Asian Bankers Association

Newsletter

July 2022

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ASIAN BANKERS ASSOCIATION

ABA Announcements

ABA Releases Promotional Flyer for 38th ABA General Meeting & Conference

The Asian Bankers Association (ABA) has released the promotional flyer of the 38th ABA General Meeting and Conference to be held virtually on November 1-4, 2022.

Jointly co-hosted by Rizal Commercial Banking Corp. (RCBC) and Hatton National Bank (HNB), this year's ABA Conference will carry the theme of "Redefining The Future Of Banking Through Digital Transformation" and feature four Plenary Sessions, namely:

- Plenary Session One: The Digital Transformation Journey
- Plenary Session Two: Asian Banks: Navigating Through a Digitized Environment
- Plenary Session Three: Promoting a Sustainable World: Fostering Green Finance
- Plenary Session Four: Emerging Trends in Banking and Financial Services
  - ◊ Sub-Session One: Fintech Revolution: Impact on the Banking Industry
  - ◊ Sub-Session Two: The Future of Digital Currency
  - ◊ Sub-Session Three: Shifts in the Banking System: LIBOR and Others

An updated and more detailed Program and other relevant information (e.g., meeting link, registration procedure, etc.) as soon as these are available.

ABA Chairman Eugene Acevedo writes to HNB regarding the ongoing crisis in Sri Lanka

In a letter to Mr. Jonathan Alles, Managing Director & CEO of Hatton National Bank (HNB), ABA Chairman Mr. Eugene Acevedo, President & CEO of Rizal Commercial Banking Corp. (RCBC) from the Philippines, expressed his great concern that "we learned of the massive protests that recently took place in Colombo due to the economic upheaval that the country is undergoing, and which has resulted in the current political turmoil. We hope that you, your family members, your Bank officers and staff, and the operations of your Bank have not been adversely impacted by these recent developments in your country," Mr. Acevedo told Mr. Alles.

"On behalf of the officers and members of the ABA, I wish to convey to you and the entire Sri Lankan people our deepest apprehension with what is going on in the country's economic and political front. We hope and pray and deeply believe that you will be able to overcome this worst crisis that your country has experienced in the past few years, and that Sri Lanka will come out of it an even stronger and more stable nation," the ABA Chairman assured the HNB head.

ABA Invites members and friends to Join the Online Meeting of the ABA Policy Advocacy Committee

The Asian Bankers Association (ABA) wishes to members and friends to participate in the online meeting of the ABA Policy Advocacy Committee to be held on August 3, 2022, from 02:30 PM to 04:30 PM, Taipei time.

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

To join the meeting, interested parties may register from the link here.

ABA & Fintelekt holds a webinar on "The Cost of Financial Crime Compliance in APAC"

The Asian Bankers Association (ABA) invited members and friends to join the free webinar on "The Cost of Financial Crime Compliance in APAC" on July 20, 2022 at 11.00 am IST / 1.30 pm SGT.

Jointly hosted by Fintelekt Advisory Services Ltd. and ABA, the webinar included a presentation on the key findings of the True Cost of Financial Crime Compliance Study 2022 that was published recently by LexisNexis Risk Solutions.

In addition, panelists discussed the following key issues:

1. How are banks dealing with:
   a. Sourcing the right compliance talent to deal with ongoing compliance complexities
   b. The volatile sanctions screening landscape due to the Russia-Ukraine war
   c. The risks emanating from digital payments
   d. The challenge of developing a single risk customer profile and maintaining an audit trail for transactions in a comprehensive manner
2. Mechanisms that should be put in place to ensure that DNFBPs cannot abuse the banking system.
3. Areas in compliance screening operations facing the largest challenges and overcoming them.
4. Alert volumes and clearance time – has the pandemic contributed to this adversely; and what has been the impact on analyst teams' productivity and the ability to file suspicious transaction reports in a timely manner.

Regulation Asia organized webinar on "Fraud & Financial Crime Asia 2022" to be held on July 13-14, 2022

The Asian Bankers Association (ABA) invited members, associates and friends to the "Fraud & Financial Crime Asia 2022" Conference organized by Regulation Asia on July 13-14, 2022 both virtually and in Singapore.

With the ABA as Supporting Organization, the two-day conference aimed at helping fraud and financial crime practitioners obtain a comprehensive view of the regulatory landscape, the latest tactics used by illicit actors, and how the industry is addressing financial crime risk. It featured over 45 speakers on topics covering fraud risk, sanctions, AML practices, shell company abuse, crypto-related crime, environmental crime, corruption, and bribery, and TBML.

ADB holds Asian Impact Webinar on Recovering Learning Losses from the COVID-19 Pandemic

The Asian Development Bank (ADB) hosted the Asian Impact Webinar on Recovering Learning Losses from the COVID-19 Pandemic on July 21, 2022 at 11:00 am – 12:00 noon, Manila time (GMT+8).

The webinar noted that closing schools during the COVID-19 pandemic has caused substantial learning losses, which threaten to weigh down this generation of students for life. Speakers shared their thought on what can be done to recover these losses.

Training and Education

ABA invites members to "ATMIA Asia Conference 2022" on July 27-28 in Singapore

The Asian Bankers Association (ABA) would like to invite members to join "ATMIA Asia Conference 2022" to be held on July 27-28 in Singapore.

The two-day Conference, of which ABA is a Media Sponsor, will open with a keynote address by DBS on applying new technologies to provide compelling new experiences for customers, including through the use of technologies such as facial recognition, robots and 5G enabled ATMs.

By attending the Conference, participants will be able to get a further understanding on:

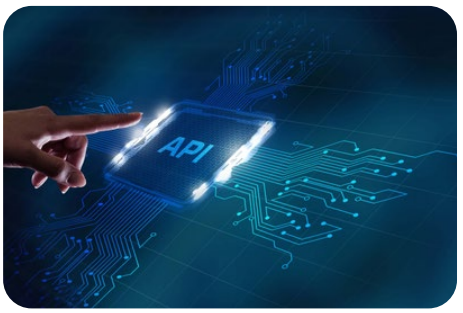
- Future-proofing ATMs through Next Gen;
- Trends in cash use, cash logistics and cash management;
- Digital innovations;
- Improving the ATM customer experience through mobile apps;
- Innovating the cash cycle;
- Crypto and the role of ATMs, and Central Banks;
- All aspects of ATM security; and
- Improving uptime and reducing operation cost

For on-line registration and more information on the event, interested parties may wish to check the following link: Asia Conference (atmia.com).

News Updates

GTreasury launches new data connectivity solution

By Sara Velezmoro



Treasury management system (TMS) provider, GTreasury, has announced the global launch of new application programming interface (API) connectivity technology, ClearConnect which aims to improve accuracy and reliability of corporate treasury teams' connectivity with third-party data.

The emergence of API technology has enabled treasury teams to consolidate fragmented data into a single TMS, improving visibility of liquidity and cash positions – and, in turn, forecasting and business decisions. APIs have been hailed as one of the most useful new tools available to treasurers and an essential part of treasury digitalisation.

This is the pain point that ClearConnect is trying to address, he told Corporate Treasurer. As the underlying connectivity technology that now powers GTreasury's platform and ecosystem, this new solution includes multiple connection types, including APIs, but also the underlying workflows.

On the progress made by APAC treasury teams in digitalization compared with the rest of the world, Srejovic said: "While API availability and adoption were seen earlier in Europe and North America, it has been quickly ramping up in the APAC region over the past couple of years, particularly in Singapore."

GTreasury's latest technology enables functionality across payment approval rules, payment workflows, payments and templates, balances and transactions, general ledgers, deal management, bank accounts, bank account management, legal entities, forecasts, operators and data extracts, the announcement explained.

On the trends important to treasury teams today, Srejovic highlighted interest rate changes and FX volatility. These have prompted them to demand more robust hedging strategies.

In January, GTreasury bought California-based hedge accounting software company, Hedge Trackers. This followed its acquisition of Genera-based intercompany netting solutions provider, Coprocess, in 2021.

Advancements in payment technology and cybersecurity concerns are also top-of-mind for treasury and finance teams, Srejovic said.

"While advances in payment capabilities have opened the door for increased efficiencies, lower transaction costs and more robust internal controls, it's important that treasurers work closely with their IT teams in evaluating technology providers. More than ever, they need to ensure those providers are well-vetted from a security standpoint," he advised.

Corporate Treasurer

Crypto crash has positive long-term implications

By Lewis McLellan

The collapse in cryptocurrency values over the past few months has been extremely painful for investors, but while many market participants are licking their wounds, others are taking a positive view of the shakeout.

Du Jun, co-founder of Huobi — a Singapore-based cryptoasset trading platform founded in 2013 — believes that the collapse in the value of cryptocurrencies, triggered by the failure of the algorithmic stablecoin Terra, will make the market stronger in the long term.

In late May, a wave of withdrawals taxed Terra's ability to maintain its peg and investors lost confidence and streamed for the exits, causing an old-fashioned bank run. To defend its peg with the dollar, Terra began selling bitcoin to raise the money to make good on their obligations to redeeming investors. The selling began to push down cryptocurrency values so precipitously that major institutional players suffered margin calls and the forced liquidation of their collateral.

Overall, the cryptocurrency market cap bottomed out at around $815bn, down from the $2.1tn of just three months earlier. It has barely recovered, hovering around $920bn in early July.

At an OMFIF Wealth Strategy Institute event, Du Jun said that the collapse would have two consequences. 'First, regulators are paying more attention and are going to implement stricter regulations,' he said.

Indeed, there are already indications that regulators are hardening their stances. The Monetary Authority of Singapore is implementing a new licensing process for crypto business, which Chief Fintech Officer Sopnendu Mohanty called 'painfully slow' and 'extremely draconian'.

A bill proposed in the US Senate by Senators Cynthia Lummis and Kirsten Gillibrand in late May would do a great deal to mitigate the threats posed by less well-designed digital assets.

Du Jun believed that investors as well as regulators will take the risks of the cryptocurrency market more seriously, thinking that the crash would discourage recklessness. 'As other players start to come in, they'll be more cautious. That's a good thing for the market. Stricter regulations and less blind trust in tokens will enable more cautious investments in the future.'

With the risks of investing in the nascent cryptocurrency asset class thrown into sharp relief, Du Jun offered some guidance to those considering taking a position. Despite being keen to see the digital asset ecosystem grow, Du Jun warned investors against overallocating to digital assets, suggesting that 5%-10% of a portfolio is an appropriate level of exposure to such a risky asset class.

He pointed out that there are established frameworks for valuing equities — price to earnings ratio, price to book ratio and so on — that can guide investors to an assessment of value. 'Bitcoin and Ethereum are mature assets and have indicators like this,' he said. 'But for newer digital assets, the average investor can't rely on indicators of value, so they shouldn't be a core part of their portfolio.'

Therefore, for new investors, he recommended sticking to relatively established and proven assets including bitcoin and Ethereum. While the potential for growth is lower, they are stable in comparison to newer cryptocurrencies.

But for those looking to venture beyond the big two, Du Jun had three key recommendations. The first was to treat the assessment of a cryptocurrency in a similar way to the evaluation of equities by venture capitalists. 'First, we look at whether the team is reliable,' he said. 'Are they successful serial entrepreneurs? Do they have a viable business model? What is their track record, educational and technical background?'

He also highlighted that it is important to examine the way the project's token is distributed, since the supply of cryptocurrency tokens may be controlled by the founding team, which adds a layer of concentration risk and possible moral hazard.

Du Jun also warned that the performance of the token is not the only risk to which cryptocurrency investors are exposed. The security of the trading platform is also relevant to the risk profile of an investment in the world of cryptocurrency where hacks and exploitations frequently cause investors to lose their money.

Lewis McLellan is Editor of OMFIF's Digital Monetary Institute.

Official Monetary and Financial Institutions Forum (OMFIF)

Singapore, Malaysia, Indonesia unleash cash to ease inflation bite

By Takashi Nakano, Nikkei staff writer

Southeast Asian governments have started to roll out another round of economic relief packages to help citizens stay afloat in difficult economic times, but this time the funding is targeting the fallout from inflation instead of COVID-19.

Across the region, people are struggling to make ends meet as the Ukraine war as well as persistent supply chain disruptions have driven up the prices of everyday items. With several countries getting ready to hold elections in the next 18 months, officials have made moves to disperse cash before people vote with their wallets.

Singapore has announced a stimulus measure worth 1.5 billion Singapore dollars ($1.07 billion) that assists households and small businesses. Individuals earning SG$34,000 or less a year will receive as much as SG$300 in August. Taxi drivers and couriers struggling with high fuel prices will receive payments between SG$150 and SG$300.

All households will also receive a SG$100 utility credit. In addition, the government will provide financial subsidies for small and midsized food manufacturers and retailers that adopt fuel-efficient equipment.

In Malaysia, Prime Minister Ismail Sabri Yaakob said households in the bottom 40% income bracket will receive payments of 100 ringgit ($22.65) while individuals in that same bracket will receive 50-ringgit payments.

Relief payments will total 630 million ringgit, benefiting 8.6 million people. The government also froze hikes on electricity and water fees on June 24.

The Thai government has granted a three-month extension to ongoing relief measures, which will now run until September. Assistance includes cooking gas subsidies for low-income people.

In Indonesia, the cash payments are being directed to roughly 20 million households and 2.5 million street food vendors in response to surging cooking oil prices.

These measures come amid historically high inflation rates. Thailand's consumer prices rose 7.66% in June from a year earlier, marking a 14-year high. Singapore's consumer prices in May jumped 5.6%, the fastest pace in more than 10 years.

"The support measures in this package are tilted toward helping our lower-income and vulnerable groups, because they are the ones who are disproportionately impacted by the effects of inflation," Lawrence Wong, Singapore's minister of finance and deputy prime minister, said when announcing the support package last month.

There is also a political wrinkle to the relief measures. Malaysia and Thailand will hold general elections by the end of 2023. Governments often take the blame for inflation and the lower quality of living that can come with it.

Malaysian Prime Minister Ismail Sabri said last month that the price caps on chicken that were due to expire in July will be kept in place to "safeguard the interests" of the Malaysian people.

A woman shops at a supermarket in Singapore. Food prices have surged in Southeast Asia. (Photo by Takashi Nakano)

In Singapore, Wong has been appointed as the successor of the current Prime Minister Lee Hsien Loong. As such, Wong is leading the relief rollout.

"You have my word that if the situation worsens significantly, we will be prepared to do more, especially to provide targeted help for the lower-income groups," Wong told lawmakers on Monday.

However, the additional relief packages risk damaging national finances already strained by the pandemic response. Some countries have already begun to show signs of lax fiscal discipline.

In 2021, Thailand raised the cap on government debt to 70% of gross domestic product from 60%. That same year, Malaysia raised the debt ceiling to 65% of GDP from 60%.

"Southeast Asian countries have relatively low shares of debt that are denominated in foreign currencies, so there will be no problems in terms of short-term funding," said Hiromasa Matsuura, senior economist at Mizuho Research & Technologies. "However, interest rates are expected to rise, so care needs to be taken toward additional fiscal burdens."

The Thai baht has sunk to a five-and-a-half-year low against the U.S. dollar. Concerns over economic stagnation caused by inflation, as well as over deteriorating fiscal conditions, could lead to a weaker currency and accelerated capital outflows.

Singapore plans to fund its SG$1.5 billion economic relief package with additional tax revenue. The government has committed to go ahead with plans to hike the national sales tax on next year and in 2024, despite inflationary pressures.

According to Malaysia's 2023 budget proposal released last month, the financial subsidies will not be universal. Instead, the government is set to take a "more targeted approach" that focuses on vulnerable income level groups.

A prolong conflict between Russia and Ukraine may lead to long-term high food and energy prices. Those least able to weather these trends are becoming increasingly impatient.

"A single cash payment is not going to erase my struggles," said Latifah Ismaill, a janitor in Singapore.

Nikkei Asia

Sri Lanka's crisis rings alarm for other troubled economies

By Elaine Kurtenbach

Sri Lanka is desperate for help with weathering its worst crisis in recent memory. Its schools are closed for lack of fuel to get kids and teachers to classrooms. Its effort to arrange a bailout from the International Monetary Fund has been hindered by the severity of its financial crisis, its prime minister says.

But it's not the only economy that's in serious trouble as prices of food, fuel and other staples have soared with the war in Ukraine. Alarm bells are ringing for many economies around the world, from Laos and Pakistan to Venezuela and Guinea.

Some 1.6 billion people in 94 countries face at least one dimension of the crisis in food, energy and financial systems, and about 1.2 billion of them live in "perfect-storm" countries, severely vulnerable to a cost-of-living crisis plus other longer-term strains, according to a report last month by the Global Crisis Response Group of the United Nations Secretary-General.

The exact causes for their woes vary, but all share rising risks from surging costs for food and fuel, driven higher by Russia's war on Ukraine, which hit just as disruptions to tourism and other business activity from the coronavirus pandemic were fading. As a result, the World Bank estimates that per capita incomes in developing economies will be 5% below pre-pandemic levels this year.

The economic strains are fueling protests in many countries, as meanwhile, short-term, higher interest borrowing to help finance pandemic relief packages has heaped more debt on countries already struggling to meet repayment obligations. More than half of the world's poorest countries are in debt distress or at high risk of it, according to the U.N.

Some of the worst crises are in countries already devastated by corruption, civil war, coups or other calamities. They muddle along, but with an undue burden of suffering.

Here's a look at a few of the economies that are in dire straits or at greatest risk.

Afghanistan

Afghanistan has been reeling from a dire economic crisis since the Taliban took control as the U.S. and its NATO allies withdrew their forces last year. Foreign aid — long a mainstay — stopped practically overnight and governments piled on sanctions, halted bank transfers and paralyzed trade, refusing to recognize the Taliban government. The Biden administration froze $7 billion in Afghanistan's foreign currency reserves held in the United States. About half the country's 39 million people face life-threatening levels of food insecurity and most civil servants, including doctors, nurses and teachers, have been unpaid for months. A recent earthquake killed more than 1,000 people, adding to those miseries.

Argentina

About four of every 10 Argentines are poor and its central bank is running perilously low on foreign reserves as its currency weakens. Inflation is forecast to exceed 70% this year. Millions of Argentines survive largely thanks to soup kitchens and state welfare programs, many of which are funneled through politically powerful social movements linked to the ruling party. A recent deal with the IMF to restructure $44 billion in debt faces questions over concessions that critics say will hinder a recovery.

Egypt

Egypt's inflation rate surged to almost 15% in April, causing privation especially for the nearly one-third of its 103 million people living in poverty. They were already suffering from an ambitious reform program that includes painful austerity measures like floating the national currency and slashing subsidies for fuel, water and electricity. The central bank raised interest rates to curb inflation and devalued the currency, adding to difficulties in repaying Egypt's sizable foreign debt. Egypt's net foreign reserves have fallen. Its neighbors Saudi Arabia, Qatar and the United Arab Emirates have pledged $22 billion in deposits and direct investments as assistance.

Laos

Tiny, landlocked Laos was one of the fastest growing economies until the pandemic hit. Its debt levels have surged and like Sri Lanka, it is in talks with creditors on how to repay billions of dollars worth of loans. That's an urgent issue given the country's weak government finances. Its foreign reserves are equal to less than two months of imports, the World Bank says. A 30% depreciation in the Lao currency, the kip, has worsened those woes. Rising prices and job losses due to the pandemic threaten to worsen poverty.

Lebanon

Lebanon shares with Sri Lanka a toxic combination of currency collapse, shortages, punishing levels of inflation and growing hunger, snaking queues for gas and a decimated middle class. It, too, endured a long civil war, its recovery hampered by government dysfunction and terror attacks.

Proposed taxes in late 2019 ignited longstanding anger against the ruling class and months of protests. The currency began to sink and Lebanon defaulted on paying back worth about $90 billion at the time, or 170% of GDP — one of the highest in the world. In June 2021, with the currency having lost nearly 90% of its value, the World Bank said the crisis ranked as one of the worst the world has seen in more than 150 years.

Myanmar

The pandemic and political instability have buffeted Myanmar's economy, especially after the army seized power

in February 2021 from the elected government of Aung San Suu Kyi. That brought Western sanctions targeting commercial holdings controlled by the army, which dominate the economy. The economy contracted by 18% last year and is forecast to barely grow in 2022. More than 700,000 people have fled or been forced from their homes by armed conflicts and political violence. The situation is so uncertain, a recent global economic update from the World Bank excluded forecasts for Myanmar for 2022-2024.

Pakistan

Like Sri Lanka, Pakistan has been in urgent talks with the IMF, hoping to revive a $6 billion bailout package that was put on hold after Prime Minister Imran Khan's government was ousted in April. Soaring crude oil prices pushed up fuel prices which in turn raised other costs, pushing inflation to over 21%. A government minister's appeal to cut back on tea drinking to reduce the $600 million bill for imported tea angered many Pakistanis. Pakistan's currency, the rupee, has fallen about 30% against the U.S. dollar in the past year. To gain the IMF's support, Prime Minister Shahbaz Sharif has raised fuel prices, abolished fuel subsidies and imposed a new, 10% "super tax" on major industries to help repair the country's tattered finances. As of late March, Pakistan's foreign exchange reserves had fallen to $13.5 billion, equivalent to just two months of imports. "Macroeconomic risks are strongly tilted to the downside," the World Bank warned in its latest assessment.

Turkey

Worsening government finances and a growing trade and capital account deficit have compounded Turkey's troubles with high and rising debt, inflation — at over 60% —and high unemployment. The Central Bank resorted to using foreign reserves to fend off a currency crisis, after the beleaguered lira fell to all-time lows against the U.S. dollar euro in late 2021. Tax cuts and fuel subsidies to cushion the blow from inflation have weakened government finances. Families are struggling to buy food and other goods, while Turkey's foreign debt is about 54% of its GDP, an unsustainable level given the high level of government debt.

Zimbabwe

Inflation in Zimbabwe has surged to more than 130%, raising fears the country could return to the hyperinflation of 2008 that reached 500 billion percent and heaping problems on its already fragile economy. Zimbabwe struggles to generate an adequate inflow of greenbacks needed for its largely dollarized local economy, which has been battered by years of de-industrialization, corruption, low investment, low exports and high debt. Inflation has left Zimbabweans distrustful of the currency, adding to demand for U.S. dollars. And many skip meals as they struggle to make ends meet.

Associated Press writers Munir Ahmed in Islamabad, Pakistan and Krishan Francis in Colombo, Sri Lanka, contributed to this report.

AP News

Among Member Banks

BEA Becomes First Bank Headquartered in Hong Kong to Join PCAF

The Bank of East Asia, Limited ("BEA") announces it has become the first bank headquartered in

Hong Kong to join the Partnership for Carbon Accounting Financials ("PCAF"). This is a major step taken by the Bank in managing and disclosing data related to emissions indirectly generated from the financing it provides to corporate customers.

PCAF is a collaboration between financial institutions worldwide that enables harmonised assessment and disclosure of the greenhouse gas emissions associated with financial institutions' loans and investments.

"BEA's greatest environmental impact is through the financing our Bank extends to other companies. By measuring and reducing the emissions generated indirectly by our business activities, we at BEA can most effectively support local, national, and international climate change goals," said Mr. Brian Li, Co-Chief Executive of BEA and Chairman of BEA's ESG Steering Committee.

As a PCAF signatory, BEA is required to begin disclosing data publicly on financed emissions within the next three years. PCAF provides emissions data and technical assistance that will help BEA measure emissions related to financed activities for accurate and consistent reporting. Going forward, the Bank will measure financed emissions in its corporate bond investments and corporate loans by sector and set clear targets as part of the Bank's overall effort to reduce its direct and indirect greenhouse gas emissions.

Bank of East Asia News

State Bank of India increases MCLR by 10 bps, second hike since June

State Bank of India has hiked its marginal cost of funds-based lending rate (MCLR) by 10 basis points (bps), effective July 15. The overnight, one-month, and three-month MCLR now stand at 7.15 per cent.

The six-month MCLR is at 7.45 per cent; one-year MCLR is at 7.50 per cent; two-year MCLR is at 7.70 per cent; and three-year MCLR is at 7.80 per cent.

SBI increased its MCLR by 20 bps in June, a week after the six-member monetary policy committee increased the repo rate by 50 basis points (bps) to 4.90 per cent.

The revision in lending rates follows the hike in benchmark policy rates undertaken by the central bank's rate-setting body to tame headline inflation, which has been breaching the upper tolerance limit of the RBI for quite some time now.

Business Standard

MUFG to Establish a New Trading Firm in Japan

MUFG's consolidated subsidiary MUFG Bank today announced the establishment of a wholly owned subsidiary, based on approval from the Japanese Financial Services Authority (JFSA). The new entity, MUFG Trading, Ltd. (MUFG Trading), will be dedicated to providing new structured trade financing solutions to our corporate clients with the aim of stabilizing and strengthening their global supply chains.

The launch of its financing business is expected to take place within 2022.

The business environment surrounding MUFG's corporate clients is changing drastically with unprecedented speed, due to the advancement of globalization, geographical and political risk. Clients who trade globally in particular have a pressing need for the creation and sophistication of supply chains for procuring raw materials, etc.

MUFG Trading is being established with the aim of helping customers overcome these

challenges by providing unique financing solutions for their sales and purchase of goods

and raw materials.

MUFG Trading will sign sales and purchase agreements with sellers and buyers to provide novel structured trade finance solutions. It will support clients' balance sheet optimization needs as well as the strengthening of global supply chains.

MUFG will further contribute to the development and growth of industry by providing high value-added services for our clients, helping to solve their management issues.

MUFG News

One more Japanese bank to enter GIFT City: Mizuho Bank

After Mitsubishi UFJ Financial Group (MUFG) recently announced that it had received the nod to open a branch at Gujarat International Finance Tec (GIFT) City, yet another Japanese lender, Mizuho Bank, is preparing to enter GIFT City in Gandhinagar, according to industry sources privy to the development. Sources said that bilateral terms are being finalized for which state approvals are required, and the launch will be formalized thereafter.

MUFG Bank's branch will soon open for foreign-currency-denominated lending business. Industry sources said that as India's first international financial services centre (IFSC) is gaining traction across the globe, more foreign banks are foraying into it.

"Mizuho will offer retail banking services to Japanese corporate clients. Gujarat is home to at least 40 companies from Japan operating in segments such as automobiles, finance management, chemicals, trading, pharmaceuticals, ceramics, and infrastructure," a well-placed source said. "Other Japanese banks are also eyeing opportunities at GIFT-IFSC."

With GIFT City offering opportunities to foreign banks to book India-linked offshore businesses, more players are setting up a base here, industry sources said.

Mizuho Bank is among the largest banks in Japan and has long-standing presence in Gujarat with its branch operating in Ahmedabad since 2015.

Times of India

SMBC Names APAC Head of ESG Solutions

Japan's Sumitomo Mitsui Banking Corporation has appointed a new head of environmental, social and governance solutions for the region.

Priya Bellino joins SMBC as its head of ESG solutions for Asia Pacific, according to a statement, effective immediately. Based in Singapore, she reports to managing director and APAC deputy head of corporate banking David Koh.

Bellino was most recently with EY where she was a member of its sustainable finance business consulting practice, advising banks, asset managers and insurers. Prior to EY, she spent 17 years with Goldman Sachs in various roles including head of the APAC risk engineering department, managing portfolio analytics, capital exposure monitoring and risk metrics reporting.

Finews.asia

KEB Hana, A South Korean Bank, Expands to the Sandbox

KEB Hana has entered into the virtual space of The Sandbox as a part of its global virtual expansion. KEB Hana is a South Korean bank that will now offer its services in the metaverse by opening a branch.

Users can access the virtual brand of the South Korean bank and avail of the basic banking services like experiencing coloration opportunities and getting insight into promoted investment.

The business model will be a collaborative effort of KEB Hana and other partners of The Sandbox. KEB Hana's entrance into The Sandbox follows the inauguration of HSBC in the ecosystem.

KEB Hana was established in 1967. It is now the best banking facility in the region regarding foreign exchange products and possesses the most valuable assets in the treasury.

Metaverse is gaining traction and is expected to have most of the population in the coming years. Many industries and their best brands are attempting to mark their presence in the metaverse to better connect with users and spread brand awareness.

The same principle has been talked about by So Jung Kim, the Deputy President of KEB Hana Bank. He said that people would experience Web3 only through metaverse, adding that the bank was excited to be a part of the new trend.

Jung Kim also said the partnership could open doors to opportunities to offer new services, especially to the younger generation.

There is no exact word on what kind of new services could be offered; however, the younger generation is headed towards the metaverse. Brands that have understood, or seen, where the tide is moving have decided to make a move to claim first movers advantage.

Other industries' brands are expected to follow the trend soon enough. Before the metaverse gets crowded with many brands, quick decision makers are sure to have benefits.

CrptoNewsZ

Maybank secures AA rating by MSCI ESG Ratings

Maybank has received an 'AA' rating by MSCI ESG Ratings for the second consecutive year. This leadership rating of 'AA' places Maybank among the top 36% of 189 diversified banks rated globally based on the MSCI ACWI Index (All Country World Index), of which only 4% achieved the highest rating of AAA. This rating assessment ranges from CCC, B, BB, BBB, A, AA, to AAA.

The rating was based on an assessment of Maybank's sustainability policies and practices covering seven broad areas namely Financing Environmental Impact, Consumer Financial Protection, Human Capital Development, Access to Finance, Privacy & Data Security, Corporate Governance and Corporate Behaviour.

The Ratings report stated among others, that the 'AA' score comes on the back of Maybank's strong consumer protection practices including having a complaint hotline and loan modification options for customers with financial difficulties. The report adds that the Group's customer complaint mechanism's effectiveness ranks one of the best among industry peers, cementing its Customer Financial Protection ranking ahead of even its global top five peers.

Additionally, it highlights that Maybank's loan book exposure to environmentally intensive industries was low relative to peers with just around 4.9% of Maybank's loans being exposed to highly environmental-intensive industries (agriculture, metals & mining and utilities) as of May 2021. It notes the Bank's commitment to deny financing for blacklisted activities not aligned with its values, as well as new coal activities, while transitioning to a renewable energy mix with existing borrowers over the medium to long term, as well as commitment to mobilise RM50 billion in sustainable financing by 2025.

Group President & CEO, Dato' Khairussaleh Ramli said that Maybank was pleased that its sustainability efforts continue to be recognised globally particularly with this rating by MSCI ESG Ratings for the second consecutive year.

"Our sustainability commitments are part of our journey to realise our ambition of becoming a regional ESG leader, and we are accelerating all efforts through our M25 Plan to help drive positive change in the markets we operate," he said.

Maybank News

Among Member Banks

BML Community Fund projects completed in Kinbidhoo and Landhoo

Following a year which saw record-breaking performBank of Maldives has announced on July 21, the successful completion of projects in Th. Kinbidhoo and N. Landhoo as part of its Community Fund.

Under the project, a picnic area was developed in Th. Kinbidhoo. The space will be utilized by residents and students of Kinbidhoo School, and is equipped with huts, traditional joali, wooden benches, BBQ areas and an outdoor shower.

Commenting on the project, Aishath Sama said "As there is no proper beach on the island, residents usually travel to nearby islands for picnic or recreational activities. With the development of this area, we now have a space for everyone to enjoy."

A barbeque area was developed in N. Landhoo through the Community Fund. The space is equipped with wooden benches, traditional joali, huts and has a canteen with mini library and a storage area.

The winner of the Community Fund proposal, Ahmed Rasheed stated "Our aim is to create a space to bring families and the community together. Sincere gratitude to everyone who supported to make this project a reality"

The Community Fund supports projects in the thematic areas of education, environment, sports and community development. The Bank is currently evaluating the proposals received for the second quarter of this year.

Bank of Maldives News

Sanima Bank: now at Nepaltar, Kathmandu

Sanima Bank inaugurated Nepaltar branch at Nepaltar, Tarkeshwor Municipality ward no. 11 on July 1, 2022. Sanima Bank's Nepaltar branch was jointly inaugurated by Brand Ambassador Mr. Madan Krishna Shrestha and Director of Sanima Bank, Mrs. Gayatri Thapa amidst a ceremony.

Brand Ambassador Mr. Madan Krishna Shrestha and Director Mrs. Gayatri Thapa congratulated for expansion of Bank in Nepaltar area and passed on good wishes for its continuous growth and success as a strong and reliable bank. Further, Chief Executive Officer, Mr. Nischal Raj Pandey expressed his gratitude to customers and stakeholders for continuous support and patronage and expressed commitment to provide a quality service.

Sanima Bank is providing banking services from 127 offices and 118 ATM networks in all 7 provinces

Sanima Bank Limited News

Veloso steps down as PNB President, Bank appoints Officer-in-Charge

Philippine National Bank (PNB) has announced that Jose Arnulfo "Wick" A. Veloso is stepping down from his post as Bank President effective noon of July 5, 2022. This announcement comes on the heels of his appointment as President and General Manager of the Government Service Insurance System (GSIS) by Philippine President Ferdinand R. Marcos, Jr.

The Lucio Tan-led Bank also disclosed that it has appointed PNB Director Florido P. Casuela as Acting President of PNB as the Bank searches for a new chief executive. He will assume office effective July 5, 2022.

"PNB is poised to start a new chapter in our history and it is a very opportune time as the Philippines is also starting a new journey as a nation under a new administration," says PNB Chairman Federico C. Pascual. "Over the recent years, PNB has been preparing itself for long-term, sustainable growth, and this includes getting ready to do our part in nation-building."

Casuela joined PNB in 2006 as Director. He is currently the Chairman of PNB Securities, Inc. and Casuela Equity Ventures, Inc. He is also a Director of PNB International Investments Corporation; PNB RCI Holdings Co., Ltd.; and Surigao Micro Credit Corporation. He is a Senior Consultant of the Bank of Makati, Inc. Prior to PNB, he served as President of the Land Bank of the Philippines and of Maybank Philippines, Inc. He is a Certified Public Accountant. He obtained both his Bachelor of Science degree in Business Administration, major in Accounting and his Master's degree in Business Administration, from the University of the Philippines.

Pascual said, "As we start this new chapter, we thank Mr. Veloso for his invaluable contributions to PNB. His strategy-focused leadership paved the way for PNB to achieve significant milestones and allowed the bank to carry its mission through the pandemic."

Veloso assumed the PNB presidency on November 15, 2018. Prior to PNB, he held the distinction of being the first Filipino CEO for HSBC Philippines. Veloso's extensive banking and capital markets experience spans over 30 years. Apart from being the Bank's CEO, he also held several directorships within the Lucio Tan Group.

As PNB President and CEO, Veloso's main challenge was leading the bank through the COVID-19 pandemic and ensuring continued service to customers. At the height of the pandemic, the bank beefed up its online banking services by introducing online account opening, offering mobile banking transactions, and enhancing its digital banking app.

PNB's proactive stance and continued banking service during the pandemic earned it an award from The Asian Banker as "Best Managed Bank" and "Best CEO" in October 2020. In 2022, the bank was recognized by Asiamoney as the "Best Bank for Investment Research in the Philippines" for the second

consecutive year in its Private Banking Awards.

Likewise, it was under Veloso's leadership when the Bank solidified its sustainability vision and roadmap, focusing on sustainable financing and profitability. Two years after the pandemic broke out, PNB posted 57% year-on-year growth in its net income for the first quarter of 2022 – a good indicator that the profit-making potential of PNB's businesses continues to improve as the overall economy improves.

Among Philippine banks, PNB is currently at No. 5 in terms of assets, with consolidated resources at Php1.1 trillion as of end-March 2022. The Bank also maintained its position as the Philippine bank with the largest global footprint, serving the financial needs of Filipinos abroad.

Philippine National Bank News

DBS opens Singapore's first net zero building by a bank, marking new milestone in nation's Green Plan 2030

DBS on July 18 commemorated the official opening of its refurbished DBS Newton Green, Singapore's first net zero building by a bank. This contributes to the national push to green 80% of Singapore's buildings (by Gross Floor Area) by 2030 under the Singapore Green Building Masterplan, and is a significant milestone in the bank's journey towards achieving net zero operational carbon by the end of 2022.

By retrofitting the 30-year-old building located at 135 Bukit Timah Road, DBS extended the lifespan of the building and avoided squandering the embodied carbon in the existing structure or generating additional embodied carbon with a new structure. According to the World Green Building Council, embodied carbon accounts for 11% of global carbon emissions, and is estimated to constitute up to 40% of Singapore's carbon emissions due to shorter building lifespans as a result of urban renewal.

Mr. Desmond Lee, Minister for National Development and Minister-in-charge of Social Services Development opened DBS Newton Green today. He said, "We need to retrofit many more of our older buildings to improve their sustainability standards. This is more challenging than designing a new green building from scratch. The original development may not have been designed with sustainability in mind, making retrofitting more complex and potentially costly. I congratulate DBS and its partners on transforming this building into Singapore's first net zero building by a bank. Such teamwork between the private, public and people sectors is critical, as we strive to grow a more sustainable City in Nature."

Piyush Gupta, DBS CEO, said, "While the sustainability challenges before us are manifold, DBS has prioritised climate action due to the sheer urgency of the issue and how it interrelates with other environmental and social concerns. We have been empowering our clients to reduce their carbon footprint, to the tune of SGD 39.4 billion in sustainable financing transactions committed cumulatively, but it is equally important to lead by example and embed sustainability into our business practices and operations. Anchored by this belief, the choice to retrofit DBS Newton Green into a net zero building rather than to redevelop something from ground up was an easy and obvious one."

DBS began retrofitting works in the middle of 2021, investing over SGD 5 million in the process. A portion of the cost was covered by a grant awarded by Singapore's Building and Construction Authority (BCA) under the national Green Buildings Innovation Cluster (GBIC) Programme to support the integration of green innovations throughout the development.

DBS Newton Green has been certified by BCA as a Green Mark Platinum Zero Energy development in further affirmation of the building's net zero credentials. It was also awarded the Singapore Good Design Mark 2022 for Sustainable Design by the Design Business Chamber of Singapore in recognition of the building's exceptional design quality.

Before retrofitting works began, the old building consumed about 845,000 kWh each year, equivalent to the annual energy consumption of about 200 four-room HDB homes in Singapore. To achieve net zero outcomes for DBS Newton Green, DBS deployed new technologies and creative design strategies to reduce energy consumption as much as possible while maximising the building's capacity to generate its own renewable energy.

Gupta added, "We see DBS Newton Green as a beacon for what the office of tomorrow should be. It is a living testbed for innovative sustainable technologies which can be scaled up not only to the rest of our offices, but also other organisations looking to green their footprint. This we believe will contribute positively to Singapore's ambition to become a leading regional hub for developing sustainability solutions as a new engine for economic growth."

DBS Newton Green houses over 400 employees from various functions across the bank's Consumer Banking Group.

DBS Newton Green was designed in collaboration with architecture house KAIA Architects, mechanical and electrical engineering firm CCA & Partners, and sustainability consultancy GreenA Consultants – all homegrown firms actively involved in Singapore's net zero space.

DBS News

UOB pilots Green and Sustainable Deposits solution with GIC

UOB launched a Green and Sustainable Deposits solution for its corporate and institutional clients, the first such product in Singapore offered by a local bank on July 8. The solution was piloted with GIC.

Under this solution, the deposits are deployed to green loans under UOB's sustainable finance frameworks. The frameworks cover financing solutions for eligible assets and activities that meet specific ESG criteria within green real estate, renewable energy, energy efficiency, smart city infrastructure and the circular economy. All projects financed under the Bank's sustainable finance frameworks are aligned with the UN SDGs.

The minimum deposit size for the solution is S$10 million and it is open to companies globally. Companies will earn market interest rates on their cash deposits.

A key feature of the Green and Sustainable Deposits solution is an annual report that will be provided to companies on the environmental impacts their deposits have made. For example, companies can see which industries to which their deposits have been channelled via UOB's sustainable financing. At the same time, the report will also reflect the greenhouse gas emissions avoided and the corresponding effects, such as the equivalent number of tree seedlings planted and the number of cars removed from the road. With the report, companies will be able to quantify their contributions to sustainable development and use the information for their own sustainability reporting.

UOB News

HNB Saru Ge-Watte leads agricultural revival in the central province

Supporting efforts to reform and revitalize Sri Lanka's agricultural sector at the grassroots during these challenging times, private sector bank HNB PLC launched 'HNB Saru Ge Watte', a campaign aimed at establishing new marketplaces for rural farmers in urban areas while promoting home gardening in urban areas across the Central Province.

Launched in collaboration with provincial and district agricultural offices, the campaign was kick-started at the Kandy City Centre with the presence of Provincial Director General of Agriculture, S A De Silva as the Chief Guest, HNB Deputy General Manager- Legal (Board Secretary) leading the initiative Thushari Ranaweera, HNB DGM/Chief Credit Officer, Nirosh Perera, CBSL Manager (Matale), Chathura Ratnayake together with HNB Regional Business Head (Central), Harsha Wickremasinghe, HNB Kandy Customer Center, Senior Manager, Indika Ekanayake, KCC Chairman Thusitha Wijayasena, Divisional Secretaries, Wathsala Marambage and R M S M Rathnayake.

"With our nation facing its worst economic and food security crisis in history, it is imperative that all Sri Lankans work together to ensure we are able to produce enough to help tide us over during these trying times. We are proud to launch the HNB Saru Ge-watte initiative to provide our customers, the public and Sri Lankan farmers with the knowledge and partnerships necessary to utilize all available land to cultivate food, and contribute even in a small way towards mitigating the worst impacts of the coming crisis," HNB Deputy General Manager- Legal (Board Secretary) Thushari Ranaweera said.

Given that farmers in non-banking rural segments have difficulty connecting to buyers in urban areas, HNB announced that it would work with its existing customer network to help disintermediate the agriculture sector by creating direct relationships between rural farmers and consumers across the island, in order to provide both sides respectively with a decent livelihood from their harvest, and a reasonable price for their essential needs.

HNB News

'The Banker' and 'Euromoney' name CTBC Bank as Taiwan's top bank

CTBC Bank ranked first among its Taiwanese peers for a sixth straight year in the Top 1,000 World Banks list published by The Banker magazine on July 4, jumping two places to the 158th spot in the overall ranking.

The recognition followed the announcement in June that the bank would be awarded Euromoney magazine's Awards for Excellence.

CTBC has been named Best Bank in Taiwan 13 times since the award was launched in 1997, outranking all other Taiwanese banks and setting a new record in the nation's financial sector.

With its solid business performance and sustained control of asset quality and capital adequacy, CTBC Bank ranked for the sixth time in UK-based The Banker's top 1,000 list, taking the top position among Taiwan's banks with US$11.59 billion in tier 1 capital, which is US$658 million more than last year.

Euromoney ranked CTBC Bank as the Best Bank in Taiwan, principally in recognition of its clear strategic blueprint, which focuses on the three main axes of digital transformation, sustainable finance and overseas expansion.

By leading the financial sector in developing a range of business innovations and sustainable reforms, the bank has maintained steady growth even while facing the challenges of financial market turbulence and the COVID-19 pandemic.

CTBC Bank has over the past few years been investing in digital technology and transforming its core systems, partnering

with industry leaders in various sectors to develop innovations and synergistically create a range of new business models.

In view of the risks posed by global climate change, CTBC Bank has assumed a key role in working toward net-zero carbon emissions by voluntarily adhering to the UN's Principles for Responsible Banking and formulating a climate risk management policy.

The bank has set a clear internal business strategy for sustainable development, channeled capital toward green industries and exerted positive financial influence through financing and investment tools to drive corporate transformation and work with customers to promote a low-carbon economy, as well as create a responsible financial ecosystem.

Taipei Times

Taiwan's Five state-run banks raise new-loan interest rates

Interest rates for new loans at the nation's five major state-run banks last month edged up 0.005 percentage points to 1.44 percent on average, as lenders raised borrowing costs to support monetary tightening in a joint bid to curb inflation, the central bank said July 22.

The rate hike came after the central bank last month raised the rediscount rate by 0.125 percentage points for the second time this year to mitigate inflationary pressures.

Bank of Taiwan, Land Bank of Taiwan, Taiwan Cooperative Bank, Hua Nan Commercial Bank and First Commercial Bank followed suit, hiking interest rates for mortgages, consumer and capital loans.

Interest rates for new mortgages climbed to 1.614 percent in June, the seventh straight month of increases to the highest in two-and-a-half years, and should rise further this month as lenders have not fully reflected the latest rate hike, the central bank said.

New mortgage operations softened by NT$7.88 billion (US$263.4 million) to NT$60.7 billion as interest rate hikes and other unfavorable factors cooled buying interest, the central bank said, adding that lenders also exercised caution and tamed mortgage operations.

That is partly why housing transactions in the nation's six special municipalities last month shrank 14.88 percent from a year earlier, it said.

Interest rates for capital funding gained 0.347 percentage points to 1.905 percent, while interest rates for consumer loans picked up 0.165 percentage points, the central bank said.

Consumer lending dropped by NT$2.15 billion mainly because demand for student loans weakened, which was consistent with seasonality, it said.

Taipei Times

E.Sun, ezTravel launch cobranded card in hopes of revival in overseas travel

E.Sun Commercial Bank and ezTravel Co. launched on July 18, a cobranded credit card on expectations that credit card spending by Taiwanese during overseas travel would rebound later 2022 or early in 2023.

It is the nation's first cobranded card introduced by a bank and an online travel agency.

E.Sun expects ezTravel, the nation's largest travel platform with more than 2 million active users, to help expand its client base, E.Sun Commercial Bank chairman Joseph Huang told a news conference in Taipei.

The platform has diverse product offerings, such as airline and cruise tickets, and accommodation and travel programs, so partnering with ezTravel meets the bank's goal of offering one-stop services to its clients, Huang said.

E.Sun said that people can earn eMoney points for many kinds of purchases on ezTravel and use them for their next transaction on the platform, with one point worth NT$1.

"Overall, this credit card is suitable for those who love travel. Reward rates are set at 8 percent for purchases of airline tickets or accommodation. They can be even 10 percent for new clients." Huang said.

While domestic travel has fully recovered in western Taiwan, overseas travel by Taiwanese might not return to pre-pandemic levels this year due to border controls and a weekly arrival limit of 40,000 set by the government, Lin said.

"However, we need to adopt a forward-looking strategy for the credit card business, as there are signs of a rebound in demand for overseas travel. It is possible that international travel would fully recover next year," Huang said.

E.Sun has over the past few years issued innovative credit cards to satisfy its clients' needs. Last month, it issued the nation's first digital credit card, which consists only of a number and not a physical card.

"Surprisingly, the digital card was received better than our expectations and we have issued about 50,000 cards. That might be because just a few channels or shops accept only physical cards," Huang said.

Taipei Times

Mega Bank to offer high interest for US dollars

State-run Mega International Commercial Bank said that it would offer high interest rates for time deposits denominated in US dollars for a limited time in August 2022, as local lenders seek to take advantage of growing investment interest in the greenback.

The banking arm of Mega Financial Holdings Co said that it would offer interest rates of 7 percent for two-month time deposits denominated in US dollars, in an effort to stay competitive with peers that offer similar rates.

The rates would be in effect from Aug. 1 to 5 for individual deposits of US$1,000 to US$3,000 per account, the bank said, adding that it would set a cap of US$3 million for the campaign.

The offer, limited to digital accounts and online currency exchanges, aims to gain and retain customers over the Internet, tap the wealth management business and stimulate investment interest, the bank said.

Local investors have shown a rising interest in US dollar assets this year after the US Federal Reserve in March started increasing interest rates to fight inflation, Mega Bank said.

Deep price corrections in global bourses have driven stock investors to the sidelines and prompted them to park their money in time deposits, it said.

US dollar-denominated savings deposits have become a standard component of investors' portfolios, the bank said.

Taipei Times

Bangkok Bank reports net profit of Baht 14,079 million for the first half of 2022

In the second quarter of 2022, declining concerns about the spread of the Covid-19 Omicron variant resulted in an improvement in private consumption and investment and led to an increase in the number of foreign tourists, which reached around 700,000 per month. This was in line with the easing of travel restrictions in Thailand and other countries. However, rising inflation in several countries from the increase in global energy and food prices due to the Russia-Ukraine war prompted the central banks to raise policy interest rates. As a result, economic expansion and global commerce slowed down. The Thai export sector during April-May 2022 grew 10.2 percent compared to 14.8 percent in the previous quarter. Going forward, the volatility of financial markets and economy will be important factors to closely monitor.

The Thai economy is likely to improve from the easing of Covid-19 control measures and rising international travel. However, the Thai economy is still facing challenges from higher cost of living and raw materials resulting from the geopolitical conflicts between Russia and Ukraine, volatility within financial markets from uncertainty over the expected rises in the policy interest rates in advanced economies, and a global economic slowdown. Against this backdrop, Bangkok Bank has continued to support customers by providing liquidity and working capital, along with advice on how to adjust their business model to fit with the changing market environment or how to increase opportunities for international expansion. At the same time, the Bank continues to place importance on prudent risk management and maintaining its financial stability, liquidity and capital positions.

Bangkok Bank reported a 6.0 percent increase in net profit for the first half of 2022

The Bank and its subsidiaries reported a net profit for the first half of 2022 of Baht 14,079 million, an increase of 6.0 percent from the first half of 2021. Net interest income rose by 13.9 percent on higher loan volume, while the net interest margin stood at 2.18 percent. Non-interest income decreased by 19.8 percent, mainly from lower gains on financial instruments measured at fair value through profit or loss (FVTPL) in line with the market environment. Net fees and service income declined from securities business, while fee income from loan related services increased in line with higher loan volume. Operating expenses rose by 2.8 percent largely due to higher expenses to develop and improve working systems. As a result, the cost to income ratio remained at 50.4 percent. The Bank set aside Baht 14,843 million in expected credit losses, a decrease from the same period last year, and continued its reserves under a prudent approach by taking into account global economic volatility and the impact of the ongoing Covid-19 situation.

Bangkok Bank maintains a healthy financial position, high liquidity and capital positions under its prudent management approach

At the end of June 2022, the Bank's total loans amounted to Baht 2,652,872 million, a rise of 2.5 percent from the end of last year, mainly due to an increase in loans to large corporate customers and loans made through the Bank's international network. The non-performing loan to total loans ratio was 3.4 percent. The Bank continues to set aside expected credit losses in line with its prudent approach, leading to the strong ratio of allowance for expected credit losses to non-performing loan of 232.5 percent.

As of June 30, 2022, the Bank's deposits amounted to Baht 3,147,149 million, a similar level compared to the end of December 2021. The loan to deposit ratio stood at 84.3 percent. In terms of capital, the Bank's total capital adequacy ratio, Tier 1 capital adequacy ratio, and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries stood at 18.9 percent, 15.4 percent and 14.6 percent respectively, comfortably above the Bank of Thailand's minimum capital requirements.

Bangkok Bank News

Among Member Banks

Vietnam's Big banks hike deposit interest rates

Large banks are starting to join the deposit interest rate hike race along with small and medium-sized banks due to rising capital demand pressure after a long time staying out of the game.

Early this July, Agribank adjusted interest rates for long-term deposits.

Accordingly, customers who deposit money at the bank for 12 months to 24 months will enjoy a rate of 5.6% per year, up 0.1 percentage points from June.

Similarly, the Bank for Investment and Development of Vietnam this month also announced a new interest rate change with an increase of 0.1 percentage point to 5.6% per year for deposits from 12 months to 36 months.

At Vietcombank, the online deposit interest rate also added 0.1 percentage points per year compared to over-the-counter deposits.

Many small and medium-sized banks earlier this year increased their rates by 0.3 to 0.6 percentage points.

Before the pandemic, the highest interest rate for 12-month savings was 7% per year.

Now, many banks are keeping it at 6.7% to 6.9%, whereas some have lifted it to more than 7%. As for the interest rate for short-term deposits of less than six months, banks are applying the ceiling rate of 4% for all terms.

The Star

VietinBank eFAST digital financial assistant scores with businesses

The financial position of a business is one of the most important data in economic organizations. However, it is not easy to keep the information circuit smooth 24/7 between administrators and information management departments.

Understanding that, VietinBank eFAST digital financial assistant is programmed to analyze business data and financial health of businesses. With a few mouse clicks, businesses can get an overview of their financial management situation, including the structure and trends of deposit and term loans; real-time receivables management reports; reports on management of payables and expenses according to the purpose of spending money (billing payment / payment to the state budget / salary payment / loan repayment...) or according to the list of suppliers. The reports are also customizable to the needs of each business.

VietinBank eFAST digital financial assistant is also integrated with data analysis capabilities to make recommendations to optimize benefits for businesses in terms of cash flow and financial costs.

Specifically, businesses that regularly buy and sell foreign currencies will be suggested when VietinBank has a good exchange rate. Or when the balance of the enterprise's current account exceeds the regular spending level, VietinBank eFAST will suggest a term deposit investment plan to enjoy a higher interest rate. Conversely, if the current account is short of the payment needs, an overdraft suggestion/credit request will be sent to the customer immediately.

Zing News

Banking and Finance Newsbriefs

Bhutan

Is Bhutan's economy at risk?

Rising food prices driven by cost of transportation, a growing trade deficit, burgeoning debt, and

decreasing domestic revenue. These are not good signs for any country recovering from the Covid-19

pandemic. Is the country's economy at risk?

Bhutanese economy has been recovering well from the pandemic after the economy contracted to 10.1 percent in 2020. The finance ministry in its budget report for the fiscal year 2022-23, had

projected the real gross domestic product (GDP) to grow at 3.7 percent in 2021 and 4.5 percent in

2022 respectively. In 2023, the economic growth is projected at 3.88 percent.

However, economists say that the country's short-term economic outlook is concerning. The

World Bank had also recently signaled that many countries could face stagflation, a slow growth combined with high inflation.

Bhutan's consumer price inflation accelerated from 5.6 percent in 2020 to 7.4 percent in 2021,

which was above the Royal Monetary Authority's (RMA) upper tolerance of 5 percent. The inflation eased to 5.79 percent as of April this year.

Inflation hurts the fixed-income groups, workers in informal sectors, small businesses, and the

poor the most. An economist said that combined with higher unemployment, rising inflation will push more people below the poverty line, household debt will also rise, and spending cuts will follow.

Food prices contributed to about 60 percent to the overall inflation and non-food contributed to 40 percent in 2021.

The finance ministry in the budget report stated that the rising cost of fuel will have a ripple effect that can cause a significant trade shock. Similarly, the rising cost of goods is likely to affect manufacturing competitiveness and impact investment prospects. It could also paralyse the economy because it

erodes the purchasing power of Ngultrum making the cost of goods expensive for consumers.

However, the ministry projected inflation to fall to 5.2 percent in 2022 and 3.5 percent in 2023 at the pre-pandemic level if supply-side disruptions dissipate and global food and energy prices stabilise.

Bhutan's fiscal deficit has been widening over the years. The fiscal deficit of Nu 2.734B (1.5 percent of GDP) in the fiscal year 2018-19 was projected to grow at an alarming rate to Nu 17.498B (9.3 percent of GDP) in this fiscal year.

With dwindling domestic revenue, the deficit is projected to further widen at an all-time high of Nu 22.882 billion (B), which is 11.25 percent of GDP in the fiscal year 2022-23 of the total expenditure estimated at Nu 74.807B.

According to the finance ministry, the deficit would be financed through net external concessional borrowing of Nu 0.27B and net domestic borrowing (treasury bills and long-term government bonds) of Nu 20.356B.

The deficit was observed because of the shortfalls in the domestic revenue collection and increased spending requirements related to the pandemic. Bhutan adopted tax cuts during the crisis and forgone revenue of Nu 5.01B in the income year 2020. Tax to GDP ratio was 11.7 percent in the fiscal year 2020-21, a decrease of 1 percent as compared to the previous fiscal year.

According to the budget report, the ministry targets to contain the fiscal deficit below 5 percent of the GDP during fiscal year 2022-23.

Kuensel Online

Hong Kong

Hong Kong's Paul Chan Says China's Economy Will Rebound Quickly

China's economy is expected to recover quickly after a pandemic-induced hit, said Hong Kong

Financial Secretary Paul Chan.

"In a complex and cloudy global economic environment, the situation in the mainland is relatively good," Chan said at the Caixin Summer Summit via video conference on July 9. China's economy can rebound and maintain stable growth for the rest of the year amid various economic measures, he said.

Chan's comments come as signs mount that China's economy shrank in the second quarter for the first time since 2020, following various virus-related lockdowns. A quarterly drop in gross domestic product, which has only happened once before, underlines China's slower rebound from coronavirus curbs than in 2020, providing less of a boost to a struggling global economy.

China reports the latest GDP figures on July 15.

For Hong Kong, a more outward-facing financial hub, the impact of global economic woes are inevitable, but medium-term prospects remain bright, Chan said.

Chief Executive John Lee told the summit earlier Saturday that his new cabinet is committed to building Hong Kong into a more open and vibrant city. Lee was sworn in as the city's leader last week.

Both Lee and Chan made references to Chinese President Xi Jinping's speech during the handover anniversary on July 1. They reiterated Xi's statement that the "One Country, Two Systems" governing principle is here to stay, and that Hong Kong's economy can grow with the backing of the mainland.

Bloomberg

India

Banking Central | India's crypto double standard is hurting investors

India's crypto investors are a clueless lot. On one hand, the Reserve Bank of India (RBI) is on a

public campaign calling crypto a "clear danger" that has no underlying assets, cautioning investors not to gamble. On the other hand, the government is silent on its legality but busy collecting taxes. Meanwhile, investors desperately look for clarity.

The mess either shows both the parties aren't talking enough other on this issue or, worse, aren't in good talking terms on this subject. More worrying, the ever- ambitious Indian Crypto lobby has hired spin masters who would smartly play up the silence of government, and the taxation as an admission of legality. This leaves the investors with more confusion.

New Delhi doesn't have a clear policy on Crypto transactions. In the past, the government kept saying it will come out with a blueprint soon, except that this never came. In the meanwhile, the government is busy collecting taxes both on the gains and at the source.

This is when the RBI, under the leadership of Shaktikanta Das, keeps warning investors against

crypto transactions. Das' deputies are openly calling for a ban, listing the risks and bigger macro economic risks. This is a clear double standard and gives no clarity to the average-informed, gullible yet greedy investors on the big risks in Crypto.

The central bank warns that Crypto is a "clear danger" that has no underlying assets, and, there will be no regulatory back up to anyone who lose money on Crypto gambles. But the question is, why government is taxing an instrument that the central bank is dubbing as toxic and untouchable for the country's investors?

RBI's eloquence and Narendra Modi government's dead silence on Crypto regulations don't add up.

For the young, not-so-informed investor, Crypto is like magical stone they heard about in fairy tales, that turns everything into a fortune overnight. For

them, it makes sense as wealth build up in equities is a time-taking exercise, real estate assets are fighting demand lull and fixed income instruments are yielding negative rates. The crypto lobby understands this psychology well and is betting big on this.

All the risks that central bank warns of regarding Crypto make immense sense. Crypto has no underlying assets, no legality or regulation and there is high uncertainty. But, the RBI is bound by a 2018 Indian Supreme Court order that cancelled it's circular banning Indian banks' involvement in any Crypto-related transactions. But the RBI top brass has used its public engagement programmes and periodical publications to talk down Crypto.

The only solution for India's Crypto conundrum is quick regulation--or an outright ban. An undecided government has recently issued a consultation paper seeking inputs from various stakeholders on Crypto. Hopefully, this time, it will result in a clear regulation. Till then, the Crypto lobby will continue playing on the investor psychology, while the government is busy collecting taxes on a instrument on which the central bank is losing sleep.

Money Control

Iran

Iran, Russia Agree on Boosting Monetary, Banking Cooperation

The Central Banks of Iran and Russia agreed to expand banking and monetary cooperations,

Governor of the Central Bank of Iran said.

Ali Salehabadi made the remarks following a meeting with Deputy Prime Minister of Russia

Alexander Novak and Russian central bank chief Elvira Nabiullina, on July 8, stating that the two sides discussed a variety of issues, including the expansion of monetary and banking cooperation, as well as strategies to remove obstacles and increase joint investments between Tehran and Moscow.

For his part, the Russian deputy prime minister stated that the development of Tehran-Moscow

economic and investment ties is a priority and necessity, and that Russia is fully prepared to follow up on the relationship's expansion,IRNA reported.

"We see significant growth in trade: 81 percent last year and 31 percent this year," the Deputy Prime Minister stated on the Russian government's official website, adding, “Our leaders have set a goal to promote cooperation even more. Our companies want to expand their trade, so developing cooperation in the financial and banking sectors is one of our top priorities."

In his visit to Moscow, Iran's Central Bank Governor also met with Russian Federation Minister of Economic Development Maxim Gennadyevich Reshetnikov, during which Salehabadi and Reshetnikov discussed joint investments, the removal of barriers to mutual trade, and the expansion of banking and monetary cooperation.

Tasnim News Agency

Japan

Japanese government picks new BOJ board members in sign of less dovish central bank

The government said on July 19 it will appoint Hajime Takata, an economist who has warned of the side effects of bold monetary easing, and Naoki Tamura, a veteran banker, as board members at the Bank of Japan.

Some market participants see the choice of Takata as foreshadowing a potential shift from its pursuit of powerful monetary easing that has continued in recent years before Prime Minister Fumio Kishida chooses a successor to BOJ Gov. Haruhiko Kuroda, whose term ends next April. Takata and Tamura will serve five-year terms starting Sunday.

Takata, 63, will replace Goshi Kataoka, an economist known as a reflationist who has pushed for more monetary easing to spur economic growth.

Takata, chairman of the Global Research Center at Okasan Securities, started his career at the predecessor bank of Mizuho Bank and is also an economist who worked for the Mizuho Research Institute, currently Mizuho Research & Technologies. He took the current post at the think tank in January 2020.

Takata has raised questions about the adverse effects of years of monetary easing and has written a book on how to exit the accommodative policy.

Under Kuroda, who became BOJ chief in 2013, the Japanese central bank embarked on bold Monetary easing, a key feature of then Prime Minister Shinzo Abe’s Abenomics policy mix. The governor had strong support from Abe, who was gunned down in early July on the campaign trail.

The BOJ has been gobbling up massive amounts of Japanese government bonds as part of its “yield curve control” program to keep long-term interest rates depressed to support companies and households. However, the central bank has drawn criticism for distorting the bond market, and concern has grown about its ever-expanding balance sheet.

The BOJ has not wavered in its easing stance even as cost-push inflation has led to the core consumer price index, excluding volatile fresh food items, to surpass its 2% target. In stark contrast with its major peers overseas, its dovish stance has sharply weakened the yen and exacerbated the pain for resource-scarce Japan.

The other appointee Tamura, 61, is a senior adviser to Sumitomo Mitsui Banking, one of Japan’s megabanks, replacing incumbent Hitoshi Suzuki.

The BOJ’s decision-making Policy Board comprises nine members — the governor, two deputy governors and six other members.

Japan Times

S. Korea

South Korea to start real-world testing of CBDC with 10 commercial banks: report

The Bank of Korea is progressing to the next phase of its central bank digital currency (CBDC)

development which is real-world testing. In this phase, the central bank intends to onboard commercial banks to test interoperability between the CBDC and their IT systems.

According to a report by Ajo Economy News, the Bank of Korea has invited at least ten commercial banks, including Shinhan Bank and NH Nonghyup Bank, to take part in the testing. The commercial banks will test the CBDC for making remittances and payments between individual users.

The phase is expected to conclude before 2022 ends, as the Bank of Korea says it plans to publish an updated report on the CBDC project by the end of the year. This report will be its final one before it decides on whether or not to release a CBDC.

The Bank of Korea is still undecided about releasing the central bank-backed digital currency despite having completed two phases of research into the subject.

"Even if the CBDC research is completed, it will take a long time to actually introduce it," an official from the Bank of Korea said.

In a previous report back in May, the Bank of Korea had said it would review the pros and cons of launching a CBDC along with ongoing efforts to study regulations being proposed to regulate the digital assets industry.

South Korea commenced the development of its CBDC in earnest last year. The first phase began after the central bank brought on Ground X, the ConsenSys-backed creators of the Ethereum-based Klayton permissioned blockchain, to build the CBDC platform. It concluded after the platform became able to create, issue, and redeem digital assets, as well as allow end users to create wallets.

The second stage, which began early this year, focused on introducing more advanced capabilities to the CBDC platform. It explored smart contracts, Layer 2 scaling possibilities like zero-knowledge (zk) proof technology, offline payments, tokenization, and cross-border settlements.

Details of how it conducted all these tests on the CBDC platform, including cross-border settlements, remain sketchy as the central bank is yet to publish its results of the experiments. Reports from other international regulators like the Bank for International Settlements (BIS) and G20, which have been monitoring central banks doing work on CBDCs, do not also mention South Korea.

CoinGeek

Malaysia

Bank Negara Malaysia (BNM) raises OPR by another 25 bps to 2.25%

The monetary policy committee (MPC) of Bank Negara Malaysia announced on July 6, that it has raised the overnight policy rate (OPR) by 25 basis points, raising it to 2.25%.

This came amid rising food and energy prices.

"The ceiling and floor rates of the corridor of the OPR are correspondingly increased to 2.5% and 2%, respectively," it said in a statement.

In May, the central bank raised the OPR to 2% from 1.75%, reportedly the lowest on record, following a 25 bps cut in July 2020, citing the severity of the global economic slowdown as a result of the pandemic and the contraction of Malaysia's economic activity.

In a statement issued after the MPC meeting today, BNM noted that the reopening of the global economy and the improvement in labour market conditions continued to support the recovery of economic activity.

"However, these have been partly offset by the impact from rising cost pressures, the military conflict in Ukraine and strict containment measures in China," it said.

The central bank noted that inflationary pressures have continued to increase mainly due to elevated commodity prices and strong demand conditions, despite some easing in global supply chain conditions.

Consequently, it expects central banks to continue adjusting their monetary policy settings, some at a faster pace, to reduce inflationary pressures.

"Going forward, the pace of global growth is expected to moderate, and will continue to be affected by the elevated cost," BNM added.

BNM noted that in Malaysia, economic activity has strengthened in recent months as reflected in the growth momentum in exports and retail spending as the nation makes the transition into endemicity.

It said the unemployment rate also declined with higher labour participation and improving income prospects.

"Looking ahead, while external demand is expected to moderate, weighed down by headwinds to global growth, economic growth will be supported by firm domestic demand," it added.

Year-to-date, inflation averaged 2.4% and it is project to be within the 2.2% to 3.2% range for the year but the headline inflation may be higher in some months due mainly to the base effect from electricity prices.

"Nevertheless, the extent of upward pressures on inflation will remain partly contained by existing price controls, fuel subsidies and the continued spare capacity in the economy," it explained.

Moving forward, the committee said, the inflation outlook would hinge on global commodity price developments, mainly due to the conflict in Ukraine and prolonged supply related disruptions, as well as domestic policy measures.

"On the back of the positive growth prospects for the Malaysian economy, the MPC decided to further adjust the degree of monetary accommodation," the statement said.

BNM also pointed out that the reopening of international borders on April 1, 2022 would facilitate the recovery of the tourism sector while investment activities and prospects would continue with the realisation of multi-year projects.

It cited a weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions as key downside risks to growth.

It said that at the current OPR level, the stance of the monetary policy would remain accommodative and supportive of economic growth.

Free Malaysia Today

Maldives

World Bank Provides US$34 million in Grants to Improve Social Protection for Workers and Accelerate Digital Development in Maldives

The Government of Maldives and the World Bank on July 4 signed two grant agreements totalling US$34 million (MVR524 million) to strengthen pension and safety nets for Maldivian workers and improve their employability, and to leverage digital technologies for development and climate resilience.

The grant agreements were signed at the Ministry of Finance in Male' by Honorable Ibrahim Ameer, Minister of Finance, and Faris H. Hadad-Zervos, World Bank Country Director for Maldives, Nepal and Sri Lanka.

"The Maldives and World Bank has enjoyed a strong partnership spanning over four decades and across a wide range of sectors such as fisheries, renewable energy, education, financial management," said Hon. Ibrahim Ameer, Minister of Finance of Maldives. "As we look towards a better future for our country and our people, the two grants will give us the fiscal space to kick-start social protection programs, and to leverage new technologies to accelerate our growth and development."

A US$24 million grant for the Sustainable and Integrated Labor Services (SAILS) project will help the government establish an unemployment insurance scheme and an employment services scheme. Employers and employees will contribute jointly to a fund that will pay unemployment benefits. Safety nets for workers are currently limited to pensions, leaving them vulnerable to external shocks. The SAILS project will also provide counselling, job search assistance, training and coaching to assist jobseekers.

A US$10 million grant for the Digital Maldives for Adaptation, Decentralization and Diversification project will help the government promote competition in the broadband market through regulation and modernize the national identification systems to facilitate online services and transactions. In addition, the project will improve climate-related data and analytics by tracking emissions, deploying modern technologies such as drones, and using existing data more efficiently for policymaking. The project will help government and businesses make informed decisions in managing and protecting the Maldives' coral reefs and marine ecosystems.

"The World Bank is pleased to support the people of Maldives with these two grants we have signed today. This financing will help the government protect workers from future economic shocks and help those who have lost their jobs during the COVID-19 pandemic get back into the job market," said Faris. H. Hadad-Zervos, the World Bank Country Director for Maldives, Nepal and Sri Lanka. "It will also help harness the power of digital technologies to help protect the Maldives' magnificent marine ecosystem on which so many Maldivians and their economy depend."

The SAILS project will be jointly implemented by the Ministry of Economic Development and the Maldives Pension Administration Office. The Digital Maldives for Adaptation, Decentralization and Diversification Project will be implemented by the Ministry of Environment, Climate Change and Technology, in partnership with the Communication Authority of Maldives, National Centre for Information Technology, and Department of National Registration.

The World Bank

Philippines

Philippine central bank hikes interest rates by 75 basis points in surprise move, signals further action

The Philippine central bank raised its key interest rates by 75 basis points in a surprise move on July 14 and kept the door open for further tightening as it rushed to contain broadening inflationary pressure and rescue a faltering peso.

Implemented outside the regular policy-meeting cycle, the tightening move was the most aggressive by the Bangko Sentral ng Pilipinas (BSP) since the central bank shifted to an inflation-targeting approach in 2002.

The rise in interest rates accompanied policy shifts effected by other central banks in Asia and elsewhere on Wednesday and Thursday. They included one in Singapore that was also an off-cycle move.

In the Philippines, the rate on the key overnight reverse repurchase facility rose to 3.25%, BSP Governor Felipe Medalla said in a statement.

"In raising the policy interest rate anew, the Monetary Board recognized that a significant further tightening of monetary policy was warranted by signs of sustained and broadening price

pressures amid the ongoing normalization of monetary policy settings,"Medalla said.

The rates on the BSP's overnight deposit and lending facilities were also raised by 75 basis points, to 2.75% and 3.75%, respectively.

No such move was expected on Thursday because the BSP did not have a regular policy meeting scheduled until Aug. 18. The central bank previously raised interest rates by 25 basis points in May and again in June.

The economy was robust enough to absorb the latest rise, Finance Minister Benjamin Diokno said in a statement.

Peso recovers

The Philippine peso, which had hit a record low the week of July 11, versus the U.S. dollar, recovered some lost ground and was last up 0.4%.

The peso is the worst-performing currency in Southeast Asia this year as the greenback continues to strengthen on expectations for faster Federal Reserve policy tightening.

The Fed is seen stepping up its tightening campaign with a supersized 100 basis point rate hike this month after a report showed inflation racing at four-decade highs.

The BSP's move was meant to support or at least stabilize the peso exchange rate, said Michael Ricafort, economist at Rizal Commercial Banking Corp in Manila.

A weak peso adds further pressure on inflation, threatening to derail recovery of the consumption-driven domestic economy.

"More rate hikes are still possible, if needed, as a function of any further Fed rate hikes to bring down elevated inflation," Ricafort said.

Further tightening possible

Medalla said the BSP was ready "to take further necessary actions to steer inflation towards a target-consistent path over the medium term."

The central banks of New Zealand and South Korea increased interest rates by 50 basis points on Wednesday, when Canada's shocked markets by going for 100 basis points.

Singapore's Thursday move was re-centering the mid-point of an exchange-rate policy band.

Malaysia's central bank raised its benchmark interest rate for the second straight meeting last week. Indonesia's central bank may raise interest rates in the current quarter to contain future pressure on core inflation, but any rise will not be aggressive, its governor said on Friday.

Philippine inflation surged to the highest level in nearly four years in June, and is widely expected to remain elevated, pushing the full-year average outside the target band of 2% to 4%.

CNBC

Singapore

MAS taking further step to tighten monetary policy in off-cycle move to slow inflation

The Monetary Authority of Singapore (MAS) said on July 14, that it is taking a "further calibrated step" to tighten monetary policy amid rising inflation.

It is the fourth time since October last year that MAS has tightened its monetary policy. The adjustment falls outside of MAS' normal cycle of twice-yearly monetary policy reviews, typically in April and October.

"Since October 2021, MAS has been on a path of gradual monetary policy tightening in view of the rise in underlying inflation and steady economic recovery," the authority said.

The central bank said it would be prudent to tighten monetary policy further "so as to lean against price pressures becoming more persistent".

MAS said it will re-centre the mid-point of the Singapore dollar nominal effective exchange rate (S$NEER) policy band up to its prevailing level.

"There will be no change to the slope and width of the band. This policy move, building on previous tightening moves, should help slow the momentum of inflation and ensure medium-term price stability," added the authority.

Unlike most central banks that manage monetary policy through the interest rate, MAS uses the exchange rate as its main policy tool. It lets the exchange rate float within an unspecified policy band, and changes the slope, width and centre of that band when it wants to adjust the pace of appreciation or depreciation of the Singapore dollar.

In October last year, MAS slightly increased the rate of appreciation of the S$NEER policy band as a pre-emptive move in light of the pick-up in inflation.

In January, MAS added slightly to the rate of appreciation of the band and in April 2022, it re-centred upwards the S$NEER policy band and further increased its rate of appreciation.

"This was in view of a fresh impulse to inflation arising from shocks to global commodity prices and supply chains in the wake of the Russia-Ukraine war," said MAS in its statement on Thursday.

MAS added that core inflation is expected to rise above 4 per cent in the near term. It is projected to be between 3 per cent and 4 per cent this year, up from the earlier forecast of 2.5 per cent to 3.5 per cent.

"Although it should ease in (the fourth quarter of) 2022, there is considerable uncertainty over the extent of the decline," it said.

"At the same time, the Singapore economy remains on track to expand at a creditable pace in 2022, though with slowing momentum."

Since the last monetary policy statement in April, both external and domestic factors have exerted further pressure on inflation, said MAS.

Core inflation rose to an average of 3.4 per cent year-on-year in April and May from 2.5 per cent in the first quarter of the year, reflecting stronger price increases in a broad range of goods and services.

Non-cooked food inflation picked up due in part to "sharply higher" poultry prices, while retail goods, food services and transport inflation accelerated amid higher costs and a rebound in demand following the lifting of most COVID-19 restrictions, added MAS.

Business cost pressures also continued to accumulate on the back of further increases in the prices of fuel and other imported inputs, as well as utilities and labour costs.

Overall inflationary pressures will remain elevated in the months ahead, said MAS.

"Although global supply chain frictions are easing, external inflationary impulses have become more broad-based, reflecting underlying constraints in global commodity and labour markets," the authority added.

"Domestically, resilient private consumption expenditure, underpinned by the tight labour market, will lead to greater passthrough of cost pressures."

It warned that there remained "upside risks" to inflation from fresh shocks to global commodity prices and domestic wage pressures.

Singapore's GDP growth is expected to moderate further next year, in tandem with a weaker global economic environment.

Channel News Asia

Sri Lanka

IMF says Sri Lanka deal sees progress

The International Monetary Fund has reported constructive talks with Sri Lankan authorities, raising hopes it could soon grant preliminary approval for a credit facility to alleviate a crisis in which the country is struggling to pay for imports.

"The discussions will continue virtually with a view to reaching a staff-level agreement on the EFF arrangement in the near term," the IMF said, referring to the credit arrangement, called an extended fund facility. June 30's IMF statement followed meetings from June 20-30 in Colombo.

Staff-level agreement must precede final approval by the IMF's executive board, but so too must cooperation from Sri Lanka's creditors, which is not expected to come quickly.

The Washington-based lender has said Sri Lanka needs to whittle down existing debt to "sustainable" levels before it can receive any aid.

"Because public debt is assessed as unsustainable, Executive Board approval would require adequate financing assurances from Sri Lanka's creditors that debt sustainability will be restored," the IMF said.

Analysts say debt restructuring would be a protracted process, even after the IMF's staff-level agreement.

The financial crisis is the worst in decades for the island of 22 million people, which has defaulted on some foreign debt and needs at least $6bn in the coming months to stabilise the nation's finances, devastated by years of policy missteps and the COVID-19 pandemic.

With little money available for imports, the country has dangerously low fuel reserves. The government on Tuesday restricted allocations to essential services, such as trains, buses and the health sector, for two weeks.

The IMF said the high fiscal deficit had to be reduced while ensuring adequate protection for the poor and vulnerable. Since revenue was weak, far-reaching tax reforms were urgently needed to achieve these objectives.

Al Jazeera

Taiwan

Taiwan Inflation Hits 14-Year High, Adding to Economy's Woes

Taiwan's consumer inflation in June reached the highest level in 14 years, a swell that will put pressure on officials to consider how best to balance the possibility of interest rate hikes this year without hurting the local economy.

The consumer price index reached 3.59% in June, the Directorate General of Budget Accounting and Statistics said in a Wednesday statement. That's roughly in line with the 3.6% rise in a Bloomberg survey of economists, and the highest level since August 2008.

CPI has now risen above 3% for four straight months. It's also been above 2% -- the milestone set by the central bank as an alert level -- for nearly a year.

Global inflation is on the rise, pressuring many economies as the cost of commodities soared earlier this year after Russia invaded Ukraine.

June's CPI jump in Taiwan is likely near the peak, said Meng Chye Phoo, senior economist in Standard Chartered Plc in Taiwan. He added, though, that the concern is whether inflation stays above 3% in the coming months, meaning Taiwan's central bank will have to balance economic growth with inflation.

The central bank delivered a smaller-than-expected increase to its benchmark interest rate last month, along with moves to reduce liquidity in the banking sector as officials tried to rein in inflation without hurting growth. Governor Yang Chin-long at the time called the decision "very difficult," adding that while inflation was "certain to rise further," authorities "also had to consider the potential hurt to sectors reliant on domestic demand."

Bloomberg

Thailand

Thai central bank chief sees gradual rate hikes to fight inflation

Thailand will gradually raise interest rates to curb higher inflation and ensure no disruption to an uneven post-pandemic economic recovery, its central bank governor said on July 22, ruling out an off-cycle policy meeting for now.

While the recovery is clearer and should be intact, it is still not broad-based, with the export sector performing better than pre-pandemic levels, while tourism remains low, although recovering faster than expected, governor Sethaput Suthiwartnarueput said.

Raising rates would help anchor inflation expectations, he told a news conference, adding there was no need for a special rate meeting ahead of the scheduled Aug 10 policy meeting, as factors to watch remained within forecasts.

The Bank of Thailand (BOT) is expected to raise its key interest rate from a record low of 0.50 per cent at the next meeting, which would be the first hike since late 2018.

Inflation is expected to peak in the third quarter, averaging at 7.5 per cent, above the BOT's target range of 1-3 per cent, and the BOT will prevent it from rising steadily, he said.

"Our challenge is how to make the takeoff smooth," he said. "If we can't control inflation and it keeps rising, it will prevent the continuation of the recovery," Sethaput said.

The inflation impact is 7 times that of rate hikes, he said, adding inflation would undermine purchasing power.

In June, the BOT predicted economic growth of 3.3 per cent this year and 4.2 per cent for 2023. It saw headline inflation at 6.2 per cent this year and 2.5 per cent in 2023.

However, South-east Asia's second-largest economy may grow faster than forecast this year as foreign tourist numbers could beat the BOT's 6 million estimate, Sethaput said.

Annual second-quarter economic growth was expected at more than 3 per cent, he added.

The BOT has not been caught behind the curve as medium-term inflation expectations remain anchored while Thai economic issues were different from those of developed countries, as it was still in the recovery stage, he said.

Interest rate differentials are not the only factor affecting capital flows and Thailand has seen net inflows this year, despite a weak baht, which is mainly driven by external factors, Sethaput said.

The BOT will let the baht move in line with market forces but will manage excessive currency volatility, he said. The baht hit its weakest level in more than 15 years.

The Business Times

Uzbekistan

Uzbekistan central bank cuts interest rates by 100 bps, raises growth forecast

Uzbekistan's central bank cut its policy rate by another 100 basis points to 15%, citing a "relative stabilization of the macroeconomic situation due to the reduction of short-term external shocks".

The more stable economic outlook, coupled with a government plan to delay the liberalization of regulated energy prices, increases the probability that inflation at the end of 2022 will be close to the lower end of the bank's 12-14% forecast, the central bank said in its policy statement.

The rate rise followed a 100 bps cut in June. In March the bank had lifted its policy rate to 17% from 14% in one move after Russia's invasion of Ukraine and the subsequent Western sanctions destabilised financial markets across the former Soviet Union.

"Taking into account the continuation of global inflationary processes, 'relatively tight' monetary conditions will be maintained until the end of the year in order to keep the influence of monetary factors on prices at a minimum level, to ensure the relative attractiveness of assets in (the) national currency," it said.

The regulator said it has raised its 2022 economic growth outlook to 5.0-5.5%, from 3.5-4.5% in April.

Export earnings jumped in the second quarter and the agriculture, consumer goods production and retail trade sectors expanded, it said.

Investing.com

Publications

Greening Global Supply Chains - Go Green or Get Left Behind

Corporates are voting with their feet when it comes to supply chain sustainability new East & Partners research reveals.

East & Partners latest Global Insight Report "Digitising and Greening Global Supply Chains" outlines the enormous opportunity for both incumbent Banks and challengers to offer a clear point of distinction based on their unique environmental, social and governance (ESG) credentials.

The incentive is more than simply retaining or acquiring new commercial banking customers. Corporate treasurers are voting with their feet where their Bank cannot support their ambitious sustainable financing implementation plans across their own operations and up and down their complex cross border supply chain partners.

The report not only details the level of progress by country but also key barriers to implementation across internal and external factors, ranking each response among those corporates currently implementing ESG policies (N = 277).

Internal issues include the absence of a defined strategic plan, lack of board support or simply too busy responding to COVID.

External issues include the challenging regulatory framework, public relations concerns and lack of shareholder/investor demand while a lack of stringent definitions/agreed measures and poor supply chain partner compliance also complicates integration and adoption of sustainability principles.

The voice of the customer insights provide a clear line of sight across differing funding methods, key trade and supply

chain finance (SCF) providers, domestic and international volumes and the challenges and opportunities faced by the largest corporates in funding their global supply chain needs amid crippling supply chain disruptions and geopolitical threats.

The latest 2022 analysis also provides powerful comparisons against 2017 equivalents captured as part of the Funding a Globalised Supply Chain report.

The analysis is based on primary research executed by East & Partners with the Top 100 revenue ranked corporates in each of eight key global markets targeted for interview. All interviewees reported an active import and/or export function with operations headquartered in Australia, Canada, China, Germany, Hong Kong, Singapore, United Kingdom, and USA.

Details: East and Partners

Asia Bond Monitor – June 2022

This edition of the Asia Bond Monitor outlines recent developments in financial conditions and local currency bond markets in emerging East Asia. It discusses the impact of asset purchase programs carried out to facilitate market liquidity and stabilize bond prices. In addition, it examines the impacts of both conventional and unconventional Federal Reserve monetary policy tools on exchange rates, equity market performances, bond yields, and portfolio flows in developing Asia.

Details: Asian Development Bank

Publications

Financing the Blue Economy: Investments in Sustainable Blue Small–Medium Enterprises and Projects in Asia and the Pacific

SMEs' limited access to capital makes them the "missing middle" in sustainable blue economy development. This report proposes SME sector priorities in the blue economy, analyzes the financing gap, and shares tools and resources to support new financial connections between international capital and local actors. It recommends the establishment of a new blended finance platform—SME BlueImpact Asia—to help fill the estimated $2 trillion SME blue economy financing gap in developing Asia.

Details: Asian Development Bank

About ABA

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

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

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