Asian Bankers Association

Newsletter

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February2023

ABA Announcements

ABA Chairman Conveys Sympathy to BAT for Turkey Earthquake

ABA Chairman Mr. Eugene S. Acevedo, President and CEO of Rizal Commercial Banking Corporation from the Philippines, sent a letter to Dr. Ekrem Keskin, Secretary-General of the Bankers Association of Türkiye (BAT), expressing ABA members' words of sympathy for the devastation cause by the powerful earthquake that hit southern Turkey on February 6, 2023. "We hope and pray that you will be able to overcome this worst crisis that your country has experience in decades, and that no further destruction will occur as a result of the continuing aftershocks," Mr. Acevedo said in his letter. He asked the support that might be needed by BAT from ABA "to help alleviate the sufferings of those directly affected by this terrible calamity." In his response, Dr. Keskin expressed his deepest gratitude to the ABA and its members, adding that "it means a lot to receive your solidarity message and offer for support during these dire times. Your thoughtful gesture and prayers give us comfort."

ABA Secretary-Treasurer Calls on TABF President

ABA Secretary-Treasurer David Hsu (center) met with Dr. Hank Huang, President of the Taiwan Academy of Banking and Finance (TABF) (2nd from right) on February 6 at the TABF headquarters in Taipei. Mr. Hsu briefed Dr Huang on recent and upcoming activities of ABA, particularly on the training programs and webinars in which TABF may participate either as speakers or as co-organizers. Dr. Huang expressed interest in taking an active involvement in the ABA activities and offered TABF's support in implementing them. His colleague Ms. Ti-Chen Chen, Deputy Director, Overseas Business Institute (leftmost), also outlined some of the activities and programs of TABF, including the newly-opened Fin & Tech Innovation Village, which aims to bring together governmental agencies, financial providers, academia, and technological manufacturers to create a space for technological innovation in the financial industry. Following the meeting with Dr. Huang, the ABA visitors were given a tour by Ms. Chen of the facilities of TABF, including its Financial Museum Joining Mr. Hsu in the visit were Mr. Ernest Lin, Immediate Past Secretary Treasurer of ABA (2nd from left), and ABA Deputy secretary Mr. Amador Honrado (rightmost).

Training Programs

ABA & NBA webinar on "Nepal Banking: Current Status & Opportunities"

The Asian Bankers Association (ABA) invites ABA members and colleagues to participate in the webinar on "Nepal Banking: Current Status and Opportunities" to be held on March 8, 2023 at 2PM Taipei time.

As part of webinar series on "Connecting and Exploring Opportunities with ABA", the March 8 session will feature Mr. Sunil K.C., President of the Nepal Bankers Association.

This one-hour webinar will provide valuable information to bankers, investors and financial experts to explore and learn about the current status of the banking market in Nepal and the opportunities available.

Topics:

1. Overview of Nepalese Economy
2. Development of Nepalese Banking Industry and Current Status
3. Investment Opportunities and Polices related to FDI & External Commercial Borrowing
4. Key focus areas of Nepal Bankers' Association
5. Potential areas/opportunity of collaboration with ABA members

The Agenda:

I. Introduction by Moderator (TBC) (5 minutes)

II. II. Presentation by Sunil K.C., President of the Nepal Bankers' Association (30 minutes)

III. Q&A (25 minutes)

To join the Nepal Bankers' Association webinar, please register through the link here.

ABA and APPTIO to hold webinar on "Making Technology Investments Count: TBM for Banking"

The Asian Bankers Association (ABA) and Apptio, a technology business management company, wish to invite fellow bank members, partners and friends to join the webinar on "Making Technology Investments Count: TBM for Banking" to be held on 13 March 2023 at 11:30am IST | 2pm SGT.

For banks, it is crucial to maximize the value IT investments deliver while cutting costs. This webinar will help decode the intricacies of managing IT with Technology Business Management (TBM), discuss how the TBM discipline has helped financial services organizations in the Asia Pacific region, and shared some tools available to IT leaders today.

It aims to help participants to understand how TBM adoption and tools have helped organizations:

- Cut IT spend to plan variance from 11% to 2-5%
- Shorten IT planning cycles by 80%
- Shift 2-5% of their IT budget from Run to Change
- Reduce cloud costs by 30% and cloud cost analysis time by 75%
- Align priorities across Finance, IT, and the Business
- Surface under-utilized budgets and fund more critical initiatives
- Reduce spending on non-strategic processes by 10-20%

Interested parties may register here for free.

Fintelekt to hold Certified AML CFT Professional (FCAP) Program

One of ABA's knowledge partners, Fintelekt Advising Services Ltd. is pleased to announce the "Fintelekt Certified AML/CFT Professional (FCAP)" training programme in Bangkok, Thailand on March 9-10, 2023 at Hotel Aloft Sukhumvit, Bangkok.

FCAP is a 2-day intensive course designed as a comprehensive and practical masterclass for aspiring and practicing AML/CFT professionals to learn and stay updated with latest tools, techniques and developments in anti-money laundering and combating terrorist financing.

The programme is relevant for staff from the AML Compliance, Regulatory Compliance, Financial Crime, Trade Finance, Remittances, Payment Systems, Retail Banking, Wholesale Banking, Digital Banking, Technology, Cyber Security, Audit, Legal, Strategy and Corporate Governance from the banking and financial services industry.

Seating capacity is limited, and we therefore request you to send your nominations at the earliest. Registrations will be on a first-come-first-served basis.

View the programme details here FCAP training brochure.

Feel free to contact Fintelekt directly for more information, Oliver Dickson, Vice President – Sales, Fintelekt Advisory Services Pvt Ltd, Email: oliver@fintelekt.com, Tel / Whatsapp / Viber: +91 9823188864 / +91 9370078917.

Training Programs

56th ADB Annual Meeting to be held in Incheon, Korea on May 2-5, 2023

The Asian Development Bank (ADB) is holding its 56th Annual Meeting on May 2-5, 2023 in Incheon, Korea. The Annual Meeting of the ADB Board of Governors is an opportunity to provide guidance on ADB administrative, financial, and operational directions. The meetings provide opportunities for member governments to interact with ADB staff, nongovernment organizations (NGOs), media, and representatives of observer countries, international organizations, academe and the private sector. ADB's annual meetings have become a premier forum for the discussion of economic and social development issues in Asia and the Pacific.

Participants of the Annual Meetings include:

- Finance and Economic Planning Ministers
- Senior Government Officials
- Representatives of the Multilateral Development Bank Community
- Investment Bankers
- Representatives of Nongovernment Organizations
- Members of the Media

For inquiries, e-mail: annualmeeting@adb.org.

Member Personalities

SBI appoints Vipin Kumar Pandey as the new Country Head & Chief Executive Officer, Hong Kong Branch

Mr. Vipin Kumar Pandey took over charge as Country Head & Chief Executive Officer of State Bank of India, Hong Kong branch starting January 20, 2023, replacing Mr. Shrirang Prabhakar Ketkar, who has been transferred back to India.

Mr. Pandey started his career with State Bank of India in 2001 as a Probationary Officer. Across a career spanning over two decades, he has gained rich experience in Corporate Credit, Retail banking and banking in developed markets.

After working in Corporate Credit for over a decade in different assignments, he has acquired skills pertaining to balance sheet analysis, appraisal and assessment of credit limits, monitoring and Supervision of credit portfolio. This included having a broad understanding of the economy, industries, identifying the potential of the management and the Company, identifying early warning signals and taking corrective steps for securing Bank's exposure.

Mr. Pandey holds a Master's Degree in 'Finance & Control' from Lucknow University, India and Diploma in 'Business Finance' from ICFAI University, Hyderabad & he is also a Certified Associate of Indian Institute of Banking & Finance, Mumbai.

Sunil KC elected president of NBA

NMB Bank Chief Executive Officer Sunil KC has been elected unanimously as the President of Nepal Bankers' Association (NBA)

He was elected by the special general meeting of the NBA held on January 11.

Earlier, Anil Kumar Upadhyay of Agricultural Development Bank was the president of the NBA. After the end of his tenure in the Agricultural Development Bank, a new leadership was elected by holding a special general meeting.

KC was the vice president of the NBA. He was also the Chief Executive Officer of NMB Bank, KC has more than 3 decades of experience in the banking sector.

The members of the executive committee of the NBA are Ajay Bikram Shah, Deepak Kumar De, Krishna B. Adhikari, Roshan Kumar Neupane, Sudesh Khaling, Suman Sharma will remain. Ashok Shamser Rana is the advisor of the NBA.

Tourism Mail

Member Personalities

Vietcombank names new general director

Vietcombank, Vietnam's largest state-owned lender, named its current deputy general director Nguyen Thanh Tung as its new general director.

He holds bachelor's degrees in economics of international trade and English education, as well as a master's degree in economics of Paris Dauphine University.

His career at Vietcombank began 26 years ago in 1997. He became the office head of Vietcombank in 2008, then the deputy director of the bank's operation center in 2013.

He became the deputy general director of the sales division in April 2019, before becoming deputy general director of the board of management in August 2021.

Retail News Asia

News Update

World Bank: Malaysia's price control mechanism causes supply shortage rather than lower cost of living

The price control mechanism in Malaysia, which has the most price-controlled items in the region, has caused lower supplies of food staples, resulting in higher prices, according to the World Bank.

The World Bank's lead economist for macroeconomics, trade and investment Dr Apurva Sanghi commented that the country's price control mechanism and allocation of agricultural subsidies have distorted the efficiency in resources allocation.

To resolve the high cost of living issue, the World Bank sees the urgent need for the Malaysian government to review its price control mechanisms and agricultural subsidies.

Speaking at the public launch of the World Bank's Malaysia Economic Monitor (MEM) 2023, Apurva pointed out that Malaysia's high utilisation of price controls may have exacerbated the country's cost of living issue.

"Guess which country in the region has the [highest] number of price controls? It is Malaysia. We found out that over half of the firms surveyed that were affected by these price controls revealed that they actually cut their production by a fourth," said Apurva, citing the findings of the bank's economic report.

"So if you have a shrinking supply as a result of price controls, that is gonna jack up the prices [of the affected goods]," he explained.

Commenting on subsidies, Apurva said despite Malaysians spending more on non-rice products, the bulk of agricultural subsidies goes towards supporting the production of rice.

"Put yourself in the shoes of a Malaysian farmer, you are subject to price controls so what you produce can't get you that much money, and you have these subsidies coming in which don't really incentivise you to produce what consumers are demanding.

"So the way out on the meso (mid-scale) front is that you have to increase supply by removing these distortions and providing incentives so supply increases and brings down the cost of goods," he said.

In its MEM 2023, the World Bank also underlined that between 2019 and 2021, the prevalence of moderate or severe food insecurity in Malaysia was at 15.4% — equivalent to five million people.

"Insufficient diversification in domestic production has led to growing imports in important categories of food products, especially meats and edible offal, maize, and soybeans.

"This has adversely impacted the poor in Malaysia," the World Bank said in the report.

The Edge Markets

The Impact of ESG on Taiwanese Banks

By Paul Shelton

In past articles, we've reviewed the ESG (Environmental, Social and Governance) reporting mandate for listed companies and how it is gradually becoming clear that even non-listed Taiwanese companies are feeling the need to adhere to the disclosure mandate. However, despite any potential for overlap, I believe there is merit in examining the impact of ESG on Taiwanese banks.

ESG issues as well as their associated opportunities and risks are absolutely relevant to Taiwanese banks. For banks, it is not just an ethical question when it comes to the question of sustainability, it is now an economic question. Heightened demand from investors for sustainable products as well as ever-increasing pressure from regulatory bodies highlight the need for banks to build ESG risks into their risk management framework.

So, let's examine the ESG risk drivers and sustainability issues that banks face and look at how banks must embed them into their risk management frameworks.

Integrating ESG into risk management frameworks

I am positive that if Taiwanese banks take a holistic approach to ESG risks within their risk management framework, they will see clear and tangible outcomes that move banks toward a more effective, efficient, and sustainable risk function. It may even make the unenviable role of Chief Risk Officer (CRO) a little more enjoyable.

Taiwanese banks are set to play an important role within Taiwan's Pathway to Net-Zero Emissions in 2050 and earlier this month it was revealed by Taiwan's Central Bank that it plans to incorporate climate change risks into its modeling and forecasts for economic growth. This new strategy is a clear alignment with the Net-Zero 2050 commitment. This move by the central bank sends a clear statement to Taiwanese banks to get on board with ESG now.

Banks are no exception

Let's burst any preconceived bubble here and now, banks are not unique. Banks don't have a fountain of knowledge or a crystal ball that allows them to predict the future (well, they do have risk management systems that help in this regard, but some systems are better than others).

After all, banks are simply made up of people and banks have had to deal with a confounding flood of information and speculations about future regulatory changes, and this has made it arguably difficult (but by no means impossible) for banks to develop a comprehensive strategy for ESG factors. Just because something is difficult is no excuse for lack of action.

Act now

Nevertheless, we know that investors across the globe and in Taiwan are demonstrating an increased demand for sustainable financial products. It follows then that sustainability and corporate conduct are influencing the reputation and business success of Taiwanese banks.

Doing nothing and waiting is not an option if it ever was, and I very much doubt that. Banks that are not acting now will hardly have the chance to integrate regulatory requirements regarding sustainability into their frameworks in good time, let alone adapt to the changed market requirements. This failure will attract the unwanted negative attention of both the regulators and the investment community.

I do acknowledge that simple solutions are rare. For example, abandoning a long-term relationship with a client that operates in a pollution-heavy industry can be extremely difficult even if the client itself is making every effort to convert to a more climate-friendly operating process, and exiting the relationship can lead to a loss of the bank's reputation among this customer group.

Conversely, the continuation of such business, in turn, can upset other stakeholders (such as NGOs) who may accuse the bank of unwillingness to support the transformation process to a sustainable economy. Banks undoubtedly see themselves as stuck between a rock and a hard place, but no one has ever said that banking is easy.

Whilst I noted above that banks are made up of people, there are a lot of smart people in banks and those smart people and the smart banks that employ them can, despite all the challenges posed by ESG factors, find opportunities here. Integrating ESG risks into their business now provides for active positioning and a positive reputation with their customers. They may even find new customers attracted by creating innovative products, solutions, and ideas.

However, ESG risks are not for the faint-hearted when we appreciate that they include environmental risk, social risk, and governance risk with the very real potential of a negative impact on banks' P&L and liquidity. ESG risks can even affect a bank directly (e.g. storm damage to bank buildings or a bank's systems), but also affect the same bank's customers (change in sales opportunities, production disruptions, etc.) leading to, for example, higher loan defaults. These are just two small examples of the very real challenges.

Sound bank governance vital

There are some people who would cynically suggest that banks are "cash cows" and can simply throw money at ESG

risks and they will magically go away. Frankly, having worked in banks for more than 30 years, I know that any bank that foolishly throws money at a problem in the hope of it going away will be shocked and horrified at the on-going cost of such an approach and equally as shocked and horrified to find out that the problem has not disappeared and in fact is likely to have grown larger.

In my opinion, this is where sound, reasoned governance within the bank is of vital importance. If the board and/or senior management are not fully onboard with ESG risks in 2023, then that bank is in for some very tough times. Management must step up and meet the challenges.

It is of course, all very well for me to sit comfortably outside Taiwan's banking system and pontificate on meeting ESG challenges. So, I shall attempt to prove my worth and provide some ideas about what Taiwanese banks should be doing now if they aren't already:

- Sustainability must be front and center of your business strategy today.
- ESG risk must be a priority in your organizational setup/governance — the ESG message must come from the top.
- Make sure you have the right talent for your on-going ESG journey. If you don't have them, get them, and ensure they have the tools and support they need. It is a tough market for ESG talent, but talented resources exist — use them.
- If necessary, make appropriate adjustments to your product and customer portfolio. This will not be easy or pleasant. It may involve the most difficult of decisions to de-risk certain products or customers, but it must be done.
- Know and be able to identify your sustainable assets and look for more.
- Offer sustainable financing to customers now. Don't hint at it as if it is something on the horizon. Offer sustainable financing now!
- ESG risk must be included in your pricing and risk management models today, not tomorrow, not next month.
- ESG risks must be included within your capital charge model now. Again, make sure you have the right credit risk managers to achieve this today!
- Manage your ESG-related data. If you aren't managing your ESG data now, it will only be that much more difficult in the future. Make sure your data is up to date and renewed regularly. Data burn is real. Don't get burnt!
- Make it clear to your customers, investors, and regulators of your ESG credentials. Make sure the positive message gets out there and reap the benefits of your hard work.

If the above list sounds dogmatic, I make no apologies. It is meant to be dogmatic. There are many Taiwanese banks that are already taking the correct approach to ESG risks, but I am concerned that there are also many that need to start acting now. As noted above, doing nothing is not an option.

Until we meet again, my best wishes for the upcoming Lunar New Year. Stay healthy, safe, and may 2023 be a year of prosperity for us all!

Taiwan News

Bhutan: Social media platforms a way for locals to earn money

The rising popularity of social media platforms like Tik Tok and YouTube are attracting users in Bhutan. These users are now gaining popularity on both national and international levels. These platforms are opening economic avenues for the people of Bhutan, reported Bhutan Live.

These popular social media applications offer the audience to send gifts to users that can be converted into dollars. However, social media influencers told Bhutan Live that withdrawing money from these platforms remains hassle.

A popular Tik Tok influencer from Bhutan, Phuntsho Choden told the publication, "I got a lot of gifts from a lot of people who appreciated my post, but the sad thing was it was not possible for me to withdraw money from my PayPal account. So, that's why I asked for help from one of my friends who is living abroad and he did help me with that."

The report by Bhutan Live claims that as of now the country does not have access to international payment applications such as PayPal. The Royal Monetary Authority (RMA) says they previously contacted PayPal but the company declined the offer to tie up with RMA sheerly due to Bhutan's small population. The central bank is now exploring other options.

Explaining this problem another Tiktoker, Thinley Gyeltshen said that "We need to get help from our close and trusted friends to encash our money. With this, if concerned authorities could make such applications accessible then our Bhutanese Tiktokers can withdraw their money without replying on our friends."

However, another popular platform in the country YouTube's Google AdSense is supported by local banks that help these users gain money. A popular YouTuber, Tandin Phub, says withdrawing money made through YouTube is done through Google AdSense which is supported by local Banks.

These people despite all the challenges are able to gain popularity internationally and this proves that anyone with a large following can turn their online presence into a lucrative business, Bhutan Live said.

ANI

News Update

Mongolian Banks to Accept Russian MIR Debit Cards

The list of countries who will permit access to Russia's MIR banking system is growing with Mongolia set to join shortly. Tuksgrlin Munkh-Od, the head of the Department for the Coordination of Tourism Policy at the Ministry of Environment and Tourism of Mongolia, set out the plans February 16, stating that the country's authorities have almost completed preparatory work with local banks.

"I am glad to announce that cards of Russian banks [of the Mir system] will soon start working in Mongolia. We have already done 80% of the work with Mongolian banks in this area. Of course, we understand how difficult it is for Russian tourists in Mongolia to pay for services and make purchases. It is too early to say which banks in Mongolia will work with the Russian Mir card, but the work is underway in this area" Tuksgrlin said.

In 2018, Belarus and Kazakhstan became the first countries which began to accept MIR cards. At present, the Russian payment system operates in about 10 countries, and more than 15 countries have expressed their readiness to introduce it.

The Russian tourism industry is changing with domestic Russian tourists seeking holidays in countries with friendly attitudes towards Russia and which have banking facilities that they can use to access their bank accounts back in Russia in order to pay for goods and services abroad. Mongolia was part of the USSR and offers extensive adventure travel opportunities as the country itself begins to open up after Covid. Russian contractors are also working on the second gas pipeline, the 'Power of Siberia 2' transiting Russian gas to China.

Russia Briefing

Special Features

Rural banks can accelerate financial inclusion in Southeast Asia

With more than 660 Million people living in Southeast Asia, this culturally rich and diverse region is considered as one of the fastest growing regions in the world with a projected GDP of $4.7 trillion by 2025.

As many experts have noted, the region's financial services industry is ripe for financial innovation and evolution. But as of 2019, at least 70% of the consumers remain 'unbanked' and 'underbanked' and 70% of small- and medium-sized enterprises (SMEs) still prefer to accept cash payments.

Individuals and SMEs are still adjusting to the different financial technology, or fintech, solutions being offered in banking, credit, payments and remittances – a trend which accelerated due to the pandemic.

Financial inclusion is still at the forefront of different initiatives in the region with the raise of digital banks offering a wide range of financial services and other banking-as-a-service (BaaS) solutions.

However, one key segment that is rarely talked about is how fintech firms can join with traditional rural banks to significantly improve the financial inclusion in the region.

Rural banks can help improve financial inclusion

In Southeast Asia, rural banks by definition are traditional banks that serve farmers, fishermen, workers or communities away from the highly-dense metropolitan cities in a country. By design, rural banks are physically well-positioned to respond to the existing financial gap given their geographic advantage and expansive network.

In the Philippines alone, as of end-December 2018, there were 472 rural banks and cooperative banks with a network of more than 3,600 offices and branches spread around the country.

These traditional rural banks are poised to bring the biggest disruption and impact to the industry, but how can digitizing these age-old banks and processes help accelerate the financial inclusion in the region and what support will these players need?

Rural banks experienced in underserved areas

Rural banks were established to service the unbanked and are strategically located in far-flung and rural areas of a country. These banks have years of experience serving the underserved sectors like small businesses, farmers, fishermen and remote communities.

Through constant exposure to the problems of the unbanked sector, rural banks have a rich understanding of different problems being experienced by the people on the ground.

As stated by Bangko Sentral ng Pilipinas (BSP)

Assistant Governor Arifa A. Ala from our interview with her, "Engaging the unbanked in the development of financial solutions presents multiple opportunities for fintech firms.

"First, it allows fintech firms to gain a deeper understanding of the financial landscape and digital literacy of the communities they intend to serve.

"Second, with greater participation by the end users in the development of the solution, challenges on building trust and getting the buy-in on tech products/services may be alleviated…"

Various fintech firms and initiatives can work closely with rural banks to drive digitalization of these traditional rural banks with foundational understanding of what the end users want for, and need from, their financial services.

Marrying these two worlds of fintech and rural banking will increase adoption rates of the unbanked and underbanked, given that these solutions were worked and developed closely with them.

Regulators as partners in banking change

Regulators have a significant role helping drive the financial inclusion through their direction and mandates. But by creating specific rules and guidelines around supporting rural banks and its evolution will encourage more rural bank players to take the leap into digitizing their processes/services for their customers.

One key example of this is the Philippines' central bank's Rural Bank Strengthening Program (RBSP), which launched in May 2022. This memorandum has four clear and key points that it aims to achieve:

- A strengthened capital base
- A holistic menu of five time-bound tracks, all aimed at ensuring that rural banks that continue to operate have adequate capital to support their operations and effectively comply with regulatory expectations
- Incentives and capacity building interventions to promote successful undertakings
- Review and enhancements of existing regulations to ensure consistency in policy approach and direction

Partnerships to cater for unbanked

An example of the RBSP in the works is the pending application of First Circle, a fintech firm specializing in SME financial services, for investment into a rural bank. Marrying an established fintech firm in First Circle with a long-standing rural bank has the potential to a specialized banking institution catering to underserved markets.

Acting under the clear guidance and support of the BSP, First Circle has the opportunity to permanently elevate local communities fulfilling the strategic aims of the central bank.

Another example is the Vietnam Bank for Social Policies, established in 2002 by the government to offer a full range of financial services to the poor at preferential terms and subsidized rates.

By complementing this with other regulations that promote financial digitalization and inclusion throughout Southeast Asia, rural banks are given proper guidelines and clear support on how to take the next step forward into their journey.

This also enables these traditional rural banks to veer away from their textbook definition of only servicing farmers, fishermen, workers and so on, and instead compete with bigger and more modern banks.

The path forward for rural banks and microfinance institutions is clearly laid out in front of them. With their vast experience with the unbanked and regulators giving a helping-hand, it is time for these players to spearhead the drive for financial inclusion.

As V. Bruce J. Tolentino et al stated, "Clearly, there are opportunities and niches in rural and agricultural finance that rural banks are uniquely suited to exploit. The next reform must enable rural banks to shed the vestiges of their origins in supply-led finance and positively embrace the digital innovations enabled by the Fourth Industrial Revolution."

World Economic Forum

Global Economy to Slow Further Amid Signs of Resilience and China Re-opening

By Pierre-Olivier Gourinchas, Economic Counsellor and the Director of Research of the IMF

The global economy is poised to slow in 2023, before rebounding in 2024. Growth will remain weak by historical standards, as the fight against inflation and Russia's war in Ukraine weigh on activity.

Despite these headwinds, the outlook is less gloomy than in our October forecast, and could represent a turning point, with growth bottoming out and inflation declining.

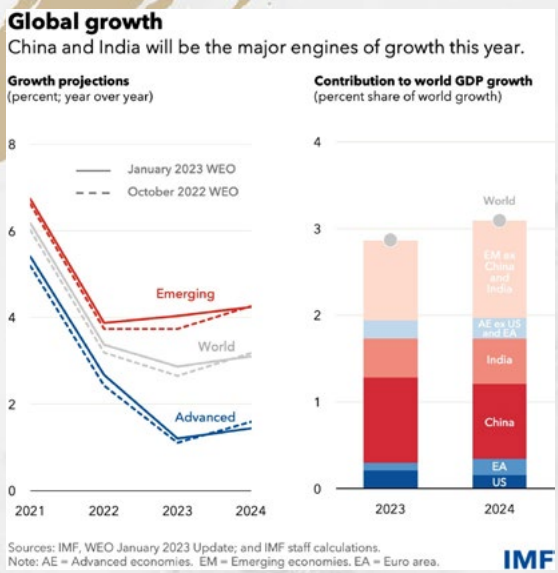
Economic growth proved surprisingly resilient in the third quarter of 2022, with strong labor markets, robust household consumption and business investment, and better-than-expected adaptation to the energy crisis in Europe. Inflation, too, showed improvement, with overall measures now decreasing in most countries—even if core inflation, which excludes more volatile energy and food prices, has yet to peak in many countries.

Elsewhere, China's sudden re-opening paves the way for a rapid rebound in activity. And global financial conditions have improved as inflation pressures started to abate. This, and a weakening of the US dollar from its November high, provided some modest relief to emerging and developing countries.

Accordingly, we have slightly increased our 2022 and 2023 growth forecasts. Global growth will slow from 3.4 percent in 2022 to 2.9 percent in 2023 then rebound to 3.1 percent in 2024.

For advanced economies, the slowdown will be more pronounced, with a decline from 2.7 percent last year to 1.2 percent and 1.4 percent this year and next. Nine out of 10 advanced economies will likely decelerate.

US growth will slow to 1.4 percent in 2023 as Federal

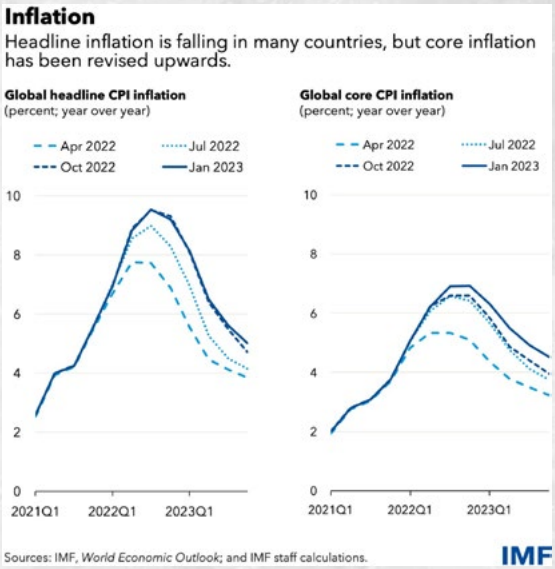


Reserve interest-rate hikes work their way through the economy. Euro area conditions are more challenging despite signs of resilience to the energy crisis, a mild winter, and generous fiscal support. With the European Central Bank tightening monetary policy, and a negative terms-of-trade shock—due to the increase in the price of its imported energy—we expect growth to bottom out at 0.7 percent this year.

Emerging market and developing economies have already bottomed out as a group, with growth expected to rise modestly to 4 percent and 4.2 percent this year and next.

The restrictions and COVID-19 outbreaks in China dampened activity last year. With the economy now re-opened, we see growth rebounding to 5.2 percent this year as activity and mobility recover.

India remains a bright spot. Together with China, it will account for half of global growth this year, versus just a tenth for the US and euro area combined. Global inflation is expected to decline this year but even by 2024, projected average annual headline and core inflation will still be above pre-pandemic levels in more than 80 percent of countries.



The risks to the outlook remain tilted to the downside, even if adverse risks have moderated since October and some positive factors gained in relevance.

On the downside:

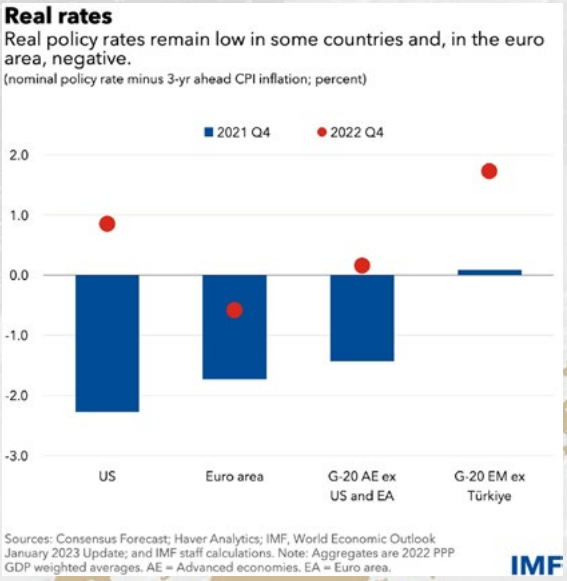
- China's recovery could stall amid greater-than-expected economic disruptions from current or future waves of COVID-19 infections or a sharper-than-expected slowdown in the property sector
- Inflation could remain stubbornly high amid continued labor-market tightness and growing wage pressures, requiring tighter monetary policies and a resulting sharper slowdown in activity
- An escalation of the war in Ukraine remains a major threat to global stability that could destabilize energy or food markets and further fragment the global economy
- A sudden repricing in financial markets, for instance in response to adverse inflation surprises, could tighten financial conditions, especially in emerging market and developing economies

On the upside:

- Strong household balance sheets, together with tight labor markets and solid wage growth could help sustain private demand, although potentially complicating the fight against inflation
- Easing supply-chain bottlenecks and labor markets cooling due to falling vacancies could allow for a softer landing, requiring less monetary tightening

Policy priorities

The inflation news is encouraging, but the battle is far from won. Monetary policy has started to bite, with a slowdown in new home construction in many countries. Yet, inflation-adjusted interest rates remain low or even negative in the euro area and other economies, and there is significant uncertainty about both the speed and effectiveness of monetary tightening in many countries.



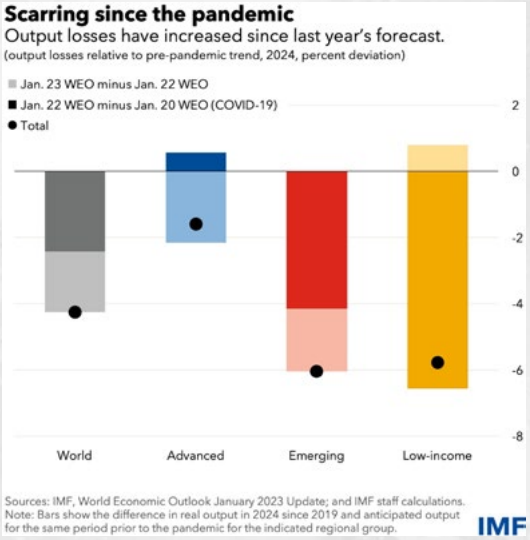
Special Features

Where inflation pressures remain too elevated, central banks need to raise real policy rates above the neutral rate and keep them there until underlying inflation is on a decisive declining path. Easing too early risks undoing all the gains achieved so far.

The financial environment remains fragile, especially as central banks embark on an uncharted path toward shrinking their balance sheets. It will be important to monitor the build-up of risks and address vulnerabilities, especially in the housing sector or in the less-regulated non-bank financial sector. Emerging market economies should let their currencies adjust as much as possible in response to the tighter global monetary conditions. Where appropriate, foreign exchange interventions or capital flow measures can help smooth volatility that's excessive or not related to economic fundamentals.

Many countries responded to the cost-of-living crisis by supporting people and businesses with broad and untargeted policies that helped cushion the shock. Many of these measures have proved costly and increasingly unsustainable. Countries should instead adopt targeted measures that conserve fiscal space, allow high energy prices to reduce demand for energy, and avoid overly stimulating the economy.

Supply-side policies also have a role to play. They can help remove key growth constraints, improve resilience, ease price pressures, and foster the green transition. These would help alleviate the accumulated output losses since the beginning of the pandemic, especially in emerging and low-income economies.



Finally, the forces of geoeconomic fragmentation are growing. We must buttress multilateral cooperation, especially on fundamental areas of common interest such as international trade, expanding the global financial safety net, public health preparedness and the climate transition.

This time around, the global economic outlook hasn't worsened. That's good news, but not enough. The road back to a full recovery, with sustainable growth, stable prices, and progress for all, is only starting.

Among Member Banks

Bank of East Asia Financial Performance

In 2022, BEA and its subsidiaries earned a profit attributable to owners of the parent of HK$4,359 million.

Basic earnings per share were HK$1.32 for the year. The return on average assets was 0.4%, while return on average equity was 3.7%.

Profitability declined compared to 2021 as a result of a deterioration in asset quality. Continued difficulties for the Mainland property sector resulted in downgrades being made to sizeable accounts, and the Bank made appropriate provisions to cover this exposure.

In face of external challenges, BEA's operations were resilient. Operating profit before impairment losses stood at HK$8,730 million, an increase of 25.4% compared to 2021, with core profitability showing an improvement across the Bank's Hong Kong, Mainland China and overseas operations.

Net interest income increased by 20.8% to HK$13,508 million. With interest rates rising in Hong Kong and overseas, net interest margin widened by 28 basis points to 1.65%. This more than offset a drop in non-interest income to HK$4,446 million under weak market conditions.

Net fee and commission income fell by 10.3% to HK$2,753 million. Investment sentiment was impacted by the spread of Omicron and macroeconomic conditions, resulting in a decrease in net commission income from sales of investment products and securities brokerage. This was partially offset by a growing contribution from bancassurance, which has become a strong revenue stream for the Bank.

Net insurance profit was impacted by the disposal of BEA Life Limited ("BEA Life") in September 2021 and Blue Cross (Asia-Pacific) Insurance Limited ("Blue Cross") in August 2022.

Taken together, net trading and hedging results and net results from other financial instruments amounted to HK$1,245 million.

Overall, total operating income rose by 10.3% to HK$17,954 million.

Total operating expenses were reduced by 1.0% to HK$9,224 million. Expenses were held flat, despite continued investment in the Bank's talent, digital and data analytics capabilities, as a result of efficiency gains. The cost-to-income ratio for 2022 improved by 5.8 percentage points to 51.4%.

Impairment losses on financial instruments rose from HK$1,679 million in 2021 to HK$5,923 million in 2022. The

Group's impaired loan ratio increased from 1.09% at the end of December 2021 to 2.39% at the end of December 2022.

Net profit on sale of assets held for sale grew by HK$403 million to HK$1,445 million, mainly as a result of the HK$1,446 million gained upon disposal of Blue Cross and Blue Care JV (BVI) Holdings Limited in 2022, compared to HK$902 million from the disposal of BEA Life in 2021.

The Group's share of after-tax profits less losses from associates and joint ventures went up by HK$1,089 million to a profit of HK$855 million, mainly contributed by associates operating in Malaysia and Mainland China.

Total consolidated assets of the Group stood at HK$882,825 million at the end of December 2022.

Gross advances to customers remained stable at HK$549,014 million.

Total deposits from customers increased by 2.3% to HK$648,093 million. Of the total, demand deposits and current account balances decreased by 17.3%; savings deposits fell by 26.2%; and time deposits rose by 22.4%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, amounted to HK$680,755 million.

The loan-to-deposit ratio stood at 80.6% at the end of December 2022, compared to 78.6% at the end of 2021.

Total equity attributable to owners of the parent was HK$95,987 million.

The Bank's strong capital position enabled a series of corporate actions in 2022 while providing a buffer against external impacts. During the reporting year, the Bank completed an off-market share buy-back transaction with a total consideration of HK$2,904 million in April 2022 and commenced a general buy-back on-market in October 2022. As at 31st December, 2022, the Bank had repurchased 15,744,800 Shares on the Stock Exchange at a total consideration of HK$134 million, representing 0.54% of the Shares in issue.

As at 31st December, 2022, the total capital ratio, tier 1 capital ratio, and common equity tier 1 capital ratio were 20.1%, 17.7%, and 15.8%, respectively. The average liquidity coverage ratio for the quarter ended 31st December, 2022 was 197.7%, well above the statutory minimum of 100%.

Bank of East Asia News

Here's why State Bank of India continues to dominate country's banking landscape

State bank of India (SBI), the country's largest lender, has survived and thrived through many an upheaval in its 217-year history. What stands out is the contribution of its leaders, especially after the nationalisation of banks. Take, for instance, D.N. Ghosh in the mid-1980s, who incubated SBI Asset Management Company; it is now the third-largest mutual fund house in terms of assets under management. Janki Ballabh, who helmed SBI at the turn of the century, laid the foundations of SBI Life Insurance that is today the largest private sector life insurer in India. Then came A.K. Purwar and O.P. Bhatt, who laid the foundations of consumer banking, which has now grown to account for over 40 per cent of SBI's total loan mix.

By the time Arundhati Bhattacharya reached the corner room, competition from private sector banks had increased manifold. Under her leadership, SBI transformed into a customer-centric and tech-savvy bank to protect its market share. Her successor, Rajnish Kumar took her work forward by developing the bank's super-app YONO. Current Chairman Dinesh Kumar Khara is consolidating the digital gains made by his predecessors, and also setting up the foundations for green finance.

The success of SBI—with a balance-sheet size of Rs 52 lakh crore ($675 billion) till September 2022—can be traced back to the efforts of its many leaders. Recognising the vital role played by SBI in India's banking history and its achievements, the jury of the BT-KPMG Best Banks and Fintechs Survey 2021-22 decided to confer on it the Special Jury Award for Consistent Transformation. So, what is SBI's secret sauce?

"The organisation's stability comes from a focus on creating a future-ready business model," says a consultant with a Big Four consulting firm. And with a cadre of officers who are mostly taken on at the probationary officer (PO) level, SBI in recent decades has had a chairman who has come up through the ranks. Khara, whose tenure will end in October 2023, also joined SBI as a PO in 1984. Interestingly, having its own cadre of officers has not only helped the bank, but also the wider banking industry in the sense that it has now become a factory for producing industry leaders. For instance, YES Bank's current MD & CEO Prashant Kumar; the country's largest depository NSDL's MD & CEO Padmaja Chunduru; and World Bank's MD & Group CFO Anshula Kant are all SBI veterans.

In all, SBI has played a crucial role in growing India's banking sector and the overall economy. And as the country's economy marches towards the $5-trillion target, SBI will have ample opportunity to continue building its legacy.

Business Today

Among Member Banks

Bank Pasargad awarded as Iran's most valuable banking brand

Bank Pasargad of Iran was ranked by the Brand Finance Institute of The Banker magazine as the world's 238th most valuable banking brand for the year 2023.

The Brand Finance Institute in their annual ranking of the world's Top 500 Banking Brands for the Year 2023 ranked Bank Pasargad as the world's 238th most valuable brand with a brand value estimated at USD 759.000.000.

This achievement represents a 24% increase in brand value and a 19-place improvement in the ranking of the world's Top 500 Banking Brands. In year 2022, Bank Pasargad stood at 257th rank on this prestigious list with a brand value of USD 613.000.000. The ranking of the world's Top 500 Banking Brands is published annually by the Brand Finance Institution on the basis of historical and forecasted revenue streams of the bank as well as other indicators.

Bank Pasargad is the only Iranian bank listed among the world's 500 most valuable banking brands and this valuation was obtained despite many years of international sanctions on Iran and significant devaluation of Iranian national currency.

Establishment of MUFG Innovation Partners Garuda No. 1 Limited Investment Partnership

MUFG Innovation Partners Co., Ltd. ("MUIP") and MUFG Bank, subsidiaries of MUFG, today announced that they have established a USD 100 million fund called the MUFG Innovation Partners Garuda No. 1 Limited Investment Partnership ("the Fund") with PT Bank Danamon Indonesia, Tbk ("Danamon"), a leading commercial bank in Indonesia.

In January 2019, MUFG established MUIP, a fund management company, to strengthen open innovation through business alliances between MUFG Group companies and startups both in Japan and overseas. MUIP has invested a total of over JPY 40 billion in companies globally and worked to promote collaboration with investees.

The Fund, which is MUIP's third, will focus on the Indonesian market, which represents the largest digital economy in ASEAN, and make strategic investments in emerging companies that are expected to have synergies with Danamon, a subsidiary of MUFG Bank. Through collaboration with investees through the Fund, Danamon aims to enhance its product competitiveness, promote digitalization, and attract new customers through the customer contacts that our investees have.

MUFG News

Fujitsu and Mizuho Bank partner for ESG data management project

Japan's Fujitsu and Mizuho Bank have partnered to develop services for corporate customers that will help them manage environmental, social and governance (ESG) and Sustainable Development Goals (SDG) data, including greenhouse gas (GHG) emissions.

The partnership will combine Mizuho Bank's customer networks and information on environmental and energy solutions with Fujitsu's cloud services for visualising CO2 emissions across the entire supply chain, "supporting customers in their efforts towards de-carbonisation and improving the efficiency of their sustainable management strategies".

"This will allow the two companies to calculate, visualise and accurately and efficiently analyse GHG emissions to support customers in reducing their carbon footprint," the two firms say.

The new solution will enable the management of ESG data including energy consumption, waste management, occupational health and safety, and corporate social responsibility (CSR) activities. It will enable companies to respond to the Japanese Law Concerning the Rational Use of Energy (Energy Conservation Act) and "promptly and accurately" disclose information for global reporting standards.

Japan's Mizuho Bank is a wholly-owned subsidiary of Mizuho Financial Group, with approximately 60,000 employees in 35 countries outside of Japan, and assets worth almost $2 trillion.

Fujitsu is a global Japanese firm which provides digital transformation services to customers in more than 100 countries, employing 124,000 people across the world. Its services are based on computing, networks, AI, data and security and converging technologies.

Fintech Futures

Among Member Banks

SMBC to end corporate finance for coal mining by 2040, but trade finance remains

Sumitomo Mitsui Banking (SMBC) will phase out corporate and project finance exposure to coal mining by 2040 but does not have a concrete timeline for reducing support to trade finance, a senior company official said February 9.

The main banking arm of Sumitomo Mitsui Financial Group said in disclosures to investors last year that it would halt funding for new mines, expansion of existing ones and related infrastructure, but stopped short of giving a timeline on ending corporate finance for companies linked to coal mining.

Rajeev Kannan, SMBC's Managing Executive Officer and Co-Head of Asia Pacific Division said February 9, there would be no project and corporate finance exposure to coal mining or coal-fired power plants by 2040.

Critics have previously pointed to the ambiguity on corporate financing, potentially providing a loophole for banks lending to pure-play coal miners.

"Some level of trade finance" could still be available for coal dealers shipping critical fuel supplies for power plants, Kannan said in an interview. "But even that kind of support, over a period of time, will go away," he said.

Under pressure from investors, Western governments and campaigners, top global lenders have squeezed credit lines that finance projects based on fossil fuels in a bid to achieve net-zero emissions across their financing portfolios.

Government and industry officials in some countries call this discriminatory, as it impedes their ability to provide reliable energy to their citizens.

"That's a moral decision, which we as a financial institution can't take," Kannan said in a response to a question on lack of funding to coal projects critical to energy security of countries. "We have to basically work with the global thought processes," he said.

Environmental activists are increasingly pushing Japanese megabanks away from investing in or financing fossil fuels like coal, which still has strong support in Japan. All the banks have committed to stopping lending to new coal-fired power plants.

Japan's second largest bank by assets was getting most of its new energy funding opportunities in the renewable energy sector, followed by hydrogen, Kannan said, adding that the group would progressively reduce exposure to gas-related transactions.

A February 2022 report by 28 non-governmental organizations showed SMBC's rivals Mizuho and Mitsubishi UFJ Financial Group (MUFG) were the biggest financiers of the global coal industry, which received $373 billion in loans in nearly three years ending November 2021.

MUFG, SMBC's bigger rival, has since halted financing new coal mines, but has not laid out its funding policy for existing mine expansion. Smaller lender Mizuho Financial said last year it would stop lending to new clients who are pure-play coal miners.

Kannan said decisions on offering financial support to carbon capture were "not easy" as it would still mean developing a coal-based utility, but called ammonia cofiring a "good option" provided power generated from coal was quickly displaced by ammonia.

"Big picture, we are focused on our finance emissions targets. We'll have to see — how does the portfolio reduce the total quantum of finance emissions over a period of time?"

Japan Times

Maybank introduces 'Kill Switch' as part of online security enhancement and ongoing efforts to combat online scams

Maybank has recently introduced the 'Kill Switch' feature via Maybank2u (M2U) web and the MAE app on 28 January 2023 as part of its ongoing efforts to further enhance online security as well as combat online scams by allowing customers to immediately deactivate their M2U access with just a simple click of a button should they notice something peculiar or believe that they have been scammed.

This is done through the enhancement of its existing security features in M2U that are already in place as the Bank progressively rolls out more measures that can help customers minimise their losses.

Maybank remains supportive of Bank Negara Malaysia's five key measures to combat scam and confirms that the Bank is currently on track. This is seen through the various initiatives, including the rolling out a dedicated hotline where customers can report fraudulent activities, the migration from SMS TAC to Secure2u (S2U) on MAE, binding S2U usage to only one device, as well as the introduction of a 12-hour activation period for new S2U registrations on MAE which helps to prevent unauthorised transaction approvals.

Maybank had first introduced Secure2u in April 2017 as a more secure authentication method, and will fully enforce Secure2u to be approved on the MAE app for all online activities or transactions relating to account opening, fund transfers and payments as well as changes to personal information and account settings by June 2023.

The 'Kill Switch' can be activated via Maybank2u web or MAE app and once enabled, customers will be automatically logged out of all active online sessions on the MAE app as well as M2U app and web. For security reasons, during the deactivation period, customers will not be able to log into M2U and reactivation can only be done after successful verification via the branch or the Maybank Group Customer Care. This will also prevent scammers or any unauthorised parties from accessing M2U or the MAE app causing further outflow of funds.

Customers are still able to withdraw cash from ATMs and make purchases using their Maybank debit or credit cards. However, cardless and contactless cash withdrawals will not be available during this time as this requires customers to log in to Maybank2u.

Maybank News

Among Member Banks

Bank of Maldives reduces Kiyavaa Loan and Education Financing rate

Bank of Maldives has announced the reduction of its student Kiyavaa Loan and Education Financing rate to 5% effective February 1, 2023. The reduced rate is applicable for both new and existing facilities.

With the new lower interest and financing rate, the repayment period for existing customers will be automatically reduced. Further details, as well as the option to pay a lower monthly installment, will be communicated to all existing Kiyavaa Loan customers.

BML's CEO and Managing Director, Karl Stumke commented, "We are delighted to bring positive changes to our student loan that will allow easier access to funding for students seeking further education anywhere in the world."

The BML Kiyavaa Loan and Education Financing is available for students to cover 75% of the cost of education including tuition fees and other living costs and is offered with a repayment period of 10 years.

Bank of Maldives News

PNB wins coveted Four Golden Arrow in corporate governance

Philippine National Bank received the coveted Four Golden Arrow Award during the ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards held on January 20.

PNB was among the 80 companies recognized by the Institute of Corporate Directors (ICD) for achieving at least 80 points in the ACGS Assessment. The bank was cited for exhibiting observable conformance with the Philippine Code of Corporate Governance and internationally recommended corporate governance practices as espoused by the ACGS.

"We are humbled by this recognition," said PNB Chairman Federico C. Pascual. "We shall remain consistent in adopting the best practices in corporate governance as we serve the needs of our stakeholders."

In 2022, PNB was awarded by the Asia Corporate Excellence and Sustainability Awards (ACES) as one of Asia's Most Influential Companies. The award is given to companies that show genuine interest in the well-being of its stakeholders through corporate social responsibility initiatives that are integrated into policies and operations, with a high level of employee and top management involvement on community engagement, environment, and social empowerment programs. The bank was also recognized by a joint program of the European Union and the UN Women for its commitment to transparency and reporting that reflects gender data indicators.

PNB News

RCBC hailed as PHL's Best Digital Bank by World Economic Magazine Awards

Undisputed and leading digital challenger bank Rizal Commercial Banking Corporation (RCBC) through its digital banking app RCBC Digital was hailed as Philippine's Best Digital Bank by World Economic Magazine. The award is a recognition of RCBC's outstanding performance as they hurdled business challenges and forwarded innovative solutions amid ongoing recovery due to the pandemic.

RCBC Digital aims to help the Philippines as the country transitions to a cash-lite, digitally-inclusive financial ecosystem. RCBC Digital features person-to-merchant QR payments use cases, the in-app UITF placement, mobile check deposit, and the Philippines' first digital concierge, among others.

"RCBC Digital continues to be every Filipino's most convenient and reliable digital bank and partner in their daily lives. This recognition energizes and pushes us more to continue developing innovative digital solutions to ease the lives of our valued customers," said Lito Villanueva, RCBC Executive Vice President and Chief Innovation and Inclusion Officer.

RCBC Digital is one of the services and products that provide a whole digital ecosystem experience including RCBC DiskarTech, RCBC ATM Go, and RCBC MoneyBela. RCBC DiskarTech is a pioneering financial inclusion app that offers a wide array of financial services such as the opening of a basic deposit account that lets individuals' savings earn 3.25 percent interest per annum, fund transfers for only 8 pesos to any bank and e-wallets, mobile loads, telemedicine, insurance, and micro-loans.

RCBC DiskarTech and ATM Go, the Philippines' first neighborhood ATM, were the financial digital cornerstones of RCBC's collective response to COVID-19 that aided DSWD and DOLE in the distribution of financial assistance to Filipinos in hard-to-reach and geographically isolated areas in the Philippines. RCBC ATM Go has the most extensive reach covering all 82 provinces nationwide with its handheld devices being facilitated by over 1,000 merchant partners. Lastly, RCBC MoneyBela Barangayan Banking fuses digital prowess and empathy as the first physical-digital (phygital) banking experience that facilitates financial transactions even to far-flung communities of the country.

Business Mirror

Among Member Banks

Doha Bank: Disclose the Annual financial statement of 2022

Doha Bank discloses the interim financial statement for the twelve-month period ending 31st December, 2022 . The financial statements revealed a Net Profit of QR 765,375,000 in comparison to Net Profit QR 703,774,000 for the same period of the previous year.

The Earnings per share (EPS) amounted to QR 0.25 as of 31st December, 2022 versus Earnings per share (EPS) QR 0.23 for the same period in 2021.

The Board of Directors is recommending to the Ordinary General Assembly to distribute cash dividends to the shareholders for QR 0.075 per share.

Doha Bank

DBS aiming to be biggest foreign bank in Taiwan

DBS Bank Taiwan is on track to grow into the largest foreign bank by assets after completing the integration of Citibank Taiwan Ltd's consumer banking business in August or September 2023, DBS Group Holdings Ltd chief executive officer Piyush Gupta told a news conference in Taipei on February 16.

Gupta announced the Singaporean banking group's development plans in his first visit to Taipei after a five-year hiatus.

Gupta said he had previously worked for Citibank and was confident the acquisition, valued at NT$93.6 billion (US$3.09 billion) would provide a great opportunity to grow DBS' credit card and wealth management businesses.

The expansion falls in line with the group's strategy to deepen presence in six priority markets: Singapore, China, India, Indonesia, Hong Kong and Taiwan, Gupta said, adding that Taiwan's thriving semiconductor and other electronics companies offer great potential.

The region-oriented strategy has paid off, as evidenced by a 20 percent increase in DBS Group's earnings in 2022, whereas most peers took a hit from the global financial tumult, the banker said.

Incoming DBS Taiwan general manager Ng Sier Han said the acquisition and one-time investment would scale up its consumer banking business and accelerate the bank's growth by 10 years.

Toward the end, DBS Taiwan is striving to enhance its features and capabilities to bring its proposition on a par or better than Citibank across credit card, payment and wealth management offerings, Ng said.

It is his top responsibility to ensure that the transition for customers is as seamless as possible and with minimal customer intervention, Ng said.

"We want to become the go-to bank for local and overseas banking needs," said Ng, who is to take up the helm at DBS Taiwan on April 1.

Outgoing general manager Lim Him Chuan is to relocate to Singapore as the group's head of strategy and planning.

The Citibank deal would enable DBS Taiwan to expand its credit card and secured loan business by 4.3 times, loans portfolio by 2.1 times, assets under management by 3.5 times, and current and savings accounts by 4.7 times, the group's data showed.

In addition, DBS Group would strengthen investment in digitalization and grow its supply chain financing business using application programming interfaces (APIs), Gupta said.

The group is also seeking to partner with clients in their transition to net zero business models, such as carbon credit transactions, the banker said.

Despite the crypto collapse, Gupta said he believes digital currency would increasingly replace paper money, as technology is rapidly reshaping the banking industry and people's lives.

Taipei Times

UOB and The Business Times to launch Inaugural Sustainability Impact Awards

To recognise the sustainability efforts of individuals and businesses in Singapore, and to encourage such business practices, UOB and The Business Times (BT) have come together to launch the inaugural Sustainability Impact Awards. The launch ceremony and the unveiling of the Awards' logo was witnessed by Dr Amy Khor, Senior Minister of State for Sustainability and the Environment this morning at SPH Media's News Centre.

The Awards seek to recognise and celebrate the people and businesses that have made a significant positive impact on the environment and societal well-being through their sustainability initiatives.

The Centre for Governance and Sustainability (CGS) at the National University of Singapore Business School is the Knowledge Partner for the Awards.

Ms Chen Huifen, Editor of The Business Times, said, "In recent years, Environmental, Social and Governance (ESG) issues are key concerns for many. To help our readers navigate this rapidly evolving ecosystem, BT has prioritised and continues to strengthen our ESG coverage. We are honoured to be working with UOB on the Awards which we trust will become a useful platform for sustainability champions to further develop and share their stories as they serve as beacons of success to others."

Prior to the unveiling of the Awards' logo, Mr Eric Lim, UOB's Chief Sustainability Officer, spoke about the bank's

longstanding commitment to partnering its stakeholders in fulfilling a purpose centred on creating positive environmental and social impact.

Mr Lim said, "In a recent SME survey by UOB, we found that 76 per cent of companies across key industries in Singapore now appreciate the importance of sustainability, up from 60 per cent in 2021. Sustainable impact is fundamentally linked to the concept of corporate and personal purpose when creating value in a meaningful way, and the Sustainability Impact Awards exemplify the essence of this belief."

UOB News

HNB partners with Pay&Go to enable card acceptance solutions for SMEs

Further strengthening the partnership with MegaPay (Pvt) Ltd, one of Sri Lanka's largest private sector banks, HNB PLC partnered with Pay&Go, a leading digital payment solution provider, to introduce an accessible and affordable card payment acceptance solution for Small and Medium Enterprises (SMEs) in Sri Lanka.

Through this partnership, SME entrepreneurs will be facilitated with advance POS system that will enable them to expand using both contact, contactless and QR transactions through Pay&Go Android POS terminals. HNB Head of Cards Gauthami Niranjan, and MegaPay (Pvt) Ltd General Director Vardan Aslibekyan, were present during the occasion.

"SMEs are a key driver of the Sri Lankan economy, accounting for 45% of all employment and more than half of all GDP. In the face of an unprecedented economic crisis, one of the surest paths to recovery is to provide these invaluable enterprises with the technology, tools and expertise to transform themselves to compete in an increasingly digital world. Our partnership with Pay&Go represents another major step forward in this vital effort to technologically empower Sri Lanka's SMEs," HNB Head of Cards Gauthami Niranjan said.

Through the partnership, HNB SME entrepreneurs will gain access to enterprise-grade advance payment acceptance solutions including bill payments, Peer-to-Peer transactions, and QR code payments. It will also enable low-cost payment acceptance along with several value-added services designed to provide SMEs with unprecedented access to new customer segments, leveraging robust e-commerce capabilities.

HNB SMEs will also have access to other services, such as payment options through mobile, utilities, internet, insurance, television, banks, wallets, online services and donations, radically optimizing each SME's ability to transact with customers and other partners during the course of their daily operations.

"Currently, HNB has the largest portfolio of entrepreneurs in Sri Lanka, and this partnership will further accelerate the growth of our services in upgrading the country with seamless payment solutions for all business purposes. We look forward to working closely with HNB to leverage their advanced tech expertise to make the lives of our customers more accessible and better," MegaPay (Pvt) Ltd General Director Vardan Aslibekyan said.

MegaPay (Pvt) Ltd, operating under the brand name "Pay&Go", is one of Sri Lanka's leading providers of innovative payment processing and tech solutions for payment collections. They offer customers a quick, easy and reliable system for making financial transactions such as bill payments, P2P transfers, QR Payments and many more through their 1000+ islandwide network of self-service kiosks, mobile applications and Android smart POS terminals.

HNB News

The Bank of Taiwan Welcomes the Year of the Rabbit and Looks Forward to a New Sustainable Future

On January 30th, the first day of work in the New Year of the Rabbit, the Bank of Taiwan raised the curtains on 2023 with a string quartet performance in the main lobby of the bank's head office. Chairman Jye-Cherng Lyu and the senior executives gathered to welcome their guests and wish clients and colleagues the best for the new year, filling the venue with great joy.

In his speech, Chairman Lyu specially thanked all of the bank's staff for their dedication in serving the public. Before the Lunar New Year holiday, up to 660,000 people obtained new banknotes, and ATM transactions amounted to 1.99 million times, with a total of amount of 66.7 billion. During the New Year holiday, the staff continued to do their best to keep the ATMs running smoothly during the Lunar New Year holidays, and provided 24-hour service. According to statistics, ATM withdrawals more than 700,000 and 2,688 banknote replenishments were made during the holidays, requiring the mobilization of more than 10,000 staff members to provide trouble-free financial services to the public and help people welcome good fortune with new banknotes.

Looking back at 2022, the global economy was disrupted by the war in Ukraine, rising inflation, interest rate hikes by major central banks, and recurring outbreaks of COVID-19, all of which added to the challenges of banking operations. With the concerted efforts of our management team and staff members, we have achieved a stellar, record-high operating performance. Not only do we have a new record profit ($19.1 billion before tax), but also maintained a high standard in assets and risk-bearing capacity (0.09% non-performing loans ratio and 1458% NPL coverage ratio). In terms of quality, the bank has shown excellence in terms of patent innovation, digital

branding, bilingual branches, and ESG of all have excellent performance. This is all due to the fact that, over the past few years, our employees have been committed to financial inclusion and digital transformation, and have used a troika business strategy to develop government agency, corporate finance, and consumer finance businesses in a balanced manner, to strengthen asset liability management, and to improve the efficiency of capital utilization, while simultaneously allocating financial resources to the right places through banking services, helping people and businesses move forward at a steady pace, and providing more considerate services to customers that have won recognition from all sectors.

Looking ahead to 2023, with the gradual relaxation of domestic and border pandemic controls, the gradual recovery of consumption by the general public, and the continued implementation of the Three Major Programs for Investing in Taiwan, Taiwan's economy is expected to grow steadily. Taiwan's industries, with small and medium-sized enterprises as their backbone, will be as agile, dynamic, and resilient as a rabbit, taking solid steps forward into the future.

Bank of Taiwan News

CTBC ranked No.1 Taiwanese Bank for 9 consecutive years

Every year, leading brand valuation consultancy Brand Finance puts thousands of the world's biggest brands to the test, and publishes over 100 reports, ranking brands across all sectors and countries. The world's top 500 most valuable and strongest brands in the banking industry are included in the annual Brand Finance Banking 500 2023 ranking.

The Brand Finance Banking 2023 report finds several key trends in the banking industry. An important trend in the sector is that neo/digital banks, such as Revolut (brand value up 57% to US$194 million), have made a significant impact in the industry, entering the top 500 most valuable banking brands for the first time, with a brand value increase of 57% year-on-year.

CTBC proudly ranked No.1 Taiwanese Bank for 9 consecutive years, "The world's top 500 most valuable banking brands", it moved up from No. 141 to No. 128. Under the Brand Strength Index, it scored a total of 83 and was given the status of AAA-, it's moved up 58 places and currenting ranking at 41, it is the only Taiwanese Bank that made to the top 50.

CTBC is the most international banks in Taiwan, it has branches in Singapore, India, and Vietnam, subsidiaries in Indonesia and Philippines, and representative offices in Malaysia and Myanmar. It acquired the Thailand LHFG (Financial Group Public Company Limited) in 2022.

CTBC News

The Merger Between Taipei Fubon Bank and Jih Sun Bank has been Approved by the FSC

In order to strengthen its operational strength and provide customers with more innovative and complete financial services, Taipei Fubon Bank and Jih Sun Bank recently passed the merger by the resolution of the board of directors of both parties (acting on behalf of the shareholders' meeting), and officially approved by the Financial Supervisory Commission on January 18. Both parties jointly agreed that April 1, 2023 will be the base date for the merger. After the merger, Taipei Fubon Bank will be the surviving bank, and the rights and obligations of Jih Sun Bank will be generally assumed to ensure the rights and interests of Jih Sun Bank's customers.

According to Jih Sun Bank, Taipei Fubon Bank not only operates steadily but also has been designated by the FSC as one of the six D-SIBs systemically important banks, occupies a leading position in the domestic financial industry, and is committed to providing all-round care for employees and creating a happy workplace, and has been awarded the "Best Employer Award" by "HR Asia" for two consecutive years. After the merger, Taipei Fubon Bank will give all employees of Jih Sun Bank the option to stay and provide complete career planning and development opportunities, hope that with the concerted efforts of outstanding employees of both sides, we can create richer financial value for the people of Taiwan and work together towards a win-win future.

In response to the merger needs, Taipei Fubon Bank and Jih Sun Bank are expected to carry out system conversion operations from March 31, 2023. In order to ensure the rights and interests of customers, the two banks have planned and executed three parallel system testing, cut-through switching drill and stress testing in advance, and strive to complete the merger of the system under the principles of safety, stability and efficiency.

Adhering to the concept of "customer-centric", Taipei Fubon Bank is committed to developing diversified financial products and services, deepening industrial operations, leading financial technology innovation, and creating a convenient one-stop financial experience, which has been well received by the market and customers, and actively promotes the development of core business on the basis of implementing risk control and abiding by laws and regulations, and has obtained "stable" and "positive" prospects from domestic and foreign credit rating companies. Through this merger, it is expected to effectively improve the efficiency of Taipei Fubon Bank's internal operation and management and the efficiency of external customer service, cultivate competitive strength, meet the needs of diversified customer groups with a stronger business lineup and complete financial products and services, and become the most trusted financial partner of the people and enterprises in Taiwan.

Taipei Fubon News

Among Member Banks

Land Bank of Taiwan leads a NT$3.36 billion syndicated loan for Wafer Works, in response to the Taiwan Chips Act

To support the local semiconductor industry and in response to amendments to the Statute for Industrial Innovation, as known as Taiwan's "Chips Act", Land Bank of Taiwan is leading a 5-year ESG syndicated loan for Wafer Works for a total amount of NT$3.36 billion, whose purpose is to repay loans from financial institutions and to enhance operational liquidity. On December 26th, Chuan-Chuan Hsieh, the Bank's Chairperson of the Board, represented the syndicate to complete the credit agreement ceremony with Ping-Hai Chiao, the Chairman of Wafer Works Corp.

According to the plan of the Executive Yuan, the draft amendments to Article 10-2 and Article 72 of the Statute for Industrial Innovation, as known as "Taiwan's version of the Chips Act", is to come into force in 2023. The amendments stipulate that Taiwan will provide up to 25% tax credit on forward-looking, innovative R&D investments. The main beneficiaries include Taiwan's semiconductor industry and other major manufacturers. The amendments aim to encourage companies to invest in R&D and expand the leading edge of Taiwan's chip processes.

In addition to the government's tax incentives to drive investment from semiconductor companies, Taiwan's government-owned banks also provide green financing support based on the needs of the industry. The Bank is serving as the lead arranger for the Wafer Works syndicated loan and has invited 10 other banks, including Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank, Taipei Fubon Bank, Bank of Taiwan, Chang Hwa Bank, Entie Commercial Bank, Shin Kong Bank, Taiwan Business Bank, etc., to participate. The total amount was originally estimated to be NT$2.8 billion. With the enthusiastic participation of the lenders, the loan was over-subscribed at 173%, which shows that the banks have confidence in Wafer Works' business prospects.

Wafer Works is the world's sixth-largest supplier of semiconductor wafers. The company's scope of business spans R&D, manufacturing and sales of semiconductor wafers. Deeply engaged in the development of heavily doped silicon wafers for automotive and industrial applications, Wafer Works is one of the world's top three suppliers of such products. With the strong demand for consumer electronics in recent years, Wafer Works has also entered the 12-inch silicon wafer market for automotive power components and power management chips in order to boost revenue.

Land Bank of Taiwan News

VietinBank auctioned off nearly 650 consumer debts, the lowest is just over 10,000 VND

Nearly 650 debts listed by VietinBank this time are consumer loans for life, without collateral.

The starting price does not include the costs related to the transfer of ownership/use of the property and other costs (if any) when purchasing the debt, these costs are borne by the auction winner. The purchase and sale of debt are not subject to VAT.

VietinBank said the selling method is to sell each debt, some debt or all debt. VietinBank will choose the buyer who pays the highest price and is at least equal to the starting price of each debt.

Persons wishing to purchase debt should send a purchase application and mail to the following address (directly or by post): Debt Management and Handling Department - VietinBank. Address: 5th floor, 114 Mai Hac De, Le Dai Hanh ward, Hai Ba Trung district, TP. Hanoi. On the envelope clearly state: Letter of participation in bid to buy debt.

After 1 working day from the date VietinBank announces the winning bid, if the selected buyer does not come to the above address and sign the Contract, the right to buy the debt that meets the above selection criteria has the next highest offer price and is considered as loss of prepayment.

Within 2 working days from the date of signing the contract, the buyer comes to the above address to receive the debt file.

Bnews

Agribank offers to sell a real estate company's 8 million dong debt for 3.6 billion dong

Bank for Agriculture and Rural Development branch 5 (Agribank branch 5) has just announced the sale of all debts of Khang Gia Real Estate Development and Investment Joint Stock Company (Khang Gia Company), with a total price of the value of temporary debt as of September 12, 2022 is nearly 6.2 billion VND. In which, the principal debt is only 8 million dong, the rest is incurred interest debt.

The debt of Khang Gia Company is formed from 4 credit contracts signed in 2012 and 2013. The collateral for the loan includes 9 land use rights, house ownership and other assets attached to the loan. adjacent to the land in Can Duoc town, Can Duoc district, Long An province. The total area of these land lots is more than 555 m2, all of which are residential land in urban areas with long-term use, issued by the Department of Natural Resources and Environment of Long An province with the Land Use Right Certificate for Khang Company. Gia since 2012.

Although the temporary debt as of September 12, 2022 is nearly VND 6.2 billion, Agribank hopes to collect just over VND 3.6 billion in this sale. The price has nearly halved compared to the price of 6.1 billion VND announced on September 13, 2022.

However, Agribank branch 5 specifically notes that the bank and the auctioneer are not responsible for the status and potential risks of the auction debt as well as the dispute over the collateral of the auction debt.

Msn

Banking and Finance Newsbriefs

Hong Kong

Hong Kong Finance Chief Warns of Challenges from Fiscal Deficit

Hong Kong Financial Secretary Paul Chan warned that a fiscal deficit will present an obstacle to the city's recovery from the pandemic.

"After three years of the pandemic and a weak external economy, a high fiscal deficit has accumulated so the economic recovery still needs to be consolidated and investment in the future needs to be supported," Chan wrote in a blog post on February 19.

He added the city "is on the road to normalcy and the economy is regaining momentum."

The comments come before Chan delivers a budget presentation on February 15 as part of efforts to chart a course for a rebound. Hong Kong's economy contracted last year for the third time since 2019 due to slowing global demand, rising interest rates and a prolonged exit from isolating Covid curbs.

Gross domestic product fell 4.2% in the October-to-December quarter from a year earlier, advanced figures from the Census and Statistics Department showed earlier this month. The drop was worse than economist estimates, though not as severe as the third quarter's 4.6% decline.

For the entire year, the economy shrank 3.5%, more than estimates for a contraction of around 3% among economists and the government.

Bloomberg

Iran

Iran, Russia link banking systems amid Western sanction

Iran and Russia have connected their interbank communication and transfer systems to help boost trade and financial transactions, a senior Iranian official said on Monday, as both Tehran and Moscow are chafing under Western sanctions.

Since the 2018 reimposition of U.S. sanctions on Iran after Washington ditched Tehran's 2015 nuclear deal with world powers, the Islamic Republic has been disconnected from the Belgium-based SWIFT financial messaging service, which is a key international banking access point.

Similar limitations have been slapped on some Russian banks since Moscow's invasion of Ukraine in 2022.

"Iranian banks no longer need to use SWIFT ... with Russian banks, which can be for the opening of Letters of Credit and transfers or warranties," Deputy Governor of Iran's Central Bank, Mohsen Karimi, told the semi-official Fars news agency.

While Russia's central bank declined to comment on the deal signed on Sunday, Karimi said "about 700 Russian banks and 106 non-Russian banks from 13 different countries will be connected to this system", without elaborating on the names of the foreign banks.

Iran's Central Bank chief Mohammad Farzin welcomed the move. "The financial channel between Iran and the world is being repaired," he tweeted.

Since the start of the Ukraine war, Tehran and Moscow have acted to forge close bilateral ties as both capitals attempt to build new economic and diplomatic partnerships elsewhere.

With deepening economic misery, largely because of U.S. sanctions over Tehran's disputed nuclear work, many Iranians are feeling the pain of galloping inflation and rising joblessness.

Inflation has soared to over 50%, the highest level in decades. Youth unemployment remains high with more than 50% of Iranians being pushed below the poverty line, according to reports by Iran's Statistics Centre.

Facing their worst legitimacy crisis amid months of anti-government protests sparked by the death in custody of a young woman, Iranian authorities fear economic isolation and lack of economic improvement could lead to more unrest.

Iran's top authority, Supreme Leader Ali Khamenei, said on Monday that the establishment faced "a tangible welfare and livelihood problem" that could not be cured without economic growth.

"In today's world, a country's status is largely related to its economic power ... We need economic growth to maintain our regional and global position," Khamenei said in a televised speech.

Reuters

Japan

Can the next Bank of Japan boss fix the country's economy?

As Japan's prime minister names his pick for the new head of the country's central bank, it is clear that the job comes with some major challenges.

The latest figures published by the government show the economy is recovering from the pandemic at a far slower pace than expected.

At the same time prices are rising at the fastest rate in more than 40 years.

So what can the academic Kazuo Ueda do to fix the world's third largest economy?

If approved by the country's parliament as the next governor of the Bank of Japan (BOJ), Mr. Ueda has to deal with both slow economic growth and the highest inflation since 1981.

On February 14, official figures for the last three months of 2022 showed Japan's economy expanded by 0.6%, much lower than forecasts of 2% growth.

Meanwhile, data for December showed core consumer prices rose by 4% from a year earlier, twice the rate targeted by the central bank.

Experts warn that the next

governor of the BOJ will struggle to raise interest rates to curb inflation without harming fragile economic growth.

The main reason for this is that prices in the country have been pushed up by external factors, like the war in Ukraine, rather than by the strength of the economy.

"If you try to tighten policy to address bad inflation that Japan is seeing right now, that runs the risk of setting you back in your own efforts to generate good inflation," Stefan Angrick of Moody's Analytics told the BBC.

When reports surfaced last week that Japan's Prime Minister Fumio Kishida would nominate Mr. Ueda to replace Haruhiko Kuroda, who has been in the role for a decade, it took investors by surprise.

Although an academic by training, Mr. Ueda is not a complete stranger to the central bank. He was a BOJ policy board member between 1998 and 2005.

He was at the central bank in 1999 when it introduced the unconventional policy of cutting the cost of borrowing to zero in an attempt to boost the country's economy.

However, Mr. Ueda was not at the BOJ when it implemented its controversial policy of putting a cap on the interest rates paid on government bonds.

While the policy known as yield curve control (YCC) has little direct impact on ordinary consumers, investors have been pressuring the central bank to ditch it as they were seeing returns on their investments shrinking.

Financial markets welcomed reports of Mr. Ueda's nomination, as he was seen as more likely than other potential candidates to scrap the policy.

While the challenges faced by the next governor of the BOJ may be daunting, Mr. Ueda is seen by some as a pragmatist who will be able to adapt to the changing economic landscape.

"He is not a man of dogma, but one of science; a deep and creative thinker who is not afraid to test his hypothesis in the real world," economist Jesper Koll said in a report.

"He is thoughtful, he does not shoot from the hip, and will be seeking to design an optimal sustainable policy framework rather than looking for big, quick wins."

BBC

S. Korea

S. Korea's economic fundamentals 'very strong': World Bank CFO

South Korea boasts strong economic fundamentals and is set to post robust growth once the global economy gains traction, the chief financial officer of the World Bank has said.

"The fundamentals of the Korean economy remain very strong," World Bank CFO Anshula Kant said during her meeting with First Vice Finance Minister Bang Ki-sun in Washington on February 15 (US. time), according to the Ministry of Economy and Finance.

Kant also expressed gratitude to South Korea for its contribution to the International Development Association, a platform under the Washington-based bank that aims to fight global poverty.

The country currently stands as the 15th-largest donor among 53 contributors.

In Washington, Bang also met Ilan Goldfajn, the president of the Inter-American Development Bank (IDB), to discuss cooperation, the finance ministry added.

Bang hosted a meeting with global investors in New York and also met officials from global credit appraisers, including Moody's Investor Service and S&P Global Rating.

Yonhap News Agency

Nepal

Nepal's central bank continues policy of controlling credit expansion

Nepal Rastra Bank on February 9 continued the tighter monetary policy aimed at controlling credit expansion fearing that easy availability of credit could again fuel imports leading to a rapid depletion of foreign exchange reserves.

The central bank said in its mid-term review of the monetary policy on February 10 that the existing direction of monetary policy will be continued as a possible rise in imports could pressure on the external sector of the economy in the context that import restriction measures have been lifted.

The status of the foreign exchange reserves, balance of payment (balance of money going out of the country and coming in from abroad) are some of the components of the external sector of the economy.

Considering the sharp reduction in the government's revenue, the government lifted a ban on the import of vehicles, expensive mobile sets and alcohols effective from mid-December 2022.

In the third week of January, the central also removed the provision that forced importers to deposit certain cash margins up to 100 percent to open letters of credit to import certain goods.

The NRB said that these relaxations could boost imports. On the other hand, continues high inflation also forced the NRB to maintain a tighter monetary policy.

In order to ensure a tighter monetary policy, the NRB has kept rates unchanged. For example, it kept the cash reserve ratio (CRR), a certain percentage of a bank's total deposits that it needs to maintain as liquid cash at Nepal

Rastra Banks, unchanged at four percent.

Likewise, the statutory liquidity ratio (SLR), which is the minimum percentage of deposits that a commercial bank needs to maintain in the form of liquid cash, gold or other securities, was also kept unchanged at 12 percent.

As the new monetary policy seeks to reduce expansion of credit, it announced the hike in these rates from 3 percent and 10 percent respectively.

The central bank also kept the targets for credit expansion to the private sector and money supply target unchanged at 12.6 percent and 12 percent respectively, which were reduced sharply through the monetary policy.

These measures resulted in slower growth of credit compared to deposits during the first six months of this fiscal, according to the NRB.

The central bank believe cheap credit – made available to the private sector in the last fiscal year through refinancing facilities – were used in imports which resulted in a massive deficit in balance of payment.

The balance of payment has turned positive since the second quarter of the current fiscal year after facing a deficit for 14 months and foreign exchange reserve have also grown in recent months.

According to the central bank, based on the import of sic months of current fiscal year 2022-23, the foreign exchange reserves of the banking sector is sufficient to cover the prospective merchandise imports of 10.4 months, and merchandise and services imports of 9.1 months.

"The lifting of the import ban and removal of provision that required importers to deposit up to 100 percent cash margin will contribute to a raise in imports which will increase the supply of goods and services, helping to reduce inflation," said Prakash Kumar Shrestha, chief of economic research department at the central bank.

"But our concern is if it will affect the balance of payment again," he said.

According to NRB, the balance of payments remained at a surplus of Rs97.10 billion in the first six months of the current fiscal year while gross foreign exchange reserves stood at Rs1337.29 billion and $10.30 billion.

Now, the government has been forced to take a liberal approach on imports due to a reduction in revenue. The government collected Rs506 billion in revenue till February 9 this fiscal year, a sharp decrease from the collection of Rs603 billion during the same period last fiscal, according to Financial Comptroller General Office.

"But the question is, can the Nepali economy afford a highly liberal import regime just because there has been certain improvement in external sector indicators of the economy," said Economist Keshav Acharya.

After import restrictions were removed, the supply of imported goods will grow. But increased supply alone will not ensure that prices will fall.

The central bank stated in a mid-term quarter review of the monetary policy that the rise in the price of petroleum products and depreciation of Nepali rupees has increased the cost of imported goods, putting inflationary pressure on consumer price.

The year-on-year consumer price inflation remained at 7.26 percent in mid-January 2023 compared to 5.65 percent in the same period in 2022 at the same time.

Shrestha said that the rate of change in price of inflation will gradually decline due to base effect.

"Inflation will remain higher than targeted," he said. "We expect inflation to remain around an average of 7.5 percent till the end of the current fiscal year.

The Kathmandu Post

Malaysia

Make it compulsory for banks to reimburse scam victims, Stampin MP tells government

Stampin MP Chong Chieng Jen on February 20 suggested that the government make it compulsory for banks to reimburse scam victims for their losses.

He suggested that at least a significant portion of it should be reimbursed unless the bank can prove that the account holders were part of the scam.

"In my opinion, if it becomes compulsory to pay compensation to victims of online scams, then only will banks spend more money to upgrade the e-banking system security and introduce tighter SOPs and mechanisms for online cash transfers," he said.

He made a comparison to a phishing scam involving OCBC account holders in Singapore, where at least 469 customers had been affected with losses totalling at least S$8.5 million (RM28.2 million).

The police announced that they had arrested nine men and four women, aged between 19 and 22, for their alleged involvement in the scam.

"The matter was solved in six months," Chong said.

He also said that banks can afford the payments, based on the net profits of the top six banks in the country.

"For banks, the losses of the scams make up only a fraction of their profits.

"But for individual account holders, the amount lost is the savings of a lifetime," he said.

It was only fair for banks to compensate the victims, he added.

Malay Mail

Mongolia

Could casinos be a jackpot for Mongolia's struggling economy?

Mongolia has rolled the dice before on establishing casinos but without much luck. A renewed attempt to open the country's first casino in more than two decades is now underway as Mongolia looks for new avenues of economic growth.

A bill to legalise casinos, betting, lotteries and horse racing was submitted to Parliament in December and is making its way through various Parliamentary committees, according to the State Great Khural website.

The hope is that foreign visitors can be encouraged to make bets on slot machines and at poker tables after visits to the open steppes of the Mongolian countryside. Largely dependent on mining, Mongolia is looking for ways to diversify its economy and boost growth as it faces headwinds. Its currency has lost 22% of its value over the past 12 months and GDP has fallen to 2.5% after being in double digits a decade ago.

The casino concept is being pushed by the government after it declared the years 2023-2025 as the "years to visit" Mongolia. The bill in Parliament also provisions building horse racetracks and legalising lotteries.

Casinos have been opening across Asia over the past two decades, mainly catering to Chinese holidaymakers. The Philippines, Singapore, Cambodia and Malaysia are a few of the countries that have made a bet on casinos to boost revenue.

But as Mongolia heads down the path of casinos, some remain wary of gambling. In 2019 authorities banned civil servants from gambling in casinos in other countries amid reports that officials were spending an inordinate amount of time in casinos whilst on official trips abroad.

One quirk in the bill submitted to the Great Khural states that Mongolian citizens won't actually be allowed to gamble in the casinos on their own soil.

While banning citizens from entering casinos in their own country is unusual, Mongolia would not be the first to enforce such a law. A similar restriction also exists in Monaco. South Korea also bans its citizens from all but one of its 23 casinos. This provision could prove controversial if lawmakers consider it not to be in line with the country's democratic values, said Bolortuya Ulziibat, managing partner at Ulaanbaatar-based Tsogt & Nandin law firm.

Bne Intellinews

Philippines

Philippine banks book record profit in 2022

Philippine banks bolstered their earnings by 37.5 percent to hit an all-time high of P309 billion in 2022, from P224.75 billion a year earlier, on the back of higher interest income amid the aggressive rate hikes by the Bangko Sentral ng Pilipinas (BSP) and higher trading gains.

This erased the previous record high of P230.67 billion recorded in 2019.

Data from the central bank showed the operating income of Philippine banks increased by 15.5 percent to P1 trillion in 2022 from P869.42 billion in 2021.

Banks' net interest income went up by 12.8 percent to P746.46 billion from P661.84 billion as interest earnings rose by 16 percent to P901.84 billion from P777.23 billion, while interest expenses jumped by 34.6 percent to P154.89 billion from P115.07 billion.

The central bank raised its key policy rates by 350 basis points, bringing the benchmark interest rate to a 14-year high of 5.50 percent from an all-time low of two percent to tame inflation and stabilize the peso.

Likewise, the banking sector's non-interest earnings went up by 24.1 percent to P257.55 billion from P207.59 billion as trading gains surged by 70.4 percent to P16.48 billion from P9.67 billion, while fees and commission income booked a double-digit growth of 13.6 percent to P121.85 billion from P107.25 billion.

The non-interest expenses of banks rose by 8.2 percent to P554.22 billion from P512.37 billion.

According to the BSP, the industry's provision for credit losses on loans and other financial assets slipped by 1.8 percent to P104.44 billion in 2022 from P106.39 billion in 2021 as the economy continued to reopen from strict COVID-19 quarantine and lockdown protocols.

On the other hand, soured loans written off by Philippine banks fell by 66.4 percent to P2.35 billion in 2022 from P7.54 billion in 2021.

The Philippines managed to sustain its momentum with gross domestic product growing by 7.6 percent, slightly above the government's target range of 6.5 to 7.5 percent.

Ivan Tan, director for institutional ratings at S&P Global Ratings, said during an online briefing that the profitability of banks would continue to improve despite the expected slowdown in credit growth due to the series of rate hikes by the BSP Monetary Board.

"We think the twin factors of a rising interest rate environment and persistently high inflation might cross out a lot of growth that we will see," Tan said.

Philippine Star

Qatar

Green banking: Qatar eyes $75bn investment in sustainable finance in 2023

Qatar is set to establish a sustainable finance market worth more than $22 trillion globally by 2031.

Qatar has kickstarted a proactive drive to strengthen the domestic debt market in light of the "encouraging" potential for local bonds and Sukuks, announcing $75 billion in investments in sustainable finance in 2023.

"There is an active drive in Qatar to strengthen the domestic debt capital market to diversify sources of funding and expand sustainable finance solutions," Qatar Financial Authority chief executive officer Yousuf Mohamed al-Jaida Monday told Qatar Financial Market Forum.

"It is a part of a broader strategy to enhance the county's capital market infrastructure and create a greener future in line with the Qatar National Vision 2030."

Experts from around the world were in the Qatari capital for the Qatar Financial Market forum on Monday to take on the most pressing economic and banking issues.

Under the theme 'From Sustainable Financing to Debt Capital Markets, Uncovering Solutions for the Future of Banking in Qatar,' the forum is a collaboration between Bloomberg Intelligence, the research division of Bloomberg LP, and the Qatar Financial Centre.

Leaders and important stakeholders from private businesses, governmental organisations, and financial institutions landed in Doha for a day of discussion on important issues like bank funding, debt capital markets, and sustainable finance.

During the conference, Al-Jaida emphasised that the nation is drawing more and more foreign investors to its expanding equity market and that local bond and Sukuk issuances have an encouraging future.

"In general, Qatari issuers have been accessing the international debt capital market since the inaugural sovereign issuance in 2003 of $700mn Sukuk, marking the first-ever sovereign Sukuk issuance from the region," he added.

Doha News

Russia

Russian banks' profits reached 258 billion roubles in Jan - central bank

Russian banks' profits totalled 258 billion roubles ($3.38 billion) in January, 1.5 times higher than in the same month of 2022, Russia's central bank said on February 20, 2023.

Alexander Danilov, director of the central bank's banking regulation and analytics department, said last month Russian banks' profits could exceed 1 trillion roubles in 2023.

Banks' corporate credit portfolio shrank by 140 billion roubles in January, while their forex portfolio grew by 0.3%, the Bank of Russia said.

Banks gradually increased investments in OFZ treasury bonds in the same month, buying around two-thirds of bonds on offer, it added.

Reuters

Singapore

Singapore maintains 2023 GDP forecast at 0.5% to 2.5%, after economy grew 3.6% in 2022

Singapore has maintained its growth forecast for 2023 at a range of 0.5 per cent to 2.5 per cent, as data on February 13 showed the economy growing slower than expected in 2022.

The economy expanded by 3.6 per cent in 2022, slightly below earlier government estimates of 3.8 per cent. Growth was mainly driven by the wholesale trade, manufacturing and other services sectors, said the Ministry of Trade and Industry (MTI).

For the final quarter of last year, the economy grew by 2.1 per cent year-on-year, just below the previous projection of 2.2 per cent and moderating from the 4 per cent expansion in the third quarter.

On a quarter-on-quarter seasonally-adjusted basis, the economy expanded marginally by 0.1 per cent, also missing an earlier forecast of 0.2 per cent and easing from the 0.8 per cent growth in the previous quarter.

The latest growth report card also showed an upward revision in the gross domestic product (GDP) figure for 2021 – from 7.6 per cent to 8.9 per cent.

This was done "to account for data updates and revisions from various sources, including the annual sectoral surveys that (the ministry) carried out throughout 2022", said MTI's permanent secretary Gabriel Lim at a press conference.

CNA

Sri Lanka

Sri Lanka to present IMF deal to parliament

Sri Lanka's agreement with the International Monetary Fund, negotiated after a severe currency crisis ended in external default, will be presented to parliament for approvals, President Ranil Wickremesinghe has said.

Sri Lanka has not in the past presented IMF deals for approval though they have been made public.

The parliament "will have the option to pass or reject it," he was quoted as telling a forum on taxation by his media office.

"If the proposal is rejected, the relevant parties should submit alternative proposals to the International Monetary Fund."

IMF programs are not specifically designed to be approved by parliaments though taxes and budget which are presented in line with such agreements have to be passed by the legislature.

Sri Lanka has no history of approving IMF deals in parliament, though it has been done in other countries.

Sri Lanka had hiked taxes under the agreement to raise revenues and bring deficit down.

From 2020 taxes were cut and money was printed for stimulus, blowing a hole in the balance of payments.

Sri Lanka's current budget and tax policy "is not a normal tax policy, but rather a rescue operation," to fix state finances, he had said.

Sri Lanka has a large public sector which has to be maintained from people's taxes, even when monetary instability disrupts revenues.

Sri Lanka needed taxes to maintain the full government spending after the British abolished serfdom and ended Rajakariya and state services were provided by salaried workers.

Following the bursting of what was called the 'British railway bubble' leading to a collapse of coffee prices and the then Ceylon government under Governor Torrington hiked taxes, which contributed to the revolt of 1948.

"When in 1948 widespread opposition emerged to Torrington's taxes, the administration was caught unawares," writes historian K M De Silva.

Economy Next

Taiwan

Taiwan cuts 2023 GDP growth forecast to 2.12%

Taiwan has cut its gross domestic product (GDP) forecast for 2023 to 2.21 percent, citing weakening global demand which has put the country's export-oriented economy under pressure, the Directorate General of Budget, Accounting and Statistics (DGBAS) said February 22, 2023.

The DGBAS said it had lowered Taiwan's GDP growth forecast by 0.63 percentage points from its previous forecast made in November to 2.12 percent, the lowest in eight years.

Fast-growing inflation and aggressive rate hikes worldwide along with the ongoing military conflict between Russia and Ukraine have affected global demand, pushed down product prices, and resulted in inventory adjustments in the world's supply chains, the DGBAS said.

The DGBAS has lowered its forecast for the real growth in Taiwan's exports of merchandise and services to 0.04 percent for 2023, a sharp downgrade from an earlier estimate of 3.71 percentage points with merchandise outbound sales expected to fall by 5.84 percent, the steepest fall ineight years.

With global demand slowing, many local enterprises have become cautious about expansion, paving the path for lower imports, while falling industrial and agricultural prices also affect Taiwan's import value, the DGBAS said, adding it had cut its growth forecast for the country's imports of merchandise and services by 5.34 percentage points from November's estimate to 0.66 percent for 2023.

In a news conference, Chu Tzer-ming, head of the DGBAS, said that despite the cut in the export growth forecast, Taiwan's merchandise outbound sales are expected to top US$450 billion, which remains at a high level.

Chu said the downgrade in the export growth forecast also resulted from a relatively high comparison base over the previous year, adding Taiwan's export performance is expected to improve quarter by quarter and is likely to return to positive growth in the fourth quarter.

With COVID-19 border controls having been eased, business activities have gradually returned to normal, though the DGBAS has cut its forecast for private consumption growth slightly by 0.24 percentage points from its previous forecast to 5.24 percent for 2023.

Focus Taiwan

Vietnam

Vietnam Banks rake in profits thanks to high credit growth rates

At a conference discussing 2023 tasks, BIDV managers said that the pre-tax profit of the holding bank reached VND22.56 trillion in 2022 and consolidated pre-tax profit VND23.19 trillion.

Meanwhile, Saigon Securities Incorporated (SSI) reported that BIDV's profit was VND5.4 trillion in Q4 2022, up by 90 percent over the same period the year before.

Vietcombank reported pre-tax profit of its holding bank at VND36.774 trillion in 2022, an increase of 39 percent over 2021.

According to SSI, this means that the bank's pre-tax profit in Q4 2022 was VND12 trillion, up by 56 percent.

Also, according to SSI's estimates, Q4 pre-tax profit of ACB was VND3 trillion, up by 16.3 percent. For the whole year 2022, ACB's profit reached VND17 trillion, up by 41.9 percent.

Sacombank's pre-tax profit in Q4 was estimated to increase by 63.5 percent to VND1.8 trillion.

VietinBank, one of the 'big four' banks, reported that the holding bank last year made a profit of VND20.5 trillion, up by 22 percent.

TPBank has estimated a profit of VND7.828 trillion in 2022, which means a 30 percent increase over 2021.

Banks' sharp profit increases in 2022 are attributed to high credit growth rates (19 percent for Vietcombank) and banks' good asset control quality in 1-2 recent years.

The 'big four' (Vietcombank, Agribank, BIDV and VietinBank) had low capital costs as they could mobilize capital at low interest rates (7.4 percent for more-than-one-year, while smaller banks had to pay 10-13 percent).

Some banks, including Vietcombank, ACB, MBBank and MSB, had large on-demand deposits (low interest rates), which helped them maintain high profits. The income from non-credit services also contributed to banks' profits.

However, some analysts commented that high banks' profit is not good news, because enterprises in other business fields have had to borrow money at high interest rates.

Tran Van Lam, a National Assembly deputy from Bac Giang, emphasized the contrast between banks' high profits and businesses' difficulties.

He said banks need to share difficulties with businesses by lowering lending interest rates. Some banks have eased their lending interest rates for enterprises in certain business fields, but enterprises need more than that.

Dinh Trong Thinh, a respected economist, stressed that "high interest rate is not a good thing for the economy". However, he said banks have implemented the government's request on cutting operation costs to slash lending interest rates.

He said that banks have had to make serious provisions against risks and make heavy investments to develop digital banking.

Vietnam Net

Uzbekistan

Uzbekistan Allows Foreign Firms to Deposit Funds from Crypto Trading, Restricts Other Operations

The Central Bank of the Republic of Uzbekistan has adopted amendments to its regulations for foreign exchange transactions that concern non-resident legal entities, including those working with cryptocurrencies. In particular, they are now allowed to have accounts at local banks but the options to operate with funds coming from cryptocurrency trading are narrow.

According to the new rules, money transferred from foreign accounts of companies participating in crypto exchanges or amounts received from the sale of crypto assets can be deposited into foreign currency accounts in Uzbekistan, the legal information portal Norma.uz announced, quoted by the crypto news outlet Forklog.

These funds can then be either transferred to an exchange in order to again buy digital coins or to the accounts of the foreign-registered entities in the jurisdictions from which the money originally came. However, their use for other purposes in Uzbekistan is prohibited, the report revealed.

The changes have entered into force on Feb. 9, 2023. Before that date, foreign non-resident companies could not open accounts in Uzbekistan's banks with few exceptions envisaged by the law.

The government of Uzbekistan has been taking steps to regulate its crypto market. In late 2022, the authority overseeing the sector, the National Agency of Perspective Projects (NAPP) under President Shavkat Mirziyoyev, approved rules for the issuance and circulation of crypto assets.

The agency also regulated the licensing of crypto exchanges. Five trading platforms are now authorized to operate in the country — the state-controlled exchange Uznex and four smaller "crypto shops." Meanwhile, the authorities in Tashkent have been trying to restrict access to foreign trading websites.

Residents of Uzbekistan were allowed to trade digital currencies on domestic exchanges in November 2021. While crypto-related transactions are tax free, crypto service providers in Uzbekistan are required to pay monthly fees. Earlier this month, the NAPP revealed that licensed crypto companies have paid over $310,000 to the budget in 2022.

Bitcoin.com

Publications

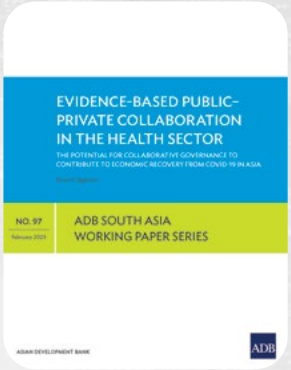
Green Central Banking and Regulation to Foster Sustainable Finance

As it is becoming clear that climate change will exert a major impact on inflation, economic growth, and financial system stability, central banks and financial regulators have increasingly recognized that they can no longer ignore climate change and other environmental issues. In general, central banks are responsible for achieving price stability under the monetary policy mandate and financial stability under the macroprudential policy mandate. Therefore, it is possible for central banks to consider climate risks within their existing mandates. Moreover, the global financial markets have been facing the problems of mispricing due to the presence of low carbon prices. If these issues are unaddressed, the transition process toward a low carbon economy will remain too slow to achieve carbon neutrality. While governments play the most important role in pursuing climate policy, central banks could contribute to governments' efforts within their existing mandates. Central banks and financial regulators have begun to discuss prudential policy and take measures to cope with climate-related financial risks including climate scenario analysis and/or stress test. Moreover, there are growing discussions on how to include climate risks with respect to the capital adequacy requirements regulation for banks in the Basel framework. Central banks are also encouraged to lead by example through disclosing the impact of climate risks on central banks' own balance sheets, setting

a greenhouse gas (GHG) emission reduction target on their operations, and adjusting the composition of various domestic and foreign assets held by central banks for non-monetary and monetary policy objectives. We provide an overview of climate-related approaches and practices undertaken by central banks and financial regulators that have become more visible in recent years.

Details: ADB Publication

Evidence-Based Public–Private Collaboration in the Health Sector: The Potential for Collaborative Governance to Contribute to Economic Recovery from COVID-19 in Asia



This working paper explores the benefits and trade-offs of harnessing private sector health services as governments look to build more resilient, accessible, and affordable health systems and support the post-pandemic recovery.

It considers why governments must continuously decide whether to produce or buy-in services, analyzes how public–private collaborations can bolster the social sector, and explores how these helped governments respond to the pandemic and its aftermath. Outlining the role ADB can play, the paper recommends governments adopt an evidence-based approach, encourage private sector involvement in healthcare provision, and bolster collaborative governance to strengthen their health systems.

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