value proposition that distinguish their offerings from the competition," she says.

"Beyond direct banks, there are new digital banking players that are embedding themselves as part of broader ecosystems, designing specific features to address customer pain points and tapping into existing customer bases to achieve scale quickly in a cost-effective way," she notes.

The survey, which McKinsey carries out independently every three to four years, covered about 20,000 urban-banked respondents in 15 countries within Asia-Pacific, which included eight EMs (China, India, Indonesia, Malaysia, the Philippines, Sri Lanka, Thailand and Vietnam).

Consumers have taken more quickly to digital banking in recent years as the Covid-19 pandemic and subsequent lockdowns forced them to adapt to digital channels.

According to McKinsey, more than 500,000 customers had signed on to Hong Kong's eight virtual banks by the second quarter of this year.

Interestingly, McKinsey's survey results suggest that the high levels of digital adoption are likely to stick even after the pandemic subsides.

"Roughly 80% of consumers say they expect to maintain or increase their use of mobile and online channels post-Covid-19, and 42% indicate that they expect to visit their branch either less often or not at all when the pandemic ends," it says in a report released last Friday.

In order for incumbent banks to ensure they don't lose out amid the current consumer trends, they need to reinvent their businesses to capture growth opportunities, says Barquin, who is one of the authors of the report.

McKinsey's research shows that banks, many of which already have digital propositions, are not doing enough to convert customer interest in digital products into digital sales.

"While most survey respondents express an openness to using digital channels for services beyond transactions, less than a third report having purchased a product or service through a digital channel. This discrepancy between interest and actual

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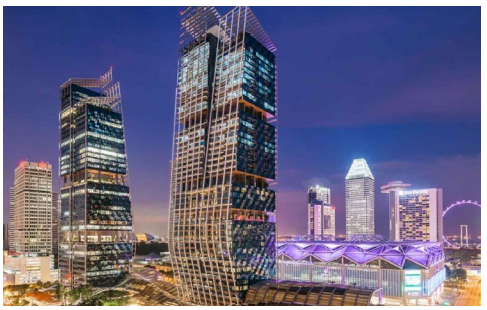
behaviour is likely the result of many banks having a limited digital offering and not engaging effectively with digital users to deepen relationships," it notes. Barquin points out, however, that with the right strategy and capabilities, the digital channel can contribute significantly to new sales. "For example, between 2015 and 2019, top banking performers globally doubled their rates of cross-selling via mobile apps and online banking (digital sales per digital user) to 4.2 times those of slow adopters."

The Edge Markets

ASEAN's largest banks go big on green real estate



Southeast Asia's largest banks are rushing to finance building projects tied to sustainability, even as the world's most indebted property developer, China Evergrande, sends chills through the country's real estate sector.

The region's biggest names, including Singapore's DBS Group Holdings, Oversea-Chinese Banking Corp. and United Overseas Bank, as well as Malaysia's Malayan Banking, are jostling to support projects that incorporate environmental, social and governance objectives.

ESG goals are meant to hold companies to certain ethical standards in their business activities, for instance, ensuring that the environmental impact of a construction project is minimized from inception to completion.

In Thailand, Asia Capital Real Estate, a private equity firm with offices in New York and Singapore, is developing an environmentally friendly rental apartment complex in Phuket. The 505-unit project boasts features such as solar panels and energy-efficient appliances.

Designed to meet green building standards set by the International Finance Corporation, a World Bank subsidiary, the project aims to achieve a more than 40% reduction in energy and water use compared with a conventional building.

It has received a 675 million baht ($20 million) green loan from UOB Thailand for construction. Under the terms of the loan, the bank will record and monitor the borrower's management of funds, as well as track sustainability metrics agreed upon with the company.

In Singapore, City Developments and MCL Land announced in August that they had secured green loans amounting to 847 million Singapore dollars ($628 million) to finance two projects in the city-state under a joint venture.

One is a condominium with around 630 residential units that will be equipped with solar panels to supply 30% of the power consumed in common areas.

This development will be bankrolled through a SG$418 million green loan extended by UOB, with the other project supported by a SG$429 million green loan financing package provided by DBS, Southeast Asia's largest lender.

The DBS-financed development is a mixed-use project comprising around 400 apartments and commercial retail space, with green features like energy-efficient fittings, as well as a pneumatic waste conveyance system.

The city-state is fast becoming a draw for green real estate projects. Maybank, Malaysia's largest bank, is among a clutch of lenders that earlier this year extended a five-year green loan totaling SG$1.22 billion to refinance a mixed-use development managed by CDL in downtown Singapore. Singapore's OCBC and SMBC of Japan also took part in the financing.

The project has architectural features designed to harvest rainwater, as well as photovoltaic cells to convert sunlight into electricity.

Global appetite for green loans has surged. Sustainable lending totaled $321.4 billion in the first half this year, according to financial data provider Refinitiv, more than tripling year-ago levels and setting a record for a first half. The second quarter saw a 35% increase versus the first quarter of this year and marked the second consecutive quarter of more than $100 billion in loans.

But while the largest lenders in the Association of Southeast Asian Nations are warming to the idea of bankrolling eco-friendly projects, they still have significant room to grow in this area compared with their peers in the West. Refinitiv's data showed that European borrowers accounted for 45% of

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sustainable lending during the first half of this year, with lending in the Americas accounting for 43% of such activity during the period. The Asia-Pacific, excluding Japan, made up just 8% of the pie.

According to Moody's Investors Service, financial services companies can preserve their credit quality by adopting a rapid but predictable shift toward climate-friendly finance. On the other hand, rushing to take large-scale, drastic action to address climate change in later years could hurt the quality of loans and invested assets, the credit rating agency warned.

As ASEAN banks play catch-up with their peers in Europe and the Americas, one challenge for lenders will be to avoid bankrolling projects that engage in "greenwashing" -- giving a false impression that a development is eco-friendly when the reality does not match up.

"Compared to greenwashing in consumer products, which are more tangible, financial products, such as assets, financings or even portfolios, are more complex to evaluate," said professor Lawrence Loh, director of the Centre for Governance and Sustainability at the National University of Singapore Business School.

"It is difficult for investors or regulators to 'lift the veil' on these products, particularly to verify the claims. They almost exist in a 'black box.'"

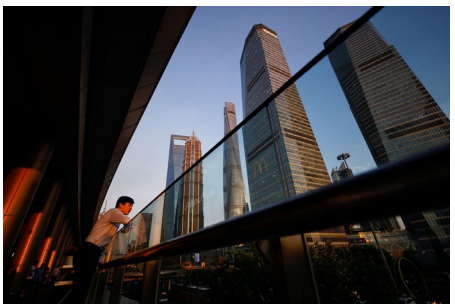
New companies are stepping forward to meet this need for verification. Fintech startup STACS aims to provide a platform to help banks measure a project's carbon emissions and other environmental criteria.

"The pools of data [lenders] rely on are also fragmented, with bespoke methods in different industries and markets, making it virtually impossible for the banks to accurately measure end-to-end carbon emissions today," said co-founder and managing director Benjamin Soh.

"The birth of many eco-friendly projects is on the rise, allowing this to be a lucrative sector for banks to bankroll," he added. "A lot more effort is required to work together concertedly to push for better green financing."

Nikkei Asia

IMF cuts Asia's growth forecast, warns of supply chain risks



The International Monetary Fund on October 19 slashed this year's economic growth forecast for Asia and warned that a fresh wave of COVID-19 infections, supply chain disruptions and inflation pressures pose downside risks to the outlook.

China's economy will grow by 8.0% this year and 5.6% in 2022, but the recovery remains "unbalanced" as repeated coronavirus outbreaks and fiscal tightening weigh on consumption, it said.

Any "untimely policy normalization or misconstrued policy communications" by the U.S. Federal Reserve could also trigger significant capital outflow and higher borrowing costs for Asian emerging economies, the IMF said.

In its regional outlook report, the IMF cut this year's economic growth forecast for Asia to 6.5%, down 1.1 percentage point from its projection made in April, as a spike in Delta variant cases hit consumption and factory output.

The IMF raised its Asia growth forecast for 2022 to 5.7% from a 5.3% estimate in April, reflecting progress in vaccinations.

"Although Asia and Pacific remains the fastest growing region in the world, the divergence between Asian advanced economies and emerging market and developing economies is deepening," the report said.

"Risks are tilted to the downside," mainly on uncertainty over the pandemic, supply chain disruptions and potential spillovers from U.S. policy normalisation, it said.

China's economy hit its slowest pace of growth in a year in the third quarter, highlighting the challenge policymakers face as they seek to prop up a faltering recovery while reining in the real estate sector. read more

India is expected to expand 9.5% this year, while advanced economies like Australia, South Korea, New Zealand and Taiwan benefit from high-tech and commodity booms, the IMF said.

But ASEAN-5 countries - Indonesia, Malaysia, Philippines, Singapore, Thailand - still face "severe challenges" from a resurgent virus and weakness in service consumption, it said.

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"Over the coming months, new infection waves remain the biggest concern," the IMF said.

While inflation expectations are "generally well-anchored" in Asia, higher commodity prices and shipping costs, coupled with continued disruption of global value chains, are amplifying concerns over persistent inflation.

Most Asian emerging economies must maintain monetary support to ensure a lasting recovery, but central banks "should be prepared to act quickly if the recovery strengthens faster than expected or if inflation expectations rise," it said.

Reuters

Asia-Pacific banks face Evergrande, Southeast Asia risks, says S&P

Asia-Pacific banks face threats from a shaky Chinese property sector and lower growth forecasts for Southeast Asia, said S&P Global Ratings. In a report released on October 20, the rating agency said other seismic shifts are occurring too.

It said emerging trends — including digitalisation technologies and an increasingly strong investor focus on environmental, social and governance (ESG) risks — could have profound effects on Asia-Pacific banks.

In the report titled "Asia-Pacific Financial Institutions Monitor 4Q 2021: Evergrande, Southeast Asia Risks, And the Digital Dilemma", S&P credit analyst Gavin Gunning said the past quarter was tough for banks in some jurisdictions.

“Notably, the spillover effects from property sector risks in China are heightened as the malaise engulfing Evergrande plays out.

“And in Southeast Asia, our economic growth outlook is weaker. Recent negative government intervention in some jurisdictions has added to the negative sentiment, which has affected our view of banks.

“Regionwide, there is potential for the recently improved outlook trend to wane," Gunning said.

S&P said on the economic front, the scenario in Asia-Pacific dipped over the past quarter.

“Our full-year 2021 Asia-Pacific growth forecast was recently revised to 6.7% from 7.1%.

“This reflects several factors, chief among them slower consumer activity and a spate of regulatory actions in China, the repercussions across the region of lower growth in China, and the effects of the Delta variant outbreak in Southeast Asia,” it said.

Meanwhile, S&P said the digitalisation ecosystem across the financial services sector is developing rapidly.

It said one aspect of digitalisation in Asia-Pacific in the spotlight is central bank digital currencies (CBDCs), where China is leading from the front.

China was already well progressed in pilot trials for its retail CBDC in 2020, and the country is better progressed compared to many other jurisdictions in Asia-Pacific and globally, S&P added.

The Edge Markets

Cybersecurity: Banking Trojans see a sudden upsurge in activity

The covid-19 pandemic has drastically changed multiple aspects of human lives globally and in Asia Pacific (APAC). One of its most evident effect is the significant uptick of digital payment adoption in the region. Several reports have already put out the numbers to prove this trend, but what about its tangible effects on the cybersecurity landscape of the financial sector?

After analysing the historical data from Kaspersky Security Network’s (KSN), Vitaly Kamluk, director of Global Research & Analysis Team (GReAT) for APAC at Kaspersky, discovered that the increased cashless payments in APAC has paralleled the rise of banking Trojans in the region. “Even before Covid-19, Asia Pacific has always been one of the leaders in digital payment adoption, driven by countries such as China, Japan, South Korea and even India.

This pandemic extended the use of this technology

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significantly further—particularly in still emerging economies in Southeast Asia and South Asia," says Kamluk. "As we all know, the lockdown restrictions forced everyone to shift their financial transactions online. But, now, after analysing the historical figures we have on financial threats, I also learned that there was another outbreak that started in early 2019 in APAC—banking Trojans."

Banking Trojans are one of the most dangerous species in the malware world. To put it simply, they are used to steal money from users' bank accounts. The goal of this malware is either to obtain access credentials or one-time passwords to online bank accounts or to manipulate the user and hijack control for the live online banking session from the legitimate owner.

With uptick of online payment usage and the still-needing-improvement consumer attitudes towards protecting their devices, banking Trojan is among the most impactful malware for home users. In terms of regional distribution, the Philippines logged the highest number of unique users attacked in APAC at 22.26% of all banking Trojans discovered in the region, followed by Bangladesh (12.91%), Cambodia (7.16%), Vietnam (7.04%) and Afghanistan (7.02%).

"The proportion of the unknown has grown over time, which is an alarming trend. With the growth of the number of attacks, there seems to be an alarming trend of financial institutions becoming less and less capable of identifying who attacked them. The unknown, unidentified threat actors were behind 60% of the attacks in 2020, but this number will likely grow up to 75% this year," he says.

Financial Express

Special Features

The era of cash is ending

By Eswar Prasad, Professor at Cornell University and Research Associate, National Bureau of Economic Research

Digital and cryptocurrencies are rapidly changing the nature of money itself. This will have big implications for currency exchange, how central banks work and the types of services commercial banks offer.

Digital currencies hold great promise for the millions without bank accounts, but there are risks, too, including the possibility of macroeconomic instability.

Professor Eswar Prasad is the author of the upcoming book, The Future of Money: How the Digital Revolution Is Transforming Currencies and Finance. In this first of two pieces, he looks at the role of central banks and governments.

PRASAD: The initial view that cryptocurrencies would be a passing fad that won't affect the world of money or finance is quickly being set aside.

What cryptocurrencies like Bitcoin have shown us is that there are technological pathways for central banks to be able to issue digital versions of their own currency in a relatively secure form and in a form that makes digital payments broadly available and accessible to the masses.

So around the world, we're beginning to see a number of central banks that have either already initiated or are planning to initiate trials of their central bank digital currencies.

The Revolution in Payments

One effect of this is going to be in terms of payments. Domestic payments at the retail level are becoming increasingly digital, and the proliferation of central bank digital currencies will certainly push that along considerably.

But the bigger change is likely to be in terms of cross-border payments, which at the moment are very expensive, slow and difficult to track. The projects that many central banks are undertaking use not just retail versions of their currencies, but what are called wholesale central bank digital currencies.

These essentially allow commercial banks and other

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payment providers to settle cross-border payments much more quickly and cheaply. That's where the real benefit is going to lie.

The End of Cash Is In Sight

BRINK: You have said that the era of cash is ending. What exactly do you mean by that?

PRASAD: It's hard to see physical currency having a viable future anymore.

From the perspective of governments, digital currencies have many benefits. They are less prone to counterfeiting — any currency that leaves a digital trail is less likely to be used for activities that are illicit or for facilitating corruption. And it pulls a lot of economic activity out of the shadows and into the tax net, so it can be a boon for governments in terms of tax revenues.

Governments also see digital versions of their currencies as a pathway to giving even the poor and unbanked relatively easy access to a digital payment system. From the point of view of consumers, having easy access to a digital payment system without necessarily having a debit card or a credit card or a bank account is certainly a big plus.

And for businesses, the prospect of not having to deal with cash, not having to be concerned about safety issues is a big boon, especially if the alternative is a government-provided low-cost digital payment system.

So I think there are many benefits from practically every angle that you can think about. Of course, there are some costs as well — losing cash will mean that we lose any prospect of anonymity in our day-to-day transactions, but that might be a price that many societies are willing to pay for the economic benefits from digital currencies. So it's very hard to see cash remaining viable much longer.

A Digital Wallet with the Central Bank

BRINK: Does it mean that every person would have a digital account with the central bank of a country?

PRASAD: Digital cash can take multiple forms; it could be something as simple as money loaded onto an app, like a prepaid debit card that you use for payments through your phone. But a more sophisticated version of a central bank digital currency (CBDC) is where, in effect, each one of us has an account with the central bank, perhaps in tandem with a digital wallet that we can use to transact using digital versions of the currency.

These digital wallets could either be maintained by a country's central bank or even a commercial bank. So in other words, you could go to your bank and have a digital account, like you do right now for your regular interest-bearing deposit account, but side by side, you could also have a central bank digital currency account that you can use for transactions that do not pay any interest but allow you to use digital currency for payments relatively easily.

The key difference relative to an existing electronic payment system such as a debit card or a credit card is that you wouldn't need access to any of these other payment systems. The government would essentially be providing the service at no cost to both the consumer and the business.

Cross-Border Transactions Will Get Cheaper

BRINK: What would happen to exchange rates, if you were dealing in two different digital currencies?

PRASAD: At the moment, the prospect is that most central bank digital currencies will be available only for domestic use. So given that most cross-border payments for trade and financial transactions are already digital anyway, this isn't going to fundamentally change the nature of valuation between different currencies, i.e., exchange rates.

However, it is possible that over time, countries will start becoming more comfortable about allowing their digital currencies to be used more broadly outside their countries. In that case, you could have digital versions, say, of the dollar being used widely around the world. Or perhaps you could have digital versions of the Chinese renminbi being used widely in Asia. But I think the fundamentals of the international monetary system related to capital flows and exchange rates aren't going to be affected in any fundamental way.

Cross-border payments will become less cumbersome. This is going to help economic migrants sending remittances back to their home countries; those remittances will become much cheaper and much quicker to send back home.

For exporters and importers, it will become much easier to make payments across borders and to track them in real-time. So we will see big efficiency improvements.

BRINK: But couldn't big currencies like the renminbi and the dollar just swamp the smaller currencies? It might be much easier just to use the digital dollar instead of my own digital currency.

PRASAD: The proliferation of central bank digital

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currencies and even cryptocurrencies does not really pose much of a threat to the major global currencies. However, for the currencies of small countries, or countries with central banks that are not very credible, there is an existential threat posed by the easy availability of central bank digital currencies outside their home countries. So one can certainly see a digital dollar becoming very widely accepted around the world.

But there is an even more basic concern. It's not just the U.S. government, or the U.S. Federal Reserve issuing currency. If you think about cryptocurrency or a stable coin issued by a major corporation, such as Facebook, one can well see that being trusted much more than a domestic currency in many countries.

And given the wide reach of Facebook and the enormous financial clout it has, one can very well see a Facebook-issued cryptocurrency displacing many national monies. So yes, for many central banks around the world this is an existential threat.

Brink News

How will digital currencies change the financial sector?

By Eswar Prasad, Professor at Cornell University and Research Associate, National Bureau of Economic Research

Digital and crypto currencies are rapidly changing the nature of money itself. Digital currencies issued by central banks will have big implications for the financial sector and how banks make money. A proliferation of new currencies could also threaten the stability of the financial system.

Professor Eswar Prasad is the author of the upcoming book, The Future of Money: How the Digital Revolution Is Transforming Currencies and Finance. In this second of two pieces, he discusses the impact on the banking system.

PRASAD: If you're in the financial services sector, this is a potentially worrying time because the arrival of a central bank digital currency (CBDC) in your country will make it much harder to compete in terms of digital payments.

Many central banks are aware of this — they're aware that a CBDC could limit private sector innovations in digital payments. So what they're trying to do is provide their central bank digital currencies as tokens, on top of which the private sector can innovate in terms of using those tokens more effectively to intermediate payments between customers and businesses or between businesses and businesses.

For businesses, I think this is going to be a fairly welcome change. The competition in the digital payment space is going to yield a range of benefits resulting from lower costs and make it much easier to execute payments, both within and across borders.

An Existential Risk to the Banking Sector?

BRINK: Do you foresee that there will be a lot of resistance to central bank digital currencies from the financial sector?

PRASAD: At one level, one might argue that an account-based CBDC is an existential threat to commercial banks because consumers and businesses might see a central bank account as being much safer in difficult times, in particular, but even in normal times, compared to an interest-bearing deposit account, especially in periods where the interest rate is low. I think central banks are very cognizant of this.

The Bahamas, for instance, which has already rolled out its own CBDC, has put limits on the amount that consumers and businesses can hold in their CBDC accounts so that huge volumes of money don't get swept out of commercial bank accounts.

But certainly they can no longer count on some of the high-margin businesses that banks now enjoy, especially in terms of facilitating cross-border payments.

Fintech platforms are also beginning to directly intermediate between savers and borrowers. So it's not just cryptocurrencies or digital currencies, but various new financial technologies that pose some serious risks to the underlying business model of banks.

So banks will have to compete more fiercely to retain their edge. Some banks are already adopting the new technologies, but certainly we might be heading to a world where margins on their traditional businesses — intermediating between savers and borrowers in terms of maturity transformation and facilitating payments — are all going to shrink quite significantly.

BRINK: Presumably it won't affect the world of credit that much. Since CBDCs are not credit accounts, that will still be a viable business.

PRASAD: That's right, banks are still going to be very important in terms of creating money, because after all, when a bank makes a loan, it creates a corresponding deposit. So

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commercial banks are responsible for creating most money in modern economies, but certainly there is the concern that if CBDC accounts do catch on, they would undercut the business of commercial banks. And that is a significant worry, as commercial banks remain quite important in terms of creating credit and creating money in an economy.

We may not like big banks — we may not view them as entirely safe — but at least we know how to examine their books and so on.

As more financial activity moves to unregulated or less-regulated parts of the financial system, there are concerns about whether there could be financial stability risks that we are not quite prepared for, simply because regulation hasn't quite caught up with the new technologies and all the possibilities they offer.

BRINK: Do you think central bank digital currencies will push out private cryptocurrencies like Facebook's Diem?

PRASAD: Certainly a digital version of a fiat currency will make it much more challenging for either a decentralized cryptocurrency, such as Bitcoin, or even a stable coin, such as the one that Facebook is designing, to survive.

Facebook's main pitch is that its currency, called Diem, would be backed by reserves of U.S. dollars and would provide for more efficient payments, both within and across countries. But if a CBDC can do the same thing, it's not obvious why people might prefer a Facebook currency.

Facebook might have certain advantages in terms of innovation, which could make payment systems more efficient or more convenient to use, but the base case for a privately issued stable coin is going to be undercut if, for instance, the U.S. were to start issuing digital dollars.

Less Privacy

BRINK: Your book is called The Future of Money, and you sound quite optimistic about this future. Would that be right?

PRASAD: Overall, I think we are going to benefit in many ways from the remarkable financial innovations that are taking place around us. But there are certain concerns as well. We might end up living in a world where if I were to buy you a cup of coffee, either a private payment provider or the central bank is going to know about it because of the digital trail.

There is a legitimate concern about whether we want to live in a world where our privacy, which has already been severely compromised, is further undercut if every financial transaction might end up being visible to either a private firm (a bank or payment provider) or to the government.

And there are potential financial stability risks coming from these new products simply because many of these are new, and we may not even know what sort of technological and other risks there are hidden behind them.

So overall, I'm optimistic, but that is not to say I don't see some stumbles on the path toward a cashless future.

Brink News

Among Member Banks

BEA Wins Awards from Bloomberg Businessweek (Chinese Edition)

The Bank of East Asia, Limited (BEA) has been awarded Outstanding Achievement in the "Bank of the Year", "Premium Segment Client Service", "Wealth Management Platform", and "BancaSecurities – Brokerage Service" categories at the recent Bloomberg Businessweek (Chinese Edition) Financial Institution Awards. These accolades recognise BEA's all-round retail banking advances as well as its success in securities brokerage services.

Responding to the award wins, Ms. Shirley Wong, General Manager and Head of Personal Banking Division at BEA, said "We are delighted to receive recognition from this prestigious award programme, which reflects our ongoing efforts to revolutionise our wealth management and customer service proposition, including our SupremeGold and SupremeGold Private services. It also spotlights the surge we have seen in the use of key banking services through digital channels over the last year."

Ms. Tammy Lo, Head of Securities Services at BEA, added that "The bancasecurities award is a great recognition of what we have accomplished in 2020. Riding on this success, we will continue to innovate and evolve our securities services to cater to the diverse needs of customers in various market segments."

BEA's SupremeGold delivers a full spectrum of retail wealth management solutions, offering leading online platforms and dedicated client relationship management teams. The more recently launched SupremeGold Private service provides tailored wealth management and lifestyle benefits to serve the unique needs of premium high-networth clients.

The Bloomberg Businessweek (Chinese Edition) Financial Institution Awards is co-organised

by the Chinese Edition of Bloomberg Businessweek and Modern Media, the Financial Institution Awards recognise financers' efforts in stabilising the financial system and enhancing economic vitality in Hong Kong.

BEA Newsroom

Among Member Banks

Shanghai Commercial Bank Announces 2021 Interim Consolidated Profit of HK$1,447 million

The consolidated profit after tax of Shanghai Commercial Bank Limited for the first half of 2021 was HK$1,447 million, a year-on-year increase of HK$168 million or 13.1%, largely attributable to a 10.7% surge in net fee and commission income mainly driven by the satisfactory growth in securities brokerage and investment products income, and a lower impairment charge. Benefitted from lower interest expenses on customer deposits, net interest income increased by 3.4% while the average net interest margin for the period narrowed by six basis points to 1.67% from 1.73% for the same period last year.

The Bank's total comprehensive income attributable to equity holders for the first half ended 30 June 2021 at HK$1,500 million was HK$669 million, or 80.5% higher than that for the same period last year, mainly due to the mark-to-market valuation gain in equity investment. The overall loan-to-deposit ratio dropped from 57.2% at the end of 2020 to 56.0% at the end of June 2021 as loans and advances reduced by 1.2% to HK$100.1 billion while total customer deposits increased by 1.1% to HK$179.8 billion.

Total assets increased by 2.1% to HK$231.6 billion and shareholders' funds grew by 3.7% to

HK$33.6 billion when compared to the corresponding figures at the end of 2020. Returns on average total assets and average equity were at 1.3% and 8.8% respectively. The Bank's capital and liquidity levels remained robust, with capital adequacy ratio and common equity Tier 1 capital ratio as of 30 June 2021 at 20.6% and 17.4% respectively and the average liquidity maintenance ratio for the period at 59.9%.

Shanghai Commercial Bank Press Release

MUFG Signs Memorandum of Understanding with Thai Digital Economy Promotion Agency

MUFG's core banking subsidiary MUFG Bank announced that MUFG Bank, Bank of Ayudhya (Krungsri), MUFG Innovation Partners (MUIP) and Krungsri Finnovate (KFIN) have signed a Memorandum of Understanding (MoU) with the Digital Economy Promotion Agency (depa) of the Kingdom of Thailand. Through this MoU, they will support start-up companies in the digital transformation (DX) field in Japan and Thailand.

1. Purpose and background of the MoU

MUFG Bank made Krungsri a consolidated subsidiary in December 2013 and since then has created a platform to provide high added-value financial services in both Japan and Thailand. In recent years, the government of Thailand has accelerated its efforts toward realizing a digital society, and an increasing number of companies are working toward DX. This MoU was concluded in order to strengthen the cooperation between Japan and Thailand in digital-related fields.

2. Outline of the MoU

1. Strengthening cooperation between start-up companies and DX-oriented companies through business matching events, etc.
2. Sharing challenges with business partners and seeking solutions related to DX
3. Expanding investment candidates for KFIN and MUIP
4. Regularly exchanging of DX-related information in ASEAN countries, including Japan and Thailand

Through this MoU, the bank will work with depa to strengthen cooperation between start-up companies in Japan and Thailand while contributing to both countries' economic and industrial development.

MUFG Press Release

Among Member Banks

Mizuho unable to foresee multiple system failures

Mizuho Financial Group Inc. and its core banking unit, Mizuho Bank, said they had been unable to anticipate multiple failures behind a system breakdown that occurred at the bank on Aug. 19-20.

The fifth system glitch at Mizuho Bank this year, which disrupted over-the-counter services at its branches throughout Japan, was an extremely rare event in which the bank's backup server failed to function due to multiple failures hitting hardware equipment, officials of the financial group and the bank said at a press conference.

The explanation highlighted problems with the Mizuho group's ability to respond to unexpected situations and its partnership with the developer of the computer system.

Mizuho Bank has been hit by eight system failures this year so far.

In the fifth case, the hardware that connects the "Minori" core system to devices at bank offices broke down. While two disk equipment was operating at the same time, one broke down. The other also malfunctioned about an hour later.

As the Mizuho group had not expected the double equipment breakdown, the backup server failed to function automatically. The bank also failed to switch over to the backup server manually.

Recovery was delayed as it took some time for Fujitsu Ltd., responsible for the system's maintenance, to grasp the issue.

Even though the failure rate of certain equipment in the current fiscal year had doubled from last year, the Mizuho side failed to acknowledge this as a precursor for a major system failure.

Mizuho Financial and Mizuho Bank plan to increase the frequency of inspections and toughen conditions for changing components. They will also beef up cooperation with Fujitsu and other companies.

In order to inform customers of a system problem more quickly, the Mizuho group will strengthen internal collaboration. In the August case, Mizuho Bank did not give notice to customers until only 30 minutes before the start of business hours.

"There is nothing fundamentally wrong with Minori," Satoshi Ishii, senior executive officer at Mizuho Financial, told the press conference, denying the possibility that the bank will renew its core system.

The Japan News

SMBC starts data service for clients preparing for dementia, death

A Japanese megabank shifted away from finance by offering a service to help elderly customers prepare for death and ensure their last wishes and requests reach the right people.

The service by Sumitomo Mitsui Banking Corp. (SMBC) targets customers in their 60s to 80s.

It shows that SMBC aims to strengthen its non-financial businesses by capitalizing on the country's graying population.

Under the service, participants will entrust SMBC with their "shukatsu" (preparing for the end of life).

The bank will create digital versions of "ending notes," or messages and requests elderly people write to their relatives and friends.

SMBC will store these messages and wishes that could concern medical and nursing care as well as funeral arrangements and other measures needed in the event of emergency.

Users can also register information on their assets, including bank savings and insurance policies, as well as IDs and passwords they use when shopping online and using social media.

When they die or develop dementia, the bank will convey those wishes, which can be recorded in videos or audio messages, and the registered information to people designated by the users beforehand.

SMBC said it will keep the entrusted information at the same high level of security as it does for customers' savings. Only those who have bank accounts at SMBC can use the service.

The service is offered for free until February. After that, the bank will charge users 990 yen ($8.85), including tax, a month.

SMBC aims to obtain several thousand contracts for the service in the first six months.

Asahi Shimbun

Among Member Banks

Maybank achieves full vaccination for all branch employees

Maybank has announced that all employees at its branches nationwide have been fully vaccinated against Covid-19.

In a statement, it said it aims to provide a safer banking experience to customers and also offer greater reassurance to its employees while ensuring their wellbeing.

Moving forward, all Maybank branch employees will undergo Covid-19 Antigen Rapid Tests every two weeks to ensure their protection as well as that of their customers'.

"By ensuring that all its branch employees are fully vaccinated and consistently tested, Maybank hopes to reassure its customers of its commitment to provide them a safer environment to perform their banking transactions," it said.

Maybank has introduced the Maybank EzyQ service to allow customers to schedule appointment online for branch visits.

The bank said it is currently serving customers only by appointment to reduce waiting time, prevent overcrowding and help limit customers' exposure risk.

The Star

BML promotes positive mental well-being in the workplace

Bank of Maldives announced its commitment to promote positive mental well-being in the workplace through partnerships with leading institutions to provide support programs and professional services for employees across the country.

The Bank has partnered with Thibaa Psychology, Society for Health Education (SHE) and Institute of Mental Well-being (IMWB) to offer regular consultations and counselling programs for its staff.

As part of the program, the Bank will cover the cost of individual consultation sessions for employees and encourage employees to seek the services of professionals in mental well-being. Regular awareness sessions on parenting, work life balance and mental well-being at the workplace will also be conducted in partnership with these service providers.

BML's Deputy CEO Aishath Noordeen said with increased recognition of the importance of mental health across the world, and the tremendous impact COVID-19 had on mental well-being, it is fitting that the Bank, as one of the largest employers in the country, takes this important step. She said that the bank looks forward to seeing other organizations follow suit to recognize and promote the importance of mental wellbeing for employees everywhere.

Avas

PNB collects award for KYC, customer-onboarding tech

The Philippine National Bank (PNB) earned accolades from regional financial services company T.A.B. International Pte. Ltd. during the latter's annual "Risk Management Awards."

PNB was named as the bank with "KYC [Know-Your-Customer] and Customer Onboarding Technology Implementation of the Year" for its use of technology in monitoring the bank's transactions in its extensive network.

TAB International, which publishes the "The Asian Banker" magazine, recognized PNB's enterprise-wide transaction monitoring system "for enabling the bank to effectively detect facilitation of financial crimes within its books."

The TAB International's awards is a program designed to identify emerging best practices and outstanding achievements of the best run risk management teams in financial institutions across Asia Pacific, the Middle East and Africa.

PNB Chief Compliance Officer and Global Compliance Group Head Isagani A. Cortes was quoted in a statement as expressing gratitude for TAB International "for recognizing PNB's commitment in fulfilling our compliance obligations very seriously in order to preserve the integrity of the financial system."

"We continue to leverage on solutions to efficiently address and mitigate financial crime risks and at the same time, effectively manage its risk," Cortes added.

Business Mirror

Among Member Banks

RCBC extends digitized cash solution promotion to SMEs

Rizal Commercial Banking Corp. (RCBC) said it expanded its digitized cash management solutions with complimentary e-services targeting small and medium enterprises (SMEs).

Under the marketing tack, SMEs availing of any one of RCBC's two latest online collection solutions it calls "Pay Portal" and "Check Scan" could avail other digital cash management solutions for free. These include payroll, on-site corporate-check writer and payments to the Bureau of Internal Revenue through RCBC's online corporate banking platform.

Payroll annual daily balance, for up to 200 employees, shall be waived, the lender said. For the on-site corporate-check writer, clients get one free checkbook per month for the next six months.

"All that the SME would have to do is to comply with the required maintaining balance for checking account," the bank said in a statement.

The bank explained its "Pay Portal" is a "one-stop shop online payment enabler for businesses, which aids businesses in the collection of sales settled via e-commerce payments, whether they already have an online store or not." The payment platform enables the business to collect from individual customers using comprehensive electronic payment rails, such as credit cards, direct debit through bank accounts, online banking, electronic wallets and even over-the-counter payments.

"Check Scan" is a "first-in-market cash management solution that enables corporate clients to process bulk checks safely and efficiently through digitalization. The solution has a mobile app that allows businesses to process their check deposit transactions using handheld devices.

Business Mirror

Doha Bank donates QR200,000 to Qatar Charity's 'Educate me!' initiative

Reinforcing its commitment to humanitarian and charity efforts, Doha Bank, one of the largest private commercial banks in Qatar, has recently donated cash aid worth QR200,000 to Qatar Charity, one of the largest volunteering and humanitarian organisations in the world, to support its "Educate me!" campaign.

People in poor countries face many challenges in obtaining their right to education. Aiming to raise conscious generations strengthened with knowledge, and coinciding with the start of the new school year, Qatar Charity has launched its education campaign (Educate me! Let the hope continue!) to support educational projects.

Ahmed Al Henzab, Head of Administration & Property Department at Doha Bank said: "This aid is a part of our corporate social responsibility (CSR) program, which seeks to support initiatives that will make a profound impact on the lives of marginalised and vulnerable communities in Qatar and around the world."

The "Educate Me... Let the Hope Continues" campaign is expected to benefit 8,000 students inside Qatar and orphaned students in 11 countries around the world. The campaign aims to help and cover educational costs, which include school bags, tuition fees and school uniforms, in addition to building and maintaining schools. The countries targeted by the campaign are Albania, Kosovo, Nigeria, Somalia, Palestine, Sudan, Kenya, Bangladesh, Kyrgyzstan, Turkey and Pakistan.

The Peninsula Qatar

Among Member Banks

DBS, NTU in tie-up to offer programme to help SMEs in Singapore expand overseas

DBS Bank and Nanyang Technological University (NTU) are collaborating to help Singapore's small and medium-sized enterprises (SMEs) scale their businesses in the Asia Pacific region, according to a joint statement released on Oct 4.

In partnership with Enterprise Singapore, the pair will offer the Enterprise Leadership for Transformation (ELT) programme.

It aims to support leaders of promising SMEs in developing business growth capabilities and entrepreneurship skills relevant for expanding their businesses overseas.

The tie-up will tap the strengths and expertise of both DBS and NTU in delivering insights and thought leadership on internationalisation and innovation tailored for SMEs.

DBS and NTU will also organise overseas immersion programmes once pandemic restrictions are lifted to connect local SMEs to the regional economy and business networks. It will focus on four business corridors: Singapore-Hong Kong, Singapore-China, Singapore-India, and China-Hong Kong.

The inaugural cycle of the programme, which is tailored for local SMEs looking to expand abroad, will begin this month. Participants should be able to develop an actionable business transformation plan by the end of the one-year programme.

Modules will be taught by faculty and instructors from NTU, with senior leaders from DBS supplementing the learning experience with industry perspectives and innovation insights through workshops, fireside chats, mentorship and networking.

About 30 Singapore SME leaders from a wide spectrum of industries are expected to participate in the 2021 cycle. The full course fee is $31,886 but Singaporeans and permanent residents are eligible for 90% funding.

SMEs that still have SkillsFuture Enterprise Credits can claim up to 90% in reimbursements, which means that eligible SMEs could pay as little as $923.80.

The Straits Times

UOB named world's best bank for SMEs by Euromoney

UOB has been named the world's best bank for small and medium-sized enterprises (SMEs) in 2021 by UK-based financial publication Euromoney.

In a statement, the lender said the win came on its swift response to support ASEAN companies at the onset of Covid-19.

In February 2020, it had announced S$3 billion of relief assistance to companies, ahead of any government response.

UOB further said it was the first in setting up a dedicated restructuring task force that has been engaging clients to understand their challenges and to provide support in reworking their financial needs.

It has, to date, helped over 20,000 SMEs across the region keep their businesses running.

The bank's latest win follows from other key SME awards bagged, including the best SME bank in Singapore and the Asia-Pacific at the Asian Banker's Excellence in Retail Financial Services International Awards in June this year.

UOB chief executive Wee Ee Cheong said: "We understand the distinct challenges that SMEs face when navigating the disruptions caused by the pandemic and stand right by our customers to help them weather the crisis. In addition to relief support, we are also helping our SME customers transform their business digitally, seize cross-border opportunities and advance responsibly for long-term growth."

For example, the bank has enabled more SMEs to use digital payments such as by extending PayNow Corporate contactless payments, which provide convenience to both consumers and merchants, to SMEs.

The number of transactions made through PayNow Corporate among its SME customers grew more than 50 times in the first quarter of 2021, compared to the same period in 2019.

UOB also offers SMEs a suite of integrated cloud-based business solutions to boost productivity. Those that have taken up the solutions saw revenue growth of 15-30% between April 2020 and March 2021, it said.

Euromoney editor Louise Bowman noted that UOB has "radically" changed its underwriting engine by applying new alternative data metrics to its risk management analytics.

"And UOB does not just provide innovative digital services to help these small companies financially; it has introduced an SME solution with bundled accounting, payroll and other HR functionalities to enable SMEs to manage the logistical side of operations," she added.

The Business Times

Among Member Banks

HNB, USAID's sign MoU to expand financing to MSMEs

The U.S. Agency for International Development's (USAID) Private Sector Development project signed a Memorandum of Understanding (MOU) with Hatton National Bank PLC (HNB) to expand financing to micro, small, and medium enterprises (MSMEs) in Sri Lanka.

"Partnerships like this can dramatically enhance economic and social impact more than any of us could achieve on our own," said USAID Mission Director for Sri Lanka and Maldives Reed Aeschliman.

"HNB has a wealth of first-hand experience working with a large number of MSMEs, to understand what these enterprises need to accelerate their growth to strengthen the export economy of the country," said HNB Managing Director/CEO, Jonathan Alles.

USAID's Private Sector Development project will help MSMEs find and finance new business opportunities to strengthen their resilience to market changes and global economic shocks.

By connecting businesses with advisory services, associations, and financial institutions, the project will help them to use technology, accelerate innovation, and access new domestic and international markets.

This project is one component of the longstanding partnership between the U.S. and Sri Lanka to support self-reliance, strengthen stability, and promote economic growth.

USAID's program in Sri Lanka, totalling more than $2 billion since 1961, promotes a healthy, educated, and employed population.

Daily News

Chang Hwa Bank expects profitability to improve

Chang Hwa Commercial Bank said it expects profitability to improve in the second half of the year, despite a lackluster showing in the first six months, as growing vaccination rates at home and abroad would make operating conditions more friendly.

The lender stood by its revenue target for this year, although net income for the first six months declined 1.84% to NT$4.17 billion (US$150.15 million), narrower than a retreat of 7.5% in the first quarter, Chang Hwa Bank spokesman Chen Bin told an online investors' conference.

Earnings per share rose to NT$0.4, from NT$0.19 at the end of March. The improvement came after the lender stepped up loans to small and medium-sized enterprises, while trimming lending to big corporations and government agencies.

Chang Hwa Bank's loan-to-deposit ratio edged up to 76.39% last quarter, compared with 76.15% three months earlier, and should gain strength moving forward, officials said. Revenue contributions from overseas outlets and offshore banking units stood at 35.1%, slowing from 37.5% for the whole of last year.

The downtrend might reverse in the second half, as the world further emerges from the COVID-19 pandemic, giving customers and the bank more confidence about doing business, officials said.

Likewise, the domestic market, which has taken a hit from a local COVID-19 outbreak, is expected to recover this or next month, as the number of confirmed cases has dwindled to single digits, while the vaccination rate has steadily increased, officials said.

Fee income shrank 0.32% in the first half though sales of wealth management products picked up mildly, officials said. Net interest margin gained 3 basis points from the previous quarter to 0.89%, while the lending spread widened to 1.18%.

Chang Hwa Bank said it would raise its holdings of local shares during price corrections, guided by the principle of stability in dealing with investment funds.

Taipei Times

Among Member Banks

CTBC wins recognition for its digital innovation

CTBC Bank won three awards at the first Harvard Business Review Complex Chinese Edition Digital Transformation Award for its efforts in promoting digital innovation.

At a ceremony on September 29, CTBC president James Chen was awarded the Digital Transformation Leader Award, while CTBC Bank was honored with the Integrated Digital Transformation Pioneer Award in the service sector and the bank's online loan platform received the Operational Excellence and Transformation Award.

The award organizer praised CTBC for innovating and promoting digital transformation, and its success in connecting diversified consumer ecosystems by modeling various financial scenarios.

Awarding Chen with the Digital Transformation Leader Award recognizes his role as a key player in the bank's digital transformation, it said.

To meet customers' expectations, Chen not only transformed the overall banking service experience, but also integrated the organization to improve efficiency, creating an agile and innovative digital concept and environment, while leading his colleagues to work together, it added.

The COVID-19 pandemic has accelerated customer demand for digital finance, and CTBC said its vision for digital transformation includes two major goals: digital end-to-end services and banking everywhere.

To achieve the digital end-to-end goal, the bank redefined and redesigned its financial service process, and constructed a smooth, efficient and valuable customer experience based on the perspective of customers.

To reach the goal of banking everywhere, it adopted a cross-industry alliance strategy, providing financial services in daily life, so customers do not need to go to physical branches and can use the bank's services anytime and anywhere.

CTBC's online loan platform, which won the Operational Excellence and Transformation Award, is to make customer needs its core focus, and optimize customer service, application review and operation procedures, with the aim of establishing a complete database system and striving to develop more personalized services.

Taipei Times

Mega Financial seeks to hike earnings

State-run Mega Financial Holding Co aims to reach profitability for the rest of year by boosting corporate lending, retail banking and overseas operations, company officials told an online investors' conference on September 9.

The banking-focused conglomerate posted NT$2.67 billion (US$96.21 million) in net income for last month, with main subsidiary Mega International Commercial Bank contributing NT$2.1 billion, or 78.05%, company data showed.

Cumulative profit was NT$17.9 billion in the first eight months, or earnings per share of NT$1.32, up from NT$0.92 per share for just the first half of the year.

Overseas banking branches and outlets in the US, Australia and Cambodia gained momentum this year and might continue to be bright spots for income growth, officials said.

Net income from banking operations in Australia soared 175% in the first eight months of the year, thanks to effective virus controls in the country, officials said.

Mega Financial said it saw an opportunity to deepen lending with local semiconductor and petrochemical firms that have announced plans to invest in the US and elsewhere. The government's promotion of renewable energy sources and a global embrace of 5G technologies would also generate loan demand, Mega Financial said.

In the meantime, Mega Bank would look for more syndicated loan opportunities to consolidate its leadership position in the market, officials said.

Domestically, Mega Bank gained significant headway in growing consumer banking, with double-digit percentage increases in mortgage operations in the past 19 months and credit card spending in the first half of the year, officials said.

Taipei Times

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Taipei Times

Fubon posts 21.8 percent growth

Fubon Financial Holding Co, the nation's second-largest financial conglomerate by assets, on September 10 reported annual growth of 21.8% for last month with a net profit of NT$16.16 billion (US$583.6 million).

The company posted NT$122.3 billion in net profit for the first eight months, the highest among all local financial service providers, company data showed.

Earnings per share were NT$11.69 for the first eight months of the year, making Fubon the most profitable financial holding company in Taiwan.

It attributed the growth to contributions from Fubon Life Insurance Co, the profit of which expanded 18% year-on-year to NT$11.72 billion. Taipei Fubon Commercial Bank and Fubon Securities Co also reported an improvement in net profit, it said.

Taipei Fubon Bank's net profit rose 16 percent to NT$2.07 billion due to investment gains, while Fubon Securities registered annual growth of 35 percent with net earnings of NT$741 million despite lower turnover in the local stock market, it said.

Fubon Financial recognized a gain of NT$260 million from newly acquired Jih Sun Financial Co, which made a net profit of NT$458 million last month, company data showed. Fubon Financial completed the acquisition of Jih Sun at the end of last month, giving it a 56.92% share of the company.

Taipei Times

Among Member Banks

Bangkok Bank leveraging data in its anti-money laundering solution

Bangkok Bank has deployed a solution that integrates and consolidates anti-money laundering (AML) processes across its 300 branches worldwide. Developed together with tech company SAS, the AML solution leverages SAS Anti-Money Laundering to establish a global standard of compliance, crossing 14 economies that include eight other Southeast Asian markets, among them China, Hong Kong, Japan, Taiwan, the United Kingdom, and the United States.

To develop the AML solution, both Bangkok Bank and SAS collaborated to replace the bank's legacy systems with more advanced analytics tools. The project involved auditing each location's regulatory needs and banking activities and incorporating global best practices and guidelines. The audit yielded the most comprehensive and relevant list of business requirements and helped define minimum AML standards for the bank in its entirety.

The bank had to make several changes during the development of the solution. This included having new resources and data sources, as well as new ways of working among compliance, business, and IT. The bank instituted a strong data team to ensure the model functions effectively. A skilled technical team operates data extract, transport, and load tools to give enough focus for data-mapping exercises.

These joint efforts culminated in a SAS AML Global Image, which was piloted at the bank's Hong Kong operations and later rolled out globally. The Global Image enables Bangkok Bank to apply a more advanced, score-based approach to risk-rate its customers. The bank can apply scenarios and risk factors to detect potential suspicious activity against threshold values specific to each segment based on customer type, risk level, and product.

With the global solution implemented, AML risk management and decisions are strengthened by a standardized AML case investigation workflow across all global operations, helping ensure fully AML-compliant client services worldwide.

The AML solution met the functional, process, and technical-related requirements set by the bank through its analytics-brokered risk mitigation, which in turn strengthens the bank's AML capabilities with more advanced analytics techniques. Integrated AML and customer due diligence case management workflow capabilities have also enabled bank staff to improve their productivity, reducing case resolution times.

Techwire Asia

Vietcombank completes 98 percent of yearly credit plan

By the end of the third quarter, the credit of the Foreign Trade Joint-stock Bank (Vietcombank) was 923,385 billion VND (40.550 million USD), an increase of 11.5% over the whole of 2020 and representing 98% of this year's plan, according to the lender.

Since 2020, the bank has conducted 9 interest rate reduction to help people and firms adversely affected by the COVID-19 pandemic. This year alone, its reduction of interest for customers will amount to 7.1 trillion VND.

Besides, Vietcombank is also realising its commitments for support to social welfare work and the pandemic fight with about 350 billion VND.

In the last months of this year and toward next year, the bank will continue to focus on renovating the intensive growth model, shifting its operation structure, thus ensuring sustainable growth with a high efficiency and productivity to serve the economic recovery.

It also commits itself to maintaining a reasonable interest rate to continue supporting firms in adapting themselves to the new context, and to providing social welfare to those directly affected by the pandemic.

Vietnamplus

Banking and Finance Newsbriefs

Hong Kong

Hong Kong finance chief says city's exposure to Evergrande 'very minimal'

Hong Kong's exposure to debt-laden developer China Evergrande Group (3333.HK) is "very minimal" at 0.05%, or HK$14 billion ($1.79 billion), of banking assets, South China Morning Post reported on October 3, citing the city's finance minister.

"It is very minimal and won't cause us any systemic risks," Financial Secretary Paul Chan told the newspaper, adding he had arrived at the conclusion after a recent audit of the local banking sector's exposure to the company.

Chan also said Hong Kong's stock market was inevitably subject to some volatility amid a recent mainland crackdown on some industries, but that he believed any setback would be temporary.

With liabilities of $305 billion, Evergrande has sparked concerns its cash crunch could spread through China's financial system and reverberate globally, a worry that has eased with the Chinese central bank's vow this week to protect homebuyers' interests. read more

Evergrande has missed two bond interest payments in the past two weeks, bondholders have said, and its offshore debt, amounting to about $20 billion, trades at distressed levels.

Reuters

India

28 unicorns created in India this year: Finance minister

The Indian economy has witnessed the creation of 28 unicorns, or startups valued over $1 billion, this year on the back of a series of reforms unleashed by the government, finance minister Nirmala Sitharaman said on October 6.

Addressing a virtual conference organised by the Indian Private Equity and Venture Capital Association (IVCA), the minister said the Indian economy has witnessed a spur of unprecedented growth in the form of startups in the last two decades.

The Department for Promotion of Industry and Internal Trade (DPIIT) has recognised more than 56,630 startups across districts throughout India, IVCA said in a statement quoting the finance minister.

"Indian startups have so far created 65 unicorns out of which 28 have been created in 2021. This shows that there is increased activity in this space and a lot of capital from angel investors. A series of reforms have been unleashed. Different capacities of Alternative Investment Fund (AIF) have been given more flexibility," she said.

Investment guidelines have been issued for provident funds and superannuation funds, the minister said, adding the window for reporting of over-the-counter transactions has also been extended by three hours.

Investor protection must be given due consideration because that is a very important part of confidence booster for investors, she added.

Times of India

Banking and Finance Newsbriefs

Iran

Iran's Central Bank has a new chief

Ali Salehabadi was appointed as the new governor of Central Bank of Iran. He replaces Akbar Komijani.

Salehabadi, 43, is a former CEO of the Export Development Bank of Iran. He also was the first head of the Securities and Exchange Organization, Iran's stock market regulatory body. He has a PhD in financial management from the University of Tehran and a masters in financial management from Tehran's Imam Sadiq University.

An expert in Islamic banking, he is one of the founding members of the Iran Association of Islamic Finance and a prolific author in the field.

The job of the CBI governor is proposed by the economy minister and the Cabinet headed by the president gives the final approval.

Following his appointment, President Ebrahim Raisi underscored the role of central bank in protecting the national currency and controlling inflation. "In addition, the CBI should studiously oversee the performance of banks," he was quoted as saying by the government website, dolat.ir.

Soon after the appointment, Salehabadi appeared at state TV to outline his plans. Promoting banking ties with friendly countries, boosting non-oil export and building interaction with the private sector are among his key priorities, he said.

"Banks need to support production sectors and investment in non-productive sectors should be avoided."

Elaborating the point, he added, "The CBI must efficiently monitor the lending targets and know for which purpose loans are given. This along with curbs on [banks'] borrowing from the CBI are, and will be, effective in curbing inflation."

Selling non-financial assets of banks, recovering NPLs and measures to reduce the government's reliance on the CBI to fund budget deficits are also on the CBI's agenda.

Financial Tribune

Korea

S. Korea to continue expansionary fiscal policy next year: finance minister

South Korea's top economic policymaker has said the government plans to maintain expansionary fiscal policy next year in a bid to prop up the economic recovery, Seoul's finance ministry said on October 13.

Finance Minister Hong Nam-ki made the remarks during his meeting with Kristalina Georgieva, managing director of the International Monetary Fund, in Washington, D.C. on October 12 on the sidelines of the G-20 finance ministers and central bank governors meeting.

Hong said South Korea's central bank is gradually adjusting its accommodative monetary policy, while the government is pushing to implement expansionary fiscal policy next year, according to the finance ministry.

The IMF chief said the global economy is continuing its recovery momentum this year, but economic uncertainty remains high and uneven recovery across nations may deepen.

South Korea proposed a record high budget of 604.4 trillion won ($506.2 billion) for next year as it seeks to cement the economic recovery and narrow social gaps caused by the COVID-19 pandemic.

BOK Gov. Lee Ju-yeol hinted at an additional rate hike in November, saying that Asia's fourth-largest economy has extended its recovery momentum despite the fourth wave of the pandemic.

The IMF maintained its 2021 growth forecast for the South Korean economy at 4.3% on October 12 despite its downward revision of growth estimates for advanced nations.

Separately, Hong held meetings with World Bank President David Malpass and Mauricio Claver-Carone, president of the Inter-American Development Bank.

The Korea Herald

Banking and Finance Newsbriefs

Malaysia

Banking system deposit growth slows; preference grows for liquid assets

Malaysia's banking system total deposit annual growth slowed to 3.9% in June 2021 from 6% in March 2021, but remained supported by precautionary savings by households and businesses, Bank Negara Malaysia (BNM) said.

Deposits from non-bank financial institutions (NBFIs) moderated slightly, reflecting withdrawals by these institutions, partly to facilitate the implementation of government relief measures, the central bank said in its recently released Financial Stability Review report for the first half of 2021 (1H21).

Additionally, non-residents continued on withdrawal mode for the seventh consecutive month since December 2020, albeit at a slower pace.

Meanwhile, sustained preference for more liquid assets among Malaysian households, businesses and fund managers amid the uncertain operating environment currently has led to lower funding costs and consequently improved net interest income for banks.

The percentage of current and savings accounts over total deposits across the local banking system rose to 35.9% in June 2021 from 32.4% a year ago, while fixed deposits fell to 29.5%, from 31.7%, the report showed.

Consequently, the average cost of deposits came in at 1.34% in June 2021 from 1.57% in December 2020, while average cost of funds fell to 1.46%, from 1.66% in the same period.

The banking sector's net interest margins improved to 2.1%, from 1.9% in December 2020, due to lower funding costs and higher loan growth particularly in the household segment.

Also supporting interest income was banks' holdings of government bonds, which rose RM22 billion in 1H21.

Moving forward, BNM said overall funding conditions are expected to remain supportive of intermediation activity.

Amid potentially higher deposit withdrawals and higher take-up of repayment assistance, the report said banks' liquidity positions are expected to remain resilient to these pressures.

The Edge Markets

Malvides

'Maldives economy expected to recover by 2023': World Bank

The World Bank has said the Maldives' economy is expected to recover to pre-COVID-19 levels by 2023.

The Economy Outlook published by the World Bank said the real GDP of the Maldives is projected to grow by 22.3% this year. This is possible if the Maldives welcomes at least 1.1 million tourists this year, double the amount recorded last year and 65 percent of 2019 levels, the report said. The Tourism Ministry has said 1.3 million tourists are expected to visit the Maldives this year.

The World Bank further said the economy is expected to grow by 11% if the number of tourist arrivals continue to pick up as global travel normalizes. The poverty rate is expected to decline to 9.1% in 2021 and subsequently to 4.3% by 2023.

The World Bank's Country Director to the Maldives, Faris Hadad-Zervos said the Maldives needs to strengthen its finances in preparation for disasters and catastrophes. The Maldives must work to decrease debt and increase economic growth, he said.

The Finance Ministry has also predicted that the Maldives' economy will recover in 2023.

Avas

Banking and Finance Newsbriefs

Philippines

BSP wants PH banks to comply with sustainable finance principles

The central bank on Oct 11 affirmed its commitment to champion sustainable finance and entrench environmental, social, and corporate governance principles into the Philippine financial system, telling international stakeholders that it now has regulations meant to get banks to adopt the program.

At a recent online dialogue with the International Monetary Fund and other Asian finance ministers, Bangko Sentral ng Pilipinas (BSP) Governor Benjamin Diokno said the agency established a Sustainable Central Banking Roadmap to "provide the framework and milestones in the adoption of sustainability principles in key operations of the BSP."

He added that the framework highlights the BSP's essential roles as enabler, mobilizer and enforcer in advocating sustainability in the financial system.

The BSP issued the Sustainable Finance Framework, which emphasizes the pivotal roles of the board of directors and senior management in embedding environmental, social, and corporate governance principles in all aspects of banks' governance, risk management systems, business strategies and operations.

The BSP also leads financial institutions in carrying out environmentally and socially responsible business decisions and adopting green practices, including adopting green principles in their investment portfolios. In particular, the BSP has invested in the Green Bond Fund of the Bank for International Settlements as part of its sustainable investment strategy.

Finally, the BSP adopted best practices for environmental preservation, greenhouse gas emissions reduction, and embedding environmental, social, and corporate governance sustainability criteria in its own operations.

It created bank-wide technical working groups to conduct vulnerability assessment on the impact of climate change to the BSP and identify the areas of operation where green principles may be incorporated.

Philippine Daily Inquirer

Qatar

Qatar's banking landscape to see more green bonds: KPMG

More banks in Doha are slated to issue green bonds as the country's banking landscape is now developing, testing and commercialising new ESG or environment social and governance-tied products and models, according to KPMG.

"One of the leading banks has indeed issued green bonds last year and more banks are expected to follow," KPMG said in a report on Qatar's banking perspectives.

QNB had in 2020 issued $600mn in five-year senior unsecured notes to finance green projects, its first green benchmark bond issuance; showing a sign of growing investor demand for these instruments in the Gulf Co-operation Council.

Qatar Central Bank governor HE Sheikh Abdullah bin Saoud al-Thani said some of the Qatari banks have already adopted green initiatives in their business practices as they issue green bonds, provide green loans/mortgages and green credit cards.

In addition, the investment and treasury arms of banks have started considering ESG indices while deciding which products to invest in, the KPMG report said.

With new ESG-related international benchmarks and frameworks expected to be introduced soon, ESG is expected to become an important determining factor for these decisions, it said.

Though future regulatory assistance and reporting requirements are "uncertain", the report said what is clear is that pressure from regulators, investors and the public for greater adoption of ESG would increase in the future.

KPMG highlighted that regulators recognise that moving towards a low-carbon economy would create additional complexities for financial services firms. They are worried that banks are not fully prepared for the types of prudential and conduct risks that could arise — both in terms of the direct risks (the physical impact of climate change on assets) and the transition risks (the challenges inherent in a wholesale move towards a low carbon economy).

As one of the world's largest natural gas producers, Qatar has a particularly important role to play in the 'E', or environment, part of the ESG equation, the report said, adding the country has indeed implemented several projects and initiatives to contribute to efforts aimed at reducing carbon dioxide emissions and increasing reliance on renewable energy.

Gulf Times

Banking and Finance Newsbriefs

Russia

Russia plans to launch digital Ruble by 2030

The Russian Finance Ministry and Bank of Russia released the Financial Market Development Strategy on September 13. The strategy talks about the development of a digital Ruble by 2030, as one of the key digitization tasks. As of now, the strategy is open to public discussions until October 13.

The Financial market development strategy elucidates the following benefits of digital ruble and measures:

- The introduction of a digital national fiat currency is primarily aimed at preventing the growing usage of cryptocurrencies or money surrogates, a term used by Russian regulators.
- The digital Ruble is expected to pave the way for newer financial instruments. It will boost the availability of banking services and bring down transaction costs.
- The digital ruble will also help in better management of financial crises and inflation.
- Digital ruble will be the third form of money issued by the Central Bank, the first two being the Russian ruble and Mir payment system adopted in 2017.
- The international standards set by the Committee on Payments and Market infrastructure and the International Organization of Securities Commissions and Financial stability board will be followed to safeguard consumer interests.

The Russian Finance Ministry reasons that cryptocurrencies encourage money laundering and impede the country's macroeconomic policies. The Financial Market Development Strategy of Russia comes soon after the (BIS) Head urged central banks across the world to expedite the process of developing their CBDCs to compete with private digital currencies and ensure security of the users.

Times of India

Singapore

Singapore's central bank to launch new digital platform to fight illicit banking transactions

Singapore will be armed with a new digital layer of security by 2023 against financial transactions intended to fund criminal and terrorist activities and the development of weapons of mass destruction.

The Monetary Authority of Singapore (MAS), which regulates one of the most trusted and secure financial hubs, announced on Friday (Oct 1) that it will launch a data and information-sharing platform, named Cosmic, to prevent money laundering, terrorism funding and proliferation financing.

Cosmic will allow financial institutions to securely share in a timely manner with one another information on customers or transactions, where they cross material risk thresholds.

The Cosmic platform has been co-created by MAS and six major commercial banks in Singapore - DBS, OCBC, UOB, Standard Chartered, Citibank and HSBC.

The six banks will continue to co-develop the platform with MAS, and will be the initial users when it is rolled out in 2023 alongside a regulatory framework to govern the information sharing.

MAS plans to progressively extend Cosmic's coverage to more financial institutions and make some aspects of sharing mandatory.

Cosmic will initially focus on three key financial crime risks in commercial banking - abuse of shell companies, misuse of trade finance for illicit purposes, and proliferation financing. More focus areas will be added later.

It will also start a public consultation process on the proposed legislative framework for Cosmic, as well as the platform's features.

The central bank said Cosmic will have strong security features to prevent unauthorised access to information, and will be operated by MAS. MAS will also require all Cosmic participants to implement robust measures to safeguard against unauthorised use and disclosure of Cosmic information. It will supervise financial institutions (FIs) for compliance with these requirements and take action against errant ones.

MAS said Cosmic, which stands for Collaborative Sharing of Money Laundering, Terrorism Financing Information and Cases, will help FIs warn one another about unusual activity in customers'

Straits Times

Banking and Finance Newsbriefs

Sri Lanka

Sri Lanka government forms panel to study digital banking, blockchain for attracting investment

Sri Lanka's Cabinet approved the formation of a committee that will study the rules and regulations governing digital banking, blockchain and crypto mining in other nations, as well as methods to prevent money laundering, terrorism financing and other criminal activities related to those technologies. The body will also study Know-Your-Customer processes.

The five-member committee will study the regulatory frameworks and approaches to crypto-related industries in countries such as Dubai, Malaysia, the Philippines, Singapore and the European Union.

The committee was proposed by Namal Rajapaksa, a cabinet member whose roles include minister of Development Coordination and Monitoring, minister for Sports and Youth Portfolio and state minister of Digital Technology and Enterprise Development of Sri Lanka.

According to a press release from the Department of Government Information, the development is an attempt to attract foreign investment in the areas of these technologies as Sri Lanka moves to modernize its economy under the national policy framework "Vistas of Prosperity and Splendor."

"The necessity of developing an integrated system of digital banking, blockchain and cryptocurrency mining has been identified to pace on par with the global partners in the region while expanding trade to the international markets," the department said in the release.

Coindesk

Taiwan

Digital cash plans to go ahead

Plans to develop a central bank digital currency are to go ahead, with the possibility that it might one day replace cash, central bank Governor Yang Chin-long said, adding that the process would not interfere with the bank's core roles of maintaining financial stability and supporting the economy.

Taiwan is in phase 2 of developing its own digital currency, which is the process of certification and conducting trial runs, after wrapping up a feasibility study in June last year, Yang told a forum in Taipei on the development of digital currencies and the future of Taiwan's financial industry.

Introducing a digital currency should not be a competition in which early adopters have an advantage, Yang said, adding that at stake are privacy, and a nation's financial stability and economic activity.

There are four phases for a central bank to develop a digital currency, with the third to involve pilot operations at some venues before a full-scale launch, he said.

A digital currency would need the support and participation of government agencies, the public, financial institutions, academics and infrastructure providers, he said, adding that stable and mature technology is required to maintain sturdy operations.

Moreover, it must have a legal basis for its use, including privacy protection, and guards against money laundering, cyberterrorism and other crimes so it can win trust, Yang said.

Taiwan would take cues from Europe and the US, where plans are in place to have government-run digital currencies coexist with cash, credit cards and electronic payment tools, he said, adding that digitalization is reshaping the world.

However, cash remains a popular payment vehicle, being used for more than NT$2 trillion (US$71.17 billion) of retail transactions last year, he said.

The central bank would stand firm in its role as the "lender of last resort" through its money market operations, allowing it to remain in regulatory control even in a post-cash era, he said.

Countries such as the Bahamas and members of the Organisation of Eastern Caribbean States have introduced digital currencies, mainly because electronic payment tools are not commonplace and the cost of printing notes is too high, Yang said.

Yang said that his organization has to make sure that its currency would not affect its missions, including the regulation of bank reserves, which are the source of credit creation.

Taipei Times

Banking and Finance Newsbriefs

Thailand

BoT focusing on digital innovation

The Bank of Thailand (BoT) is developing the country's financial ecosystem by balancing financial stability and technology development to transform the financial sector into the digital era.

In the past the central bank paid attention mainly on maintaining financial stability to build up a strong foundation for the local financial sector.

As digital technology has been developing rapidly and disrupting traditional financial services, all related parties, including the BoT, need to adjust in line with the change, governor Sethaput Suthiwartnarueput said at the central bank's Bangkok FinTech Fair 2021.

As a regulator, the central bank needs to support financial institutions to develop new innovative financial services and products to better respond to consumers' and businesses' demands in accordance with the digital age.

The BoT will also open all types of financial institutions including banks, non-banks and fintech companies to do business and grow businesses under the central bank's fair treatment. At the same time, the regulator needs to supervise them to prevent financial risk in the digital era.

Amid fast changing digital technology and the entry of new players in the financial market, the BoT would balance more between financial stability and the digital technology development of financial institutions.

The central bank would also increase flexibility of financial system supervision, Mr. Sethaput said.

For the financial stability, the regulator will pay more attention to financial institutions' resiliency to handle risks.

The local financial system has been developing digital infrastructure positively, in particular via the payment platform PromptPay with 60 million registrants and transactions per day rising to 85 billion baht.

Mr. Sethaput said that the digital banking development would also allow consumers and businesses to access financial services more easily and support economic expansion in the longer term.

Bangkok Post

Vietnam

Vietnam Witnesses Rise in Digital Banking Adoption Rate

The adoption of digital banking in Asia-Pacific (APAC) emerging markets, especially Vietnam, has caught up with developed markets, according to a recent report on the digital banking behaviours of 20,000 urban banking consumers across 15 APAC markets, including Vietnam.

The report, released by McKinsey, noted that the behaviour change has brought the financial services industry new prospects. The window for seizing opportunities will narrow quickly as consumers give serious consideration to innovative propositions from digital banks. It identified the gap between customers' interest in digital banking and their actual actions, how banks can better capture opportunities from this gap, and the core technologies that can support banks in doing so.

The report revealed that the increase in active digital bank users is arguably higher in Vietnam compared with APAC's emerging markets and some APAC-developed markets. Between 2017 and 2021, 88% of APAC consumers in emerging markets actively use digital banks, a 33 percentage points increase. In Vietnam, the numbers rose by 41 percentage points to 82% in 2021. At the same time, fintech and e-wallet penetration reached 56% in 2021 for Vietnam, a hike of 40 percentage points from 2017. This penetration level is higher than the average of APAC emerging markets (at 54%) and developed markets (43%).

Vietnam is witnessing an increase in demand for online and mobile banking services from consumers, which is driving the digital transformation of banks. Online transactions in Vietnam for the first four months of this year jumped 66% compared with the same period last year, which has been accelerated enormously by the pandemic.

The large majority (73%) of Vietnamese consumers are multi-channel banking users. This means they use a combination of digital banks and physical branches. Despite the change in consumer behaviours, banks are not doing enough to capture digital sales, due to limited digital offerings and a lack of meaningful engagements with digital users. Accordingly, three strategic moves banks can consider in closing this gap include rethinking the role of branches. Banks need to strengthen branches' omnichannel delivery – measuring both financial goals and customer satisfaction.

OpenGov Asia

Publications

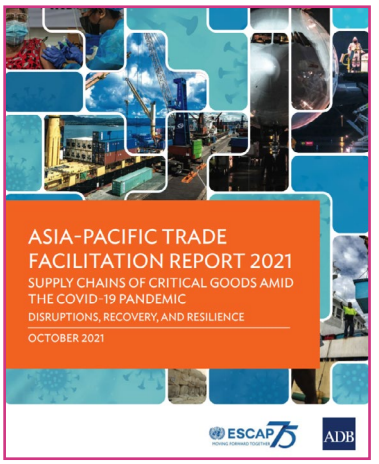
Asia-Pacific Trade Facilitation Report 2021

This report reviews the impact of trade facilitation initiatives in Asia and the Pacific since the coronavirus disease (COVID-19) pandemic began and discusses how to increase supply chain resilience.

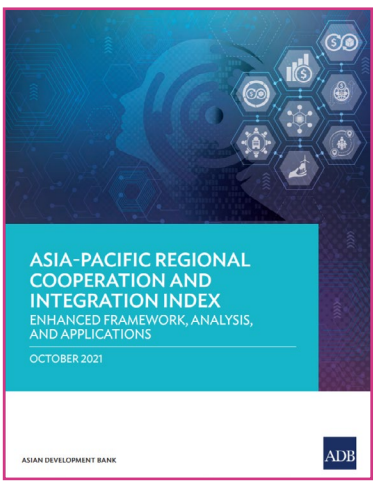
Supply chain disruptions caused by the pandemic have underscored the need for digital and paperless trade procedures. A special chapter examines the pandemic's impact on the supply chains of critical goods such as vaccines, personal protective equipment, and food, and provides policy suggestions for enhancing supply chain resilience and trade facilitation. This is the third biennial progress report on trade facilitation implementation in Asia and the Pacific jointly prepared by the Asian Development Bank and the United Nations Economic and Social Commission for Asia and the Pacific.

Contact Details: ADB Publications

Website: https://www.adb.org/publications/asia-pacific-trade-facilitation-report-2021



Asia–Pacific Regional Cooperation and Integration Index



This report discusses the enhanced framework of the Asia–Pacific Regional Cooperation and Integration Index (ARCII) that now includes digital connectivity and environmental cooperation among other innovations for monitoring progress.

The ARCII has been used for monitoring progress in various dimensions of regional cooperation and integration (RCI) in Asia and the Pacific since 2017. With these new features of the ARCII, the report explores the links between regional and global economic integration and sheds light on the application of the index to RCI analysis and policy strategies for Asia and Pacific economies.

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