Asian Bankers Association

Newsletter

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March 2023

Training Programs

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

The Nepal Bankers Association (NBA), in partnership with the Asian Bankers Association (ABA), conducted a webinar on "Nepal Banking: Current Status and Opportunities" on March 8, 2023. With more than 420 registered participants from 27 countries from Asia and beyond, the webinar session featured Mr. Sunil K.C., President of NBA and was moderated by Dilshan Rodrigo, Executive Director and COO of Hatton National Bank.

NBA President Mr. Sunil K.C. started his presentation with an overview of Nepal's demographic and geographical conditions. Two areas of particular interest about Nepal cited by Mr. Sunil KC are its very young population and its potential to drive regional energy demand due to its hydraulic environment.

On Nepalese macroeconomic data, Mr. Sunil described an economy enduring an inflation rate of 7.26%. However, given a foreign exchange to import ratio of 10.4 months, the Nepalese national economy is considered stable, enjoying the 3rd most favorable business climate in South Asia.

Mr. Sunil indicated that the Covid-19 pandemic caused a sharp recession in 2020. Fortunately, Nepal rapidly returned to positive GDP growth at 4.25% in 2021 and 5.84% in 2022.

The Nepalese economy is buttressed by two factors. One factor is the significant contribution of foreign remittances mainly from overseas Nepalese workers to the national economy; and the second factor is the low foreign external Debt/GDP ratio currently at 21%, which is quite low compared to developed nations.

In terms of the Nepalese banking sector, there are currently 21 top commercial banks across the national territory. Their progress in providing banking access has been remarkable since the last decade, surpassing that of other South Asia countries.

Common financial ratios such as ROE (Return on Equity), Earning per Share (EPS), and Capital Adequacy Ratio (CAR) are returning to 2019 level while Non Performing Loans (NPL) ratio is presently at 2.49%. Although the ratio is in a raising path, it is just reaching pre-pandemic levels.

Mr. Sunil also explained that there are many reasons to invest in Nepal. He mentioned the large pool of capable workers, 100% foreign ownership allowed in majority sectors, lowest tax burden amongst countries in South Asia, and bilateral agreements preventing double taxation to high ROI.

Furthermore, Nepal presents a series of attractive investment areas such as mining, IT, health, energy and tourism among some others.

President Sunil explained that investing in Nepal benefits from the fact that securities can be issued in foreign capital markets to facilitate foreign capital flows and the investment in shares of a new or existing industry can be made in foreign currency.

Furthermore, President Sunil described many points related to the repatriation of profits. For instance, repatriation is allowed on the amount received from the sale of shares of foreign investment as well as on the amount of profits or dividends received from foreign investments.

Such positive conditions for foreign investments must be analyzed within the framework of two counterbalancing forces: present challenges and opportunities.

The present challenges for Nepal are limited financial gap, poor infrastructure, and out-migration among other negative factors. However, on the positive side, Nepal enjoys many opportunities for growth in the areas of green markets, population dynamics, tourism, and regional energy demands, among others.

To conclude, President Sunil highlighted areas for collaboration that the Nepalese Bankers' Association is interested in pursuing such as capacity building, AML & Compliance, Technology and Research, Sustainable financing, and finally, Corporate Governance.

President Sunil's presentation was followed by an extended Q&A session. The audience's active participation and insightful questioning, together with President Sunil's candid answers made this webinar a successful event.

Economist Impact holds 3rd annual Technology for Change Asia

The Asian Banker's Association (ABA) was a supporting organization of Economist Impact's third annual Technology for Change Asia held at Marina Bay Sands, Singapore and online on March 20-21, 2023. The meeting gathered leaders across the public, private and civil sectors to examine how technology-based and data-driven solutions can be applied to long-standing social challenges to connect with the consumer and stakeholders of today.

The Economist noted that there has never been a more urgent need to foster financial inclusion and promote prosperity through closing the digital divide for the achievement of the Sustainable Development Goals (SDGs). "Stakeholders and

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consumers today expect businesses to deliver positive social outcomes as well as financial returns. As we harness technology to solve society's greatest challenges and threats affecting the global community, the necessity for sustainable, accessible, and ethical solutions has never been greater," the event organizer said.

The event addressed questions such as; How can innovators, technology platforms, impact and government leaders move from hype to help? How do we foster diversity, equity and inclusion (DEI) through technology? What are the human capital challenges and opportunities that pioneers need to be aware of to plug the gaps and stay ahead of the curve? How can we maximise the opportunities and mitigate risk around the move towards decentralisation and an increasingly hyper-connected world?

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.

Chief Risk Officer Summit to be held in Singapore on May 10-11

The Asian Bankers Association (ABA) is inviting members and colleagues to participate in the Chief Risk Officer Summit to be held on May 10-11, 2023 in the Hotel Fort Canning, Singapore.

Organized by Trueventus, the two-day Summit aims at equipping risk professionals with insights on strategies to manage risk for future readiness. It will explore how to successfully navigate fundamental disruptions in order to emerge stronger with a competitive advantage.

Business leaders from different industries and world-class companies, including banks and related financial institutions, will present case studies and share experiences in the latest technology to improve data quality.

Moreover, the Chief Risk Officer Summit is also another great opportunity for networking among risk management professionals.

For more details about the Summit, please download their brochure here and write to aimi@trueventus.com.

Furthermore, participating ABA delegates will benefit from a 25% discount from the listed price shown in the application form included in the brochure.

Member Personalities

RCBC EVP named one of the Top 50 Banking and Payments Leaders

RCBC is proud to have its very own Lito Villanueva among the 2023 Seamless Asia's Top 50 Banking and Payments Leaders.

Lito is an award-winning thought-leader on digital transformation and inclusive finance. With 25 years of experience and over 70 regional and global awards, he is RCBC's Executive Vice President and Chief Innovation and Inclusion Officer of RCBC, and YGC's Chief Digital Transformation Advisor. He is also the founding chairman of the Philippines' premier fintech organization, Fintech Alliance.ph and Chairman of South Africa-based Alliance of Digital Finance Associations.

Lito is recognized as the first and only Filipino among the Top 100 FinTech Leaders in Asia, Top 100 Filipinos on LinkedIn, and the "Mr FinTech of the Philippines" by BizNews Asia. He writes a regular business column, “Bytes”in the Phlippine Star.

News Update

Real Time Cross Border Payments for India and Singapore

The Monetary Authority of Singapore (MAS) and the Reserve Bank of India (RBI) have introduced the integration of PayNow and Unified Payments Interface (UPI) which will allow customers of participating financial institutions in both countries to send and receive funds between bank accounts or e-wallets instantly across borders.

This is possible with the linkage of PayNow and India’s Unified Payments Interface.

“They can do this using just the mobile phone number, UPI identity, or Virtual Payment Address (VPA),” the MAS explained.

The service will be made available to customers of DBS Bank and Liquid Group in Singapore under a phased approach.

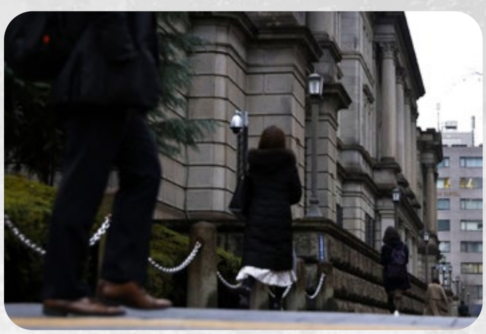
DBS Bank and Liquid Group will progressively increase the number of eligible user groups and transaction limits from 21 February until the end of March.

According to MAS, the PayNow-UPI linkage is the world’s first real-time payment systems linkage to use a scalable cloud-based infrastructure which can accommodate future increases in the volume of remittance traffic.

“It is also the first linkage to feature a non-bank financial institution as a participant,” MAS added.

East and Partners

BOJ watchers expect policy change by June



Almost two-thirds of Bank of Japan watchers now expect monetary policy change by June following the first extensive hearings of governor nominee Kazuo Ueda, according to the latest Bloomberg survey.

All except three out of 49 economists polled see no policy change at the final meeting of outgoing BOJ Gov. Haruhiko Kuroda ending on March 10, according to the Bloomberg survey conducted following the two-day parliamentary hearings.

Instead, there’s now a greater focus on the June meeting, set to be Ueda’s second.

Some 41% of BOJ watchers expect a tightening step to take place in June according to the latest survey, jumping from 26% in the February poll that immediately followed Ueda’s nomination Some 65% of economists now see a tightening move by June, up from 57% in the February survey.

The percentage of those expecting action in April, Ueda’s first meeting, dropped to 20% from 26%.

During hearings that spanned a total of nearly eight hours, Ueda repeatedly said it’s appropriate to continue with monetary easing. While Ueda gave no hint of a desire to pivot quickly, analysts appear to have made some recalibration for the BOJ’s policy path.

The BOJ is leaning toward monitoring the impact of recent tweaks to its stimulus program rather than making another adjustment on the week on week of March 6, according to people familiar with the matter.

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The survey result also showed that Kuroda is unlikely to give a final surprise on the week of March 6 by changing policy, although some flagged the risk of a parting-shot shock at the end of his decadelong term.

A key focus for the upcoming meeting is whether Kuroda will take another step to improve the functioning of financial markets. The governor widened the bank's 10-year yield target band in December with the explicit aim of better functioning. But so far he's widely seen to have failed in achieving that goal.

Some 84% said the BOJ didn't enhance market functioning with the tweak, according to the poll. Yet more than half said Kuroda shouldn't adjust the yield curve control this time.

"Kuroda's role is over," Shinichiro Kobayashi, chief economist at Mitsubishi UFJ Research & Consulting, wrote in his survey response. "He should leave every decision to a new leadership by standing pat in March."

At the same time, many are warning of a risk that Kuroda will leave with a parting shot, following through on his reputation for surprise. Japan's yield curve remains distorted, and the latest BOJ bond market survey showed a deterioration in the market's view.

"We expect the bank to abandon yield curve control at the upcoming meeting as Gov. Kuroda will want to pre-empt the inevitable rather than having a key policy reversed the moment he walks out the door," said Marcel Thieliant, senior economist at Capital Economics.

Some 94% of respondents said Ueda is a good choice, or more or less a good choice to take the BOJ's helm from April. The possibility of normalization this year increased due to Ueda's nomination, according to 59% of the economies.

After Ueda cast doubt over the need to revise a 2013 joint statement with the government during his hearings, expectations among economists saw a major shift. Only 35% said it is very likely or likely that the statement will be revised under a new BOJ governorship, down from 66% in the January survey.

Bloomberg

Special Features

Big Asian Economies Take on the Forces of International Capital – and Win

Battling currency markets used to be considered unwise by central bankers and policymakers. Burning foreign-exchange reserves to take on the forces that push and pull a currency's value was foolish, so the thinking went, and almost certainly futile. Orthodoxy held that a country seeking to defend its currency should raise interest rates, not sell reserves.

This was put through a real-world test in 2022 as America raised rates and the dollar climbed in value. Officials in many emerging economies deployed their holdings to defend local currencies. According to the IMF, global foreign-exchange reserves fell by $1.1trn between the end of 2020 and the third quarter of 2022, with holdings of dollar-denominated assets accounting for half the decline.

During the past few months, however, the process has begun to reverse, as the dollar has fallen and pressure on countries that intervene to defend their currencies has abated. The combined holdings of large Asian reserve holders – China, Japan, South Korea and Taiwan – have risen by $243bn since October, through a combination of revaluation and new purchases, to a total of $5.6 trn. India's foreign-exchange reserves are up by $42bn since October, too, recovering more than a third of their decline in the preceding 12 months.

A recent paper by Rashed Ahmed of American's Office of the Comptroller of the Currency and co-authors suggests that big reserve accumulators may, in fact, have reason to rebuild. Countries that entered 2021 with larger reserves and greater credibility in their capacity to intervene saw smaller

depreciations in their currencies, all else equal. The authors calculate that additional reserves worth ten percentage points of national GDP were associated with 1.5% to 2% less depreciation in the domestic currency, relative to the dollar.

Meanwhile, a number of countries which began this period with modest reserves have suffered deep depreciations. The Egyptian pound, which traded at 16 to the dollar at the start of 2020, now trades at 31. The official exchange rate of the Pakistani rupee has also weakened, from 154 to the dollar at the start of the covid-19 pandemic to 278 more recently. In both places black markets offer even weaker rates.

Mr. Ahmed and co-authors note that healthy foreign-exchange reserves could have another benefit. Removing the need for interest rates to be used to defend the currency enables "domestic monetary policy to better target domestic objectives."

The danger, however, is that currency intervention comes to be seen as a way to avoid more painful interest-rate rises. Although the IMF is not a vehemently opposed to foreign-exchange intervention as it once was, it still draws some limits. As recently as October, around the time when the dollar peaked, Gita Gopinath, the institution's deputy managing director, and Pierre-Olivier Gourinchas, its chief economist, warned developing economies not to use currency intervention in place of tighter monetary and fiscal policy.

The experience of large currency-reserve holders during the dollar's recent surge might give government governments other ideas. Being able to resist the pressure to follow the Fed's interest-rate movements is a goal held by many developing economies – and the more reserves they hold, the more resistant they seem to become.

The Economist

Could a "Greener" World Bank be in the Works?

By Brad Glosserman

The then-head of Mastercard, Ajay Banga, leaves after meeting Indian Prime Minister Narendra Modi in New York in September 2014. The Biden administration has revealed that it will likely nominate Banga, Considered a champion of climate change, as the next World Bank chief.

If climate change is one of the most pressing problems our planet faces – and it is – then it should be a, if not the, top priority for institutions of global governance.

After all, they are designed to tackle precisely those challenges, to provide "Public goods" – those that benefit all citizens and, therefore, no one wants to pay for.

By this logic, the World Bank has a problem. Bank President David Malpass repeatedly demurred in 2022 when asked if he believes in human-made global warming. Although he walked back the comments and claimed he was misquoted, the damage was done. The world's leading development bank had a credibility problem and efforts to remove the tarnish only made things worse.

Malpass announced in February that he would resign his post in June, a year early. The Biden administration has revealed that it will nominate Ajay Banga, the former head of Mastercard, for the job. If he gets the post – which is highly likely, but not certain – Banga has a tough assignment. He will face resistance from unexpected places. His success, is imperative.

The World Bank – technically a group of financial institutions, it is actually "the World Bank Group," or WBG – was set up in the dying days of World War II to facilitate the reconstruction of Europe and then development globally. Its main lending facility, the International Bank for Reconstruction and Development, issued about $775 billion in loans and grants to the world's poorest countries between 1944 and June 2021.

That's an impressive achievement but there is growing concern that the WBG has been slow to adapt to new challenges, especially climate change. In fact, the WBG has ramped up lending to address this problem. Climate spending expanded from $10.9 billion in 2016 to a record $3.7 billion in fiscal 2022, the later a 19% increase from the previous year, and 36%of its total financing, topping the target of 35% in the group's Climate Change Action Plan for 2021-2025. More than 90% of its lending now has a climate component.

Still, these funds barely register compared to the need. According to a 2018 estimate by the Intergovernmental Panel on Climate Change, limiting warming to 1.5 degrees Celsius relative to preindustrial levels by 2050 will demand investment of $3.5 trillion annually – or some $100 trillion over the next three decades. Given (the lack of) progress since then, this is unlikely to be enough.

Estimates vary of the amount needed by developing nations. A commonly cited figure is $1 trillion a year, but International Monetary Fund economists reckon that those countries must collectively invest that much for energy infrastructure alone by 2030 and $3 trillion to $6 trillion across all sectors per year by 2050 to substantially reduce greenhouse gas emissions. An additional $140 billion to $300 billion will be needed annually by 2030 to remediate the consequences of climate change, such as rising seas and intensifying droughts. That sum could reach $1.75 trillion annually after 2050 depending on how well we deal with the problem.

In 2022, 10 countries – the Group of Seven, Australia, the Netherlands and Switzerland – wrote a paper calling on the World Bank to "refresh its vision" and align with the Paris Agreement to reduce global greenhouse gas emission. One of the loudest voices has been Janet Yellen, U.S. Treasury secretary, who considers the bank central to dealing with climate change and demanded the institution devise a plan to do so. Malpass delivered but the "evolution roadmap" was roundly criticized as too timid.

Predictably, there has been pushback against calls to re-engineer the WBG and focus its energies on climate. You would be surprised at who's complaining, however.

Of course, there is resistance from climate skeptics, deniers and those who see progressive bogeymen driving every reform. They have allies in fossil fuel-exporting countries for which a shift in emphasis threatens their prosperity.

More intriguing are concerns articulated by developing countries. First, they worry that a shift in emphasis to climate challenges could undermine the WBG's core mission of promoting development. Development encompassing a wide array of fields, from agriculture to waste, including education and health care, along with many others. Climate change matters but, they warn, it cannot replace investment in those other areas.

According to the Financial Times, the Group of 11, a bloc of developing nations, wrote a note arguing that "promoting development is at the very reason for each World Bank Group institution's existence" and it is critical that they remained "focused on the purpose for which they were established." (It's called the G11, but the note was signed by more than three dozen countries.)

To be fair, many officials in those nations don't see the tension. Ali Mohamed, a climate adviser to the president of Kenya, spoke for the bloc when he said that "For us climate is development, climate is poverty…Climate change has affected every sphere of human development and livelihoods."

A second worry is that the new focus would encourage lending to countries that are more developed, but still need assistance to tackle the climate transition. The concern emerged amid talk to help for rapidly growing middle-income countries to reduce their dependence on coal, the most polluting fossil fuel. The poorest countries fear this aid will come at their expanse.

A third fear is that a bigger role for the WBG and other multilateral development back (MDBs) is a prelude to reducing the burden on developed countries, many of which made the current climate mess, to help.

The final issue is developing countries' fear that a focus on climate and more aggressive lending to tackle it could hurt the World Bank's tackle it could hurt the World Bank's triple-A rating and raise the price of borrowing. In 2022, the Group of 20 commissioned a review of MDBs that concluded they were too conservative out of concern for that rating. Loosen terms and the banks could boost lending by "several hundreds of billions of dollars over the medium term." As one climate adviser explained, "if you need to get to a totally different type of scale of lending, you can't do it using the old fashioned approach of paid-in capital."

The G11 note reportedly warned the World Bank to "avoid measures…that might not be understood by rating agencies in positive light." The triple-A rating was "necessary to be able to raise funds at a cost that would enable lending at below-market rates." Adding that "This is the very rationale underlying the (multilateral development bank) concept."

It's difficult to appreciate the importance of the debate over lending terms. Reluctance to change conditions means that the only other way to increase lending is to make the bank more efficient – and white the bank might have problems, it isn't that bloated – or to increase capital contributions by its share-holders (national governments). They are reluctant to do so when their own budgets are squeezed by inflation, an energy crisis and recovery from the COVID-19 pandemic.

Thus far, there has been little outcry over the U.S. getting to select the head of the World Bank. A tradition since its launch, in exchange Europe gets to pick the head of the International Monetary Fund, a claim on the two posts that has infuriated much of the rest of the world. The silence could reflect news that the U.S. is expected to nominate Banga, who has long been an advocate of climate action.

Banga, a naturalized U.S. citizen, was born in India, which could help neutralize criticism of a U.S. grip on the post. He has an impressive record of financial success and running a huge international organization. He isn't "a development guy," but he has championed efforts to address climate change and has worked on and understands microfinance and financial inclusion. While some environmental advocates are unhappy with the choice, others are more optimistic, calling him "a GSD guy – gets stuff done."

That's good. Banga, or whoever gets the job, has a lot of stuff to do.

Japan Times

What Ordinal NFTs Mean for Bitcoin

By Jaymin Kim, Director of Commercial Strategy at Marsh McLennan

A billboard that reads, "I hate NFTs!" is seen behind people sitting on the red steps in Times Square during the 4th annual NFT.NYC conference on June 20, 2022 in New York City. The four-day event will feature 1,500 speakers from the crypto and NFT space and will host over 14,000 attendees.

The Bitcoin community is in turmoil. Ordinal NFTs — also referred to as "Digital Artifacts" and "Ordinal inscriptions" — surfaced on January 21, 2023, on the Bitcoin network. Bitcoin maximalists are furious — they believe NFTs are spamming and attacking the Bitcoin network. Other Bitcoin enthusiasts argue that Ordinal NFTs make the Bitcoin network not only more fun but also can help generate more revenues for Bitcoin miners.

Bitcoin is now home to 100,000+ Ordinal NFTs, including a playable DOOM game clone, and JPEGS of "Taproot Wizards," "Astral Babes," and "Ordinal Punks."

Heated debate has primarily focused on whether Ordinal NFTs are a positive or negative development for the Bitcoin network. The answer depends on whether one believes Bitcoin should be purely a monetary system or serve multiple use cases.

Special Features

Whether one loves or hates them, the fact is that Ordinal NFTs exist and will continue to be minted on the Bitcoin network — in the absence of a soft or hard fork.

Given that Ordinal NFTs have arrived, what do they mean for Bitcoin? Here are my thoughts on three implications:

1. Blockchain upgrades can bring significant, unintended consequences.
2. Ordinal NFTs could pose a threat to Bitcoin as a medium of exchange and as a store of value.
3. Bitcoin is decentralized in technology and decision-making — especially because Satoshi Nakamoto has disappeared.

A Brief History of Bitcoin NFTs

Immortalizing non-monetary data (e.g., JPEGs, video files, etc.) on the Bitcoin network is not new. In fact, the Genesis block — the very first Bitcoin block ever created by pseudonymous Bitcoin creator Satoshi Nakamoto included a message: "The Times 03/Jan/2009 Chancellor on brink of second bailout for banks."

Buying/selling immortalized data is also not new to Bitcoin. Counterparty NFTs are an example of Bitcoin-based NFTs that have existed since 2014.

But three technical features distinguish Ordinal NFTs from previously existing Bitcoin NFTs: 1) content size limit 2) content storage and security 3) cost to mint (i.e., create an NFT).

Illustrative

	Bitcoin NFTs	
	PRE- Segwit and Taproot upgrades *e.g., Counterparty NFTs*	**POST- Segwit and Taproot upgrades** *e.g., Ordinal NFTs*
Content size limit	• **Up to 80 bytes** (OP_RETURN field)	• **Up to 4 MB** (Witness data field)
Content storage & security	• **Content ≤ 80 bytes** can be stored completely on the decentralized Bitcoin blockchain and becomes immutable ("immortalized") • **Content > 80 bytes** can only be referenced as a link on the Bitcoin blockchain (the link itself must be ≤ 80 bytes); excess content must be stored elsewhere (e.g., on the cloud). Depending on where the content is stored, it can be removed by third parties, rendering NFTs that rely on the attached content valueless	• **Content ≤ 4 MB** can be stored completely on the decentralized Bitcoin blockchain and becomes immutable ("immortalized") • **Content > 4 MB** can only be referenced as a link on the Bitcoin blockchain (the link itself must be ≤ 80 bytes); excess content must be stored elsewhere (e.g., on the cloud). Depending on where the content is stored, it can be removed by third parties, rendering NFTs that rely on the attached content valueless
Cost to mint	• **Same transaction fees required for base data** (data that counts towards the 1MB Bitcoin block size limit)	• **75% less than transaction fees required for base data**

Two soft-fork upgrades enabled these net new technical features on the Bitcoin network.

1. The SegWit upgrade in 2017 increased the total data that a block could carry to 4MB and created a cheaper category of data. This is how Ordinal NFTs can upload up to 4MB of data to the Bitcoin network relatively cheaply.
2. The Taproot upgrade in 2021 which enabled the mechanism by which content attached to Ordinal NFTs gets published to the Bitcoin network.

Implication 1: Blockchain upgrades can bring significant, unintended consequences

Without both Segwit and Taproot upgrades, it would not be possible to upload 4MB of content completely and relatively cheaply onto the Bitcoin network.

Yet, the motivations behind the Segwit and Taproot upgrades were far from seeking to enable anything akin to Ordinal NFTs.

Some have dismissed Ordinal NFTs as "nothing new, Bitcoin goes on" since uploading non-monetary content to the Bitcoin network has always been possible — since the Genesis block.

These critics are missing the point. Bitcoin NFTs prior to Ordinal NFTs did not achieve mass popularity, at least partly because they were too expensive to mint, and only up to 80 bytes of content could be stored on the Bitcoin blockchain itself. This meant that NFT enthusiasts were incentivized to turn to other blockchains, such as Ethereum, where they faced less restrictive content size (compared to 80 bytes) and fee limitations when minting NFTs. This incentive no longer exists with Ordinal NFTs due to the three new technical features outlined above in Figure 1. Today, more content can be immortalized and secured per NFT on Bitcoin than on other blockchains, including Ethereum, for significantly reduced fees.

Implication 2: Ordinal NFTs could pose a threat to Bitcoin as a medium of exchange and as a store of value

Bitcoin maximalists are furious about Ordinal NFTs because they believe that the sole purpose of Bitcoin should be to serve as a peer-to-peer electronic cash system, as articulated in Satoshi Nakamoto's whitepaper. Ordinal NFTs attack this vision as they take up block space that would otherwise be used for financial transactions, increase the bandwidth required to operate a full Bitcoin node, and drive up transaction fees for financial transactions on the Bitcoin network.

Ordinal NFT proponents argue that the Bitcoin network can be used by anyone for anything, including funny JPEGs, so long as they can pay the associated transaction fees. After all, the Bitcoin protocol itself permits uploading non-financial content for a price.

If Ordinal NFTs gain and maintain popularity, they will compete with financial transactions for space on the Bitcoin network. Given the increased demand for block space, the transaction fees needed to transact on Bitcoin will increase. Transaction fees have generally increased since Ordinal NFTs were launched on January 21. Increased transaction fees harm some but benefit others. Those who rely on Bitcoin's historically low transaction fees — for example, those who send Bitcoin to send remittances — will be negatively impacted. Benefit will accrue to other stakeholders, including Bitcoin miners, whose revenues rely partly on transaction fees.

All else equal, increased transaction fees can threaten Bitcoin's viability as an everyday medium of monetary exchange in the shorter term. Some would argue that layer 2 solutions, such as the Lightning Network, already solve this potential threat to Bitcoin as a medium of exchange. Yet, layer 2 solutions offer less decentralization and security than the Bitcoin network.

In the longer term, Bitcoin as a store of monetary value may be at risk. Practically anyone can upload anything up to 4MB to the Bitcoin network for a price that many are willing to pay — this could run the whole gamut of funny videos, child pornography, confidential documents, how-to guides banned by governments, etc. In particular, if Bitcoin is associated with immortalizing illegal content in significant volumes, Bitcoin's perceived legitimacy as a legal monetary system will be put to the test.

Implication 3: Bitcoin is decentralized in technology and decision-making — especially because Satoshi Nakamoto has disappeared

Extreme emotions abound in the "Ordinal NFTs, good or bad for Bitcoin?" debate.

Yet, no one can unilaterally take any action.

The current conflict between Bitcoin maximalists and Ordinal NFT proponents — where arguments are vehement and actions are curtailed — reflects Bitcoin's decentralized nature, not only in technology but also in decision-making.

The decentralized nature of decision-making in the Bitcoin community is likely only possible due to the disappearance of Satoshi Nakamoto.

The debate about the legitimate use cases of the Bitcoin network has existed since the beginning. In 2009, Nakamoto explicitly indicated their belief that Bitcoin should be used for financial transactions and that financial and non-financial use cases should not mix on a blockchain network (see Figure 2).


satoshi
Founder
Sr. Member

Activity: 364
Merit: 5302

Re: BitDNS and Generalizing Bitcoin
December 10, 2010, 05:29:28 PM
#246

Piling every proof-of-work quorum system in the world into one dataset doesn't scale.

Bitcoin and BitDNS can be used separately. Users shouldn't have to download all of both to use one or the other. BitDNS users may not want to download everything the next several unrelated networks decide to pile in either.

The networks need to have separate fates. BitDNS users might be completely liberal about adding any large data features since relatively few domain registrars are needed, while Bitcoin users might get increasingly tyrannical about limiting the size of the chain so it's easy for lots of users and small devices.

Fears about securely buying domains with Bitcoins are a red herring. It's easy to trade Bitcoins for other non-repudiable commodities.

If you're still worried about it, it's cryptographically possible to make a risk free trade. The two parties would set up transactions on both sides such that when they both sign the transactions, the second signer's signature triggers the release of both. The second signer can't release one without releasing the other.

A counterfactual scenario to consider: If Nakamoto were still present today, their voice and reason would likely hold significant sway over the Bitcoin community, similar to how Vitalik Buterin's voice and reason hold weight in the Ethereum community.

Bitcoin upgrades are highly technical. Translating these highly technical changes precisely and comprehensively into non-technical terms is often challenging. It is incumbent on technical and non-technical Bitcoin stakeholders to work together to think through not only the intended implications for blockchain operations but also the potentially inadvertent implications that often result from a complex web of incentive structures. Thinking through potential unintended consequences is particularly important in a decentralized system, where achieving majority consensus to do — and undo — actions is incredibly difficult.

It remains to be seen whether Ordinal NFTs will seriously compete with financial transactions on the Bitcoin network. One thing is clear — resources to develop the Bitcoin network are limited. When competing priorities exist, no single priority can get full attention.

Brink News

Where Digital Money Rules in India

By Mujib Mashal and Hari Kumar

The little QR code is ubiquitous across India's vastness.

You find it pasted on a tree next to a roadside barber, propped on a pile of embroidery sold by female weavers, sticking out of a mound of freshly roasted peanuts on a snack cart. A beachside performer in Mumbai places it on his donations can before beginning his robot act; a Delhi beggar flashes it through your car's window when you plead that you have no cash.

The codes connect hundreds of millions of people in an instant payment system that has revolutionized Indian commerce. Billions of mobile app transactions – a volume dwarfing anything in the West – course each month through a homegrown digital network that has made business easier and brought large numbers of Indian into the formal economy.

The scan-and-pay system is one pillar of what the country's prime minister, Narendra Modi, has championed as "digital public infrastructure," with a foundation laid by the government. It has made daily life more convenient, expanded banking services such as credit and savings to millions more Indians and extended the reach of government programs and tax collection.

With this network, India has shown on a previously unseen scale how rapid technological innovation can have a leapfrog effect for developing nations, fostering economic growth even while physical infrastructure lags. It is a public-private model that India wants to export as it fashions itself as an incubator of ideas that can lift up the world's poorer nations.

"Our digital payments ecosystem has been developed as a free public good," Mr. Modi said on Feb. 24 to finance ministers from the Group of 20, which India is hosting in 2023. "This has radically transformed governance, financial inclusion and ease of living in India."

Indian officials describe the digital infrastructure as a set of "rail tracks," laid by the government, on top of which innovation can happen at low cost.

At its heart has been a robust campaign to deliver every citizen a unique identification number, called the Aadhaar. The initiative, begun in 2009 under Mr. Modi's predecessor, Manmohan Singh, was pushed forward by Mr. Modi after overcoming years of legal challenges over privacy concerns.

The government says about 99 percent of adults now have biometric identification numbers, with more than 1.3 billion IDs issued in all.

Nandan Nilekani, a co-founder of the information technology giant Infosys who has been involved in India's digital identification efforts since their early days, said the country had been able to make a technological leap because it had little legacy digital infrastructure in place. "India was able to develop afresh, with a clean slate," he said.

The IDs ease the creation of bank accounts and are the foundation of the instant payment system, known as the Unified Payments Interface. The platform, an initiative of India's central bank that is run by a nonprofit organization, offers services from hundreds of banks and dozens of mobile payment apps, with no transaction fees.

In January, about eight billion transactions worth nearly $200 billion were carried out on the Unified Payments Interface, according to Dilip Asbe, the managing director of the National Payments Corporation of India, which oversees the system.

The value of instant digital transactions in India in 2022 was far more than in the United States, Britain, Germany and France. "Combine the four and multiply by four – it is more than that," as one Indian cabinet minister, Ashwini Vaishnaw, told the World Economic forum in January.

The system has grown rapidly and is now used by close to 300 million individuals and 50 million merchants, Mr. Asbe said. Digital payments are being made for even the smallest of transactions, with nearly 50 percent classified as small or micro payments: 10 cents for a cup of milk chai or $2 for a bag of fresh vegetables. That is a significant behavioral shift in what has long been a cash-driven economy.

One impetus for the move toward digital payments was Mr. Modi's 2016 decision to remove all large-denomination currency from the market. Promoted as an effort to eradicate black money in politics, the shock devastated small businesses that ran on cash.

Reliance on the digital infrastructure deepened during the pandemic, as the government used the ID numbers to manage the world's largest vaccination drive and deliver financial aid.

While the system has become embedded in Indian life, the concerns over data privacy have not fully receded, even after Supreme Court rulings governing its use. Some worry that the sharp erosion of checks on government power under the strongman rule of Mr. Modi could open the door to abuses of the central identity database. With India pushing its model abroad, in some cases in countries that lack strong legal safeguards, these concerns will follow.

Amitabh Kant, one of India's top coordinators for the Group of 20 events, said the government had struck the right balance between privacy and innovation. "We said that the data belongs to the individual and that he has the right to give consent for every transaction that he undertakes," he said.

In two dozen interviews in villages, small towns and cities, a varies picture of digital payments emerged. In a pair of village shops in the northern state of Uttar Pradesh, they made up about 10 percent of daily sales; in the busier markets of Delhi, that number could be a quarter or half.

Even in sectors that have not yet adopted digital payments, such as the fishing industry in the southern state of Kerala, the basic pillars of the digital infrastructure – the identity number, bank accounts and mobile phone apps – made it easier to deliver services.

In markets where digital payments have taken hold, the raw excitement of the newly converted is palpable. App companies are working to ensure ease of use across a wide spectrum of digital literacy. Merchants on the same sidewalk help one another. And because this is technology we are talking about, children come to the aid of parents.

Small voice boxes provided by payment apps are a fixture at snack carts and tea stalls, where vendors are too busy to check phone messages after every small transaction. A Siri-like voice declares how much money was instantly received with each payment by QR code. This has helped bridge mistrust among merchants long used to cash transactions.

Merchants like the cobblers and the ice cream seller at a central Delhi market who do not have their own QR codes borrow their neighbor's. It's the digital version of: I don't have change, but will make it work with help.

"I used to prefer cash," said Rajesh Kumar Srivastva, an auto-rickshaw driver in Delhi. "But I learned the benefits of this during the lockdown."

Before the pandemic, Mr. Srivastva pasted a QR code on the inside of his rickshaw, but since only a quarter of his payments were digital, they remained an afterthought.

Just before the 2020 lockdown, Mr. Srivastva paid a hefty electricity bill and two installments of the loan on his vehicle, depleting the cash at home.

His cash earning usually were not enough to justify travels for bank deposits. But his wife urged him to check the account linked to the digital payments. Unable to figure his balance at an A.T.M., he returned with his daughter, a 20-year-old civil engineering student.

First, his daughter withdrew 5,000 rupees, roughly $60.

"She checked again, and said, 'Papa, there is 45,000 more left,'" Mr. Srivastva said, before breaking into a big smile. "I loved it!"

New York Times

The Five Most Critical Treasury Practices for 2023

By Kyriba

For treasury teams, 2022 will be remembered as a year of extremes. With rapid FX fluctuations, price inflation, rising interest rates, new cash forecasting challenges, global recession fears and more, treasurers heading into 2023 face a lot of uncertainty.

After conversations with its clients and reviewing developments from the past year, cloud treasury specialist Kyriba has compiled five key practices being implemented by many treasury departments to make their organisations more financially resilient.

Real-time treasury

Having full visibility of an organisation's cash and liquidity can be a daunting task. Treasury departments often rely on a combination of disparate tools and data sources to determine a company's cash position, which is a time-consuming process.

Special Features

However, real-time views of cash and liquidity may soon be an industry standard, thanks to APIs like the new real-time treasury solution from Kyriba and JP Morgan. This API provides treasurers with real-time cash visibility, bank reporting and payments. With immediate access to data, treasury department can make real-time decision on investing cash balances.

David Miller, SVP and treasurer for Hunt Companies, said at KyribaLive 2022 that he sees APIs as the future of treasury and that treasury teams should have "real-time everything." A mutual Kyriba and JP Morgan client, Hunt Companies, has already begun gaining efficiencies from using real-time treasury.

Artificial Intelligence

AI and machine learning (AI/ML) can provide treasury and finance with insights and capabilities that are nearly impossible using manual methods. Solutions like Kyriba's new cash management AI can learn from an organisation's cash flow history to make better inflow projections over time.

Machine learning is essential in modern payments fraud detection; it can screen transactions against historical payment data to identify anomalies. With the focus on forecasting and fraud showing no signs of abating, AI/ML will undoubtedly very useful.

Cash Forecasting

The Covid-19 pandemic has led to organisations changing how they approach cash forecasting. In the pre-pandemic era treasury departments may have only produced a single forecast. Today, they produce multiple forecasts based on different potential scenarios. "The 'what-if' scenarios have become increasingly important," noted Bob Stark, global head of marketing for Kyriba, in a recent webinar.

As interest rates continue to increase and with a possible recession looming, forecasting will need an upgrade. The tools of the pre-pandemic era are no longer sufficient. Many treasury management systems have trouble handling multiple data sets and scenarios. While ubiquitous, Excel is too prone to errors to be considered an adequate solution. Companies have more data at their disposal than ever before, and want to use it to make informed decision. The only way to do that in real-time is with APIs which collate different data sets, such as the treasury management system (TMS), the enterprise resource planning (ERP), purchase orders and invoices and merge them into one composable system. The unification of data allows for better decision-making and forecasting.

Value Engineering

For any digital transformation in 2023, treasury will need a strong business case. Value engineering programs can help treasury teams demonstrate the necessity of investment to senior leadership. This can be done by identifying key improvement opportunities, and then tracking achievements after implementation.

Kyriba's value engineering process begins with value discovery, in which key challenges and improvement opportunities are identified. After the system is implemented, the value monitoring stage begins. Kyriba works with its clients to determine success criteria and whether all goals established in the previous stage are being met. At the final value realization stage, Kyriba helps clients evaluate success, document best practices and benefits, and identify future opportunities.

Onward to 2023

Every year is unpredictable in some way, and 2023 will have its share of surprises and market shocks. But with more data and technology that enables access to that data in a timely manner, challenges can be addressed.

Corporate Treasurer

Among Member Banks

BEA Launches Mainland Personal Bank Account Opening Attestation Services for Hong Kong Residents

The Bank of East Asia, Limited ("BEA" or the "Bank") launched Mainland Personal Bank Account Opening Attestation Services ("the service") in September 2022 for eligible Hong Kong permanent residents to open personal bank accounts at The Bank of East Asia (China) Limited ("BEA China").

Without travelling to the Mainland in person, Hong Kong residents can enjoy this service at 15 designated BEA branches across Hong Kong Island, Kowloon, and the New Territories with their Hong Kong Permanent Identity Cards and Mainland Travel Permits for Hong Kong and Macao Residents (Home Return Permits). These accounts will be opened at BEA China's Guangzhou, Shenzhen or Zhuhai branches.

Upon successful activation, the accounts can be linked to major Mainland mobile payment apps, offering customers greater convenience when making purchases and payments in the Greater Bay Area ("GBA"). In addition, customers can easily manage their bank accounts via BEA China's Cyberbanking, mobile app, and WeChat Banking.

Mr Adrian Li and Mr Brian Li, Co-Chief Executives of BEA, commented, "The Bank is pleased to offer Mainland personal bank account opening attestation services for Hong Kong residents. We have been actively supporting the GBA development strategy, and one of our endeavours is to provide a better mobile payment experience for GBA residents. With our extensive footprint, comprehensive digital platforms and professional personnel, BEA is committed to providing quality banking services for customers in the GBA".

BEA foresees significant potential in the GBA as the megalopolis advances financial interconnection, innovation and technology cooperation, as well as integration of the service sectors. Together with an abundant labour force, the GBA has gradually developed into a well-equipped "One Hour Living Circle". BEA actively works to assist its customers to capture the vast development potential in the GBA.

BEA News

Among Member Banks

State Bank of India to Hike BPLR By 70 bps

India's largest lender the State Bank of India (SBI) increased its benchmark prime lending rate (BPLR) by 70 basis points (bps), or 0.7 percent, to 14.85 percent with effect from March 15, 2023.

The current BPLR is 14.15 percent. The largest public lender in the country will likewise increase its base rate by 70 basis points, from 9.40 percent to 10.10 percent, from the present level. SBI updated its base rate and benchmark prime lending rate on December 15, 2022.

Yet, based on the marginal cost of capital, the public lender decided to keep the same lending rates. This means that there won't be any changes to the interest rates on house loans. The MCLR is the interest rate at which a bank offers consumer loans. SBI increased the MCLR rates for the final time by 10 basis points, or 0.1 percent, on February 15, 2023. The monthly MCLR rate is currently 8.10 percent, and the overnight MCLR rate is 7.95 percent. The rates are 8.10 percent and 8.40 percent, respectively, during the three-month and six-month MCLR periods.

One-year, two-year, and three-year loans have MCLR rates of 8.50 percent, 8.60 percent, and 8.70 percent, respectively. SBI boosted the rate at which it lends money to its clients after the RBI raised the repo rate by 25 basis points to 6.50 percent on February 8 in an effort to fight inflation.

Zee News

MUFG Bank to Invest in B9 Beverages Limited

MUFG Bank on March 10 announced that it has executed an investment agreement with B9 Beverages Limited ("Bira 91") to invest USD 10 million in the company.

Bira 91 manufactures and sells premium beer, and was founded in India in 2015. Bira 91's premium beer brands are expanding its presence in the growing Indian beer market and contributing to the growth of beer culture in India. Bira 91 also publishes a "Mission To Zero" report highlighting its vision to achieve net zero carbon emissions at its breweries and its focus on ESG.

Since MUFG Bank established its first branch in India (the present Mumbai Branch) in 1953, we have been supporting customers in India with various financial services. MUFG Bank will leverage our financial expertise and global network to support Bira 91's business and activities, contributions to society and ESG initiatives.

Going forward, MUFG Bank will continue to support Indian companies engaging in sustainable development.

MUFG News

Mizuho to invest in United Kingdom Onshore Wind Project

Mizuho Bank, Ltd. (President and CEO: Katsuhiko Kato, "Mizuho Bank"), Mizuho Leasing Company,Limited (President and CEO: Shusaku Tsuhara, "Mizuho Leasing") and Daiwa Energy & Infrastructure Co. Ltd. (President: Morimasa Matsuda, "DEI"), collectively called "the investors" announce March 6 that the investors have made an investment (the "Investment") in a 50MW onshore wind project in Northern Scotland managed by Capital Dynamics Limited ("Capital Dynamics").

The Investment is one of the investors' initiatives to pursue their efforts on sustainability action to realize a sustainable world. Through the Investment and continuing collaboration with Capital Dynamics, the investors will contribute to the transition to net zero, enrich their insight in renewable energy, and develop as well as provide solutions that serve the sustainability transformation of their clients.

Capital Dynamics has been investing directly in clean energy in Europe since 2013 and currently owns and operates over 30 projects with a combined capacity of over 1GW. Capital Dynamics' Clean Energy platform makes direct equity investments in carbon–reducing, renewable power generating projects from late–stage development through commercial operations. The Clean Energy team, including its dedicated asset management affiliate, Netro Energy, is comprised of over 35 specialized professionals with global capabilities, sector expertise and an extensive industry network.

Mizuho News

Among Member Banks

SMBC Launching Industrial Applications of the Metaverse for a Digital Twin Society Agreement on the creation of the "Japan Metaverse Economic Zone

JCB Corporation, Mizuho Financial Group, Inc., Sumitomo Mitsui Financial Group, Inc., Mitsubishi UFJ Financial Group, Inc., Resona Holdings, Inc., Sompo Japan Insurance Inc., Toppan Inc., Fujitsu Ltd., Mitsubishi Corporation and TBT Lab Inc. have signed for the construction of a BtoB open Metaverse infrastructure called "RYUGUKOKU (Name TBD)" using the Metaverse construction framework "PEGASUS WORLD KIT" developed by JP GAMES Inc., a TBT Lab group company, and the creation of the "Japan Metaverse Economic Zone."

This agreement is based on the concept of "updating Japan through the power of games" by Hajime Tabata, a globally renowned game creator, founder of JP Gam es, and the Web 3.0 advisor for the Japanese Government's Digital Agency, and is an industrial DX initiative that utilizes gaming technology and was established by way of each company's endorsement of the concept.

SMBC News

Maybank introduces Malaysia's first-of-its-kind integrated automobile financing solution for EV and Hybrid Customers

Maybank introduced Malaysia's first-of-its-kind integrated automobile financing solution for Electric Vehicle (EV) and Hybrid customers covering various aspects of owning an EV or Hybrid vehicle including holistic financing solutions, insurance and takaful coverage as well as EV charging privileges.

This is in line with the Group's aspiration to become the sustainability leader in the region by fulfilling its commitments of mobilising a recently revised target of RM80 billion in sustainable financing to customers by 2025 as well as achieving a carbon neutral position by 2030.

Maybank Community Financial Services Group CEO, Dato' John Chong said that this offering is timely and showcases the Group's strong commitment to sustainability and at the same time catering to the evolving needs of customers as they become increasingly more environmentally conscious.

"Apart from that, our initiative is also in support of the Government's vision of growing the EV market share to 38% by 2040 through the Low Carbon Nation Aspiration under the National Energy Policy 2022-2040," said Dato' John.

Maybank Islamic meanwhile, will become the country's first financial provider to embark on the EV charging infrastructure landscape having installed EV charging stations at Dataran Maybank, the Kuala Lumpur Golf & Country Club and Mandarin Oriental Hotel in Kuala Lumpur respectively. In addition to this, Maybank Islamic is targeting to install several more EV charging stations within the Klang Valley and other states in peninsular Malaysia by December 2024 to help further strengthen the ecosystem and promote the usage of EV and Hybrid cars.

CEO of Maybank Islamic, Dato' Mohamed Rafique Merican said that this is part of the bank's efforts to encourage adoption of EVs while making more charging stations readily available for the convenience of EV owners. Furthermore, customers can enjoy various rewards and benefits from Maybank Islamic's EV financing membership programme, InCharge, which provides customers with rebates when utilising charging stations owned by Maybank Islamic and all other charging stations through the ParkEasy app.

"Our ultimate goal is to create a positive impact to the environment and society, and in line with the Group's mission to Humanise Financial Services, Maybank Islamic will allocate proceeds collected from the usage of the EV charging stations to fund identified social impact initiatives," added Dato' Mohamed Rafique.

Maybank recently hosted an EV driving experience event with Auto Bavaria – its first collaboration with a financial institution, showcasing two new EV models namely the BMW iX40 Sport which is currently available in the market and the BMW i7 which will be made available to the public in the third quarter of 2023. The event also provided the public with an opportunity to gain more insights on Maybank's integrated financing solution, the car's features as well as experience demonstrations on charging an EV.

On the insurance front, Etiqa had previously introduced Malaysia's first insurance and takaful coverage for EV Home Chargers in October last year. The coverage is available as a complimentary add-on to the Etiqa private car policy or certificate for newly registered battery-powered Electric Vehicles (BEV) or Plug-in Hybrid Electric Vehicles (PHEV). Alternatively, a standalone coverage for EV home chargers under the All Risk Insurance and Takaful plan is also available for EV owners who have purchased the EV home wall charger separately from their new motor insurance and takaful.

Maybank News

Among Member Banks

Bank of Maldives opens application for Community Fund

Bank of Maldives has today opened applications for proposals under its Community Fund for the first phase of the year.

The fund is open for registered NGOs to access funds up to MVR 50,000 to implement local projects in the areas of environment, education, sports and community development. In this phase, 10 projects will be selected from the proposals received. Similar to previous years, a total of 20 projects will be funded during 2023.

The application deadline is 15th April 2023. Application form and proposals should be emailed to community@bml.com.mv.

Community Fund is a program to empower NGOs to contribute to their communities through sustainable projects. The bank has provided funding for 80 projects across the country under this fund over the past 4 years.

For more information on Community Fund

Bank of Maldives News

PNB drives effort to reduce carbon footprint with Adobe Acrobat Sign

Since adopting the use of Adobe Acrobat Sign in 2022, Philippine National Bank (PNB) has made inroads in digitalization both for its own benefit and that of its corporate clients. Currently, there are over 20 corporate clients onboarded to PNB's Adobe e-signature workflow. These corporations are able to access specific bank documents for review, approval, and signature.

"We have embarked on digitizing document workflows and e-signatures with Adobe Acrobat Sign because we see this technology as crucial even in the post-pandemic world," says PNB President Florido P. Casuela. "The challenges of the past few years taught us that we need to be quick, customer-centric, and resilient to handle any scenarios."

PNB looked to digital transformation initiatives to reduce the bank's carbon footprint and offer flexibility for hybrid work arrangements while enhancing customer service. Rolling out an enterprise-wide electronic signature platform using Adobe Acrobat Sign is key to its efforts.

As part of its sustainability efforts, PNB supports initiatives that help achieve the United Nations Sustainable Development Goals. Expecting to handle up to 900,000 transactions through its e-signature platform in the near future, the bank anticipates it will eliminate more than 4,800 kilogram of paper-related waste and 73,000 kilogram in greenhouse gases, as calculated by the Adobe Resource Saver Calculator.

"We are proud to be the first major bank in the Philippines to introduce e-signatures. We can enhance customer services while supporting our sustainability goals," says Casuela.

Using the software, bank employees can send documents to customers to be e-signed on a computer or mobile phone, eliminating the obligation for customers to visit a PNB branch to sign documents in person. When completed, digital copies of e-signed documents are sent automatically to everyone.

E-signatures gained recognition as legal signatures — thanks to the Philippine government's Electronic Commerce Act of 2000. To comply, the technology identifies the signer, captures the signer's intent, and ensures the integrity of the signed document.

The platform securely stores final signed documents and audit trails of every transaction — making it easy for authorized bank employees to locate records, while reducing risk. "Adobe Acrobat Sign helps protect the bank and upholds customer data privacy, as only authorized recipients can access the documents," says Jun Audencial, EVP and Head, Institutional Banking Sector at PNB.

The approach helps ensure the integrity and authenticity of PNB's documents, supported by a blue-ribbon icon in a document's signatures panel to indicate a valid signature. PNB customers can then add required information and sign the document. However, if they remove pages or add unnecessary information, the document loses its certified status.

PNB's Institutional Banking Sector pioneered the company's use of the platform to digitally complete business loan documents. Meanwhile, the bank's Global Markets Group uses the software for foreign exchange transactions, paving the way for adoption by the bank's other business units such as retail banking, credit cards, and trust services.

The e-signature platform's integration with PNB's Microsoft environment will enable streamlined access for the bank's users. With the integration, employees can quickly route documents for e-signature without leaving Microsoft Teams — the bank's primary messaging and meeting platform. PNB also anticipates using the Live Signing functionality for face-to-face signing experiences directly within Microsoft Teams video calls, further bolstering Know-Your-Customer (KYC) policies to confirm identities and mitigate fraud in retail and consumer transactions.

Transitioning to e-signatures also allows the bank to save money on courier fees and other expenses related to handling paper documentation. Automations reduce manual interventions for completing documents and adding e-signatures. In the long term, PNB expects to reduce overtime costs as employees become more skilled in navigating the platform and its efficiency benefits multiply.

PNB News

Among Member Banks

RCBC becomes PH's 5th largest privately-owned bank, posts 71% profit hike in 2022

With PhP 1.2 trillion in total resources, Rizal Commercial Banking Corporation (RCBC) became the 5th biggest privately-owned bank in the country as of end-2022. This is on the back of a substantial 23% increase in earning asset volume, while maintaining above-industry net interest margin at 3.7%. Total deposits soared 27% year-on-year, outpacing the industry's average of 12%.

RCBC achieved significant expansion in various business segments during the year. Investment securities rose by over 70% year-on-year, while SME loans and credit cards posted solid double-digit increases. The credit card business recorded a faster-than-industry growth in billings and balances, while keeping NPL at its lowest in over a decade. Data science and analytics were instrumental in boosting customer acquisition and cross-selling to augment the Bank's foothold across key segments.

Net income for full year 2022 reached PhP 12.1 billion, 71% higher from previous year, supported by the double-digit increase in core business income. Fee income likewise showed marked improvement of 19% from 2021 due to higher retail, bancassurance and digital transactions. Return on equity stood at 11.2%, and return on assets improved to 1.2% in 2022.

"We continue to work hard and smart to accelerate our transformation journey. Delivering best-in-class customer experience remains our main thrust. And so we are excited to develop more digital innovations and disruptive solutions that can reshape the way we do banking," RCBC President and CEO Eugene S. Acevedo said.

The Bank kept its capital ratios well above regulatory requirements--CAR of 15.29% and CET1 ratio of 12.33%. With an upcoming PhP 27 billion capital injection from Sumitomo Mitsui Banking Corporation (SMBC), one of Japan's largest banks and 12th largest bank in the world, RCBC can reinforce its asset growth trajectory to become one of the biggest banks in the country.

Cementing its position as a digital leader, RCBC was named Asiamoney's Best Bank for Digital for the third consecutive year in 2022. It also bagged numerous awards from prestigious organizations, including "Best Retail Bank," "Best Corporate Bank," and "Best SME Bank" at the Global Banking and Finance Awards.

As of end-2022, RCBC had a total consolidated network of 462 branches, 1,352 automated teller machines, and 1,559 ATM Go terminals strategically located nationwide.

RCBC News

Doha Bank Launches the 'Himyan' Card

Doha Bank, one of the largest private commercial banks in Qatar, has launched Himyan Card, Qatar's national payment initiative, a registered trademark of the Qatar Central Bank. The launch of this card is aimed at enhancing the infrastructure of electronic banking services and transforming the society into cashless society.

Himyan card is named after the traditional money bag used by ancient Arabian merchants. The card is designed to provide customers with a secure and convenient method of managing their finances and making electronic payments exclusively in Qatar.

Himyan card does not require a minimum balance and offers several benefits to customers, including the ability to make contactless transactions, use the card at all point-of-sale terminals, ATMs, and local online shopping websites via QPAY payment gateway. Himyan card is considered more secure since transactions are made locally via NAPS network, adding that the card allows transactions in all sale points within Qatar; contactless or with Chip and PIN technology.

Mr. Braik Al Marri, Chief Retail Banking Officer, said: "It is with our great pleasure to partake in this national initiative to launch the first Qatari national payment card that provides security and convenience for our customers while transacting using the Himyan card. We encourage all our customers to take advantage of the benefits that Himyan has to offer."

The Himyan card is a reloadable general-purpose card. Doha Bank customers can load money onto their Himyan card via Internet Banking or Mobile Banking. Himyan card can be used for everyday shopping at stores, cash withdrawals and online shopping within Qatar. Doha Bank customers can apply for the Himyan card by visiting any Doha Bank branch and submitting a completed application form along with the required documentation.

The Himyan card can also be used for online purchases on merchants that support the QPAY payment gateway, with transactions completed securely using a combination of OTP and Card ATM PIN. If a card is lost or stolen, customers can block and replace their Himyan cards through Internet Banking or Mobile Banking or call center agents.

Doha Bank News

Among Member Banks

ACRA affirms the highest rating of IBEC under the national scale

Analytical Credit Rating Agency (ACRA) affirms the credit rating of the International Bank for Economic Co-operation under the national scale for the Russian Federation – 'AAA(RU)', outlook Stable, and 'AAA(RU)' to bond issue series 001P-02.

In its official rating release, ACRA emphasizes that the credit rating of IBEC is driven by its strong capital adequacy, reasonable assessment of funding and liquidity, vulnerable business profile, and weak risk profile assessment. At the same time, the factor of support from the Bank's member countries does not influence the final rating of IBEC.

Capital adequacy of IBEC remains high, despite a significant reduction in the Bank's capital due to geopolitical events occurred in the first half of the last year, which still allows the Bank to withstand the potential risks of a significant deterioration in asset quality and a reduction in funding volumes. As of the end of 2022, the adequacy of paid-in capital calculated according to ACRA's methodology stood at around 50%.

The Agency notes that the Bank had rather strong liquidity indicators as of the end of 2022. Highly liquid assets significantly exceeded short-term liabilities, while the share of highly liquid assets in the balance sheet amounted to more than 20%. According to the estimation of the Rating agency the overall diversification of liabilities remains moderate, while the share of funds raised from other banks amounted to just over a quarter of IBEC's total liabilities.

Also, IBEC's credit rating was downgraded under the international scale by one notch from 'A-', outlook Negative (earlier, in March 2022, the outlook was changed from Stable to Negative due to the risks associated with a possibility of five EU countries withdrawing their stakes from IBEC) to 'BBB+', and the outlook was changed to Stable. The downgrade of the credit rating on the international scale is due to the deterioration in the assessment of the Bank's business profile, caused by the withdrawal of the EU countries from the Bank.

IBEC News

DBS and Heritas Capital Announces Successful First Close

DBS and Heritas Capital on March 15 announced the successful first close of the Asia Impact First Fund (AIFF), which was launched August 2022 with an investment mandate to support innovative and high-growth social enterprises in the region. The fund has raised over USD 20 million – led by anchor investor DBS, which committed USD 10 million, and like-minded impact-focused family offices, foundations, corporates and high-net-worth individuals including Tsao Family Office, IMC Group, Ishk Tolaram Foundation, ANF Family Office, Mr Pang Sze Khai (Chairman of Octava Foundation and Octava Pte Ltd), and others.

While working with social enterprises in Asia over the years, DBS Foundation found that the lack of financing options often hindered their growth. It then started exploring solutions to address the funding gap, and at the same time, foster an ecosystem of like-minded investors to help high-potential social enterprises to scale. This led to DBS Foundation's partnership with Heritas Capital, which designed the AIFF.

The AIFF has a target fund size of USD 50 million and expects to provide catalytic growth capital to 10 to 15 social enterprises in Asia. These social enterprises would have clearly demonstrated social and/or environmental impact in the fund's impact themes – "Improving Lives and Livelihoods" and "Protecting the Environment" – as well as viable business growth plans to scale their double bottom-line of impact and profitability.

DBS News

UOB completes acquisition of Citigroup's consumer banking business in Vietnam

UOB on March 1 announced the completion of the acquisition of Citigroup's consumer banking business in Vietnam, which includes the transfer of approximately 575 Citigroup related staff to UOB Vietnam. The consumer business comprises Citigroup's unsecured and secured lending portfolios, wealth management and retail deposit businesses.

The announcement follows from completions in Thailand and Malaysia in November 2022. The acquisition of Citigroup's Indonesian consumer banking business is planned for completion by end 2023. UOB's acquisitions in the four markets will further strengthen and scale up its franchise in ASEAN. Once completed, the acquisitions are expected to double UOB's existing retail customer base in the four markets and add 5,000 people to its team strength.

With the addition of Citigroup's Malaysia and Thailand's franchise, coupled with strong organic acquisition of customers, the Group's retail customer base has already expanded to nearly seven million across the ASEAN region. The acquired business, together with UOB's regional franchise, advances UOB's progress towards being the bank of choice for consumers and businesses in ASEAN.

Mr Wee Ee Cheong, Deputy Chairman and Chief Executive Officer of UOB, said, "We are now one step closer to the full completion of this transformational deal. Early results of the acquisition have surpassed our expectations. We look forward to accelerating the expansion of our retail business in Vietnam, which is one of the fastest growing economies in the region. With our expanded network, ecosystem partners and suite of solutions and capabilities, we are well-placed to serve the needs of our enlarged customer base. With the addition of new colleagues, we have a stronger team to drive our ambition to be a truly regional bank that helps our customers achieve their financial aspirations."

As one of the fastest-growing economies in ASEAN, Vietnam is a strategic market for UOB especially as the Bank continues to intensify its focus and investment in the region. UOB's ASEAN strategy was strongly expressed by its brand refresh campaign in September 2022. As part of the launch, the Bank stated its sharpened purpose of 'Building the future of ASEAN: For the people and businesses within, and connecting with, ASEAN'.

For retail banking, the Bank's sharpened purpose translates to a strategic focus on "Personalisation". This is anchored on customer-centricity and a commitment to understand the unique needs of each individual customer, achieved through a combination of data and relationship-led insights. UOB Personalisation focus creates solutions that are closely aligned to customer needs, provided in a manner that engages them and better anticipates their life goals.

For its retail business in Vietnam, UOB is looking forward to offering consumers from the middle-income to affluent and high-net-worth segments with an improved suite of banking products. To acquire and to serve its larger customer base, UOB Vietnam will also build digital capabilities as part of investing in its omni-channel strategy which ensures customers' myriad banking needs and preferences are met.

UOB News

HNB- HNBA launch free Key Person Insurance cover for SMEs

Building resilience and supporting economic revival by strengthening SMEs to face any unexpected eventuality, Sri Lanka's leading private sector bank HNB PLC partnered with HNB Assurance to offer its SME customer portfolio with a key person insurance cover.

The pioneering initiative was created to safeguard SMEs in its lending portfolio from financial losses in the unfortunate event of the death or total permanent disability (TPD) of its key employee. Moreover, the partnership will provide businesses opting for the beneficial add-on facility with a slew of unique benefits from both institutions.

"It is crucial that businesses make contingency plans to face any unexpected events, especially given today's challenging conditions. SMEs are the backbone of Sri Lanka's economy, making up 52% of the GDP and contributing to 45% of national employment; we must take steps to meet any eventuality.

"As such, we leveraged the strength of the HNB Group to share the burden of unexpected events with our SME customers, who are more vulnerable to disruptions in their operations. The Key Person Insurance cover will give businesses peace of mind, knowing that they are protected and, by extension, ensuring they are better equipped to navigate any unexpected challenges. We believe that this initiative will provide an added layer of financial protection to SMEs and help build resilience within the sector while supporting the long-term economic growth of Sri Lanka," HNB Assistant General Manager-SME, Kalaivasan Indravasan said.

Notably, the partnership opens the loan facility to individuals up to 70 while extending the insurance coverage to 75 years of age, supporting businesses to retain their veteran employees and leverage their expertise to navigate the volatile conditions.

"Our Key Person Insurance program was specifically designed with HNB to address some of the most difficult pain points SMEs feel today, such as when the key Person of a business is lost. Such situations can disrupt the company's competitive advantage and business continuity. By providing this crucial coverage, we hope to help mitigate these inherent risks at a crucial juncture for many SMEs to ensure their continued success." HNB Assurance Chief Executive Officer Lasitha Wimalarathne said.

Additionally, HNB Assurance will help offset costs required to assist in hiring temporary assistants, recruiting a successor, and offsetting losses due to decreased ability to transact business until successors are trained and developed.

Eligibility of employees and individuals for the programme will be decided on in close collaboration with HNB, with emphasis given to individuals whose expertise, knowledge and network are critical to the continued existence and success of the company.

HNB Assurance PLC (HNBA) is a leading Life Insurance Company in Sri Lanka with a network of 64 branches. HNBA is a Life Insurance company with a rating of 'A+' (lka) by Fitch Ratings Lanka for 'National Insurer Financial Strength Rating'

With 256 customer centres, HNB is one of Sri Lanka's largest, most technologically innovative private banks. Consolidating its legacy in sustainability, good governance and corporate excellence, HNB was crowned the Best Corporate Citizen for 2022 at the Ceylon Chamber of Commerce Best Corporate Citizen Awards. The bank further secured four additional accolades, including being among the Top 10 Best Corporate Citizens and taking home the Governance category and Sustainability Champion for the Finance sector titles.

Similarly, HNB was ranked among the World's Top 1,000 Banks list compiled by the prestigious UK-based Banker Magazine for the sixth consecutive year in 2022, in addition to being crowned the Best Retail Bank in Sri Lanka for the 12th occasion at the prestigious International Excellence in Retail Financial Services Awards 2022 hosted by the Asian Banker Magazine.

HNB News

Bank of Taiwan issues Limited Edition Year of the Rabbit Quadrant 2023 1oz Silver Proof Four-Coin Set

Starting on March 7, 2023, the "Year of the Rabbit Quadrant 2023 1oz Silver Proof Four-Coin Set" will be available for purchase in the "Gold business" – "Commemorative coins and coin sets" section of the Bank of Taiwan's website and the Bank's branches (except for mini-branches) and Department of Business. Each coin is offered at NT$14,880.

The Perth Mint in Australia has launched the Year of the Rabbit Quadrant 2023 1oz Silver Proof Four-Coin Set, which consists of four coins that each comprise one quarter of a circle, with a square in the centre reminiscent of "ban liang" coins.

The top coin's reverse portrays two rabbits bounding under cherry blossoms, symbolizing triumph and success in the Year of the Rabbit. The right-sided coin's reverse depicts a plump rabbit sitting upright among flowers and lush greenery. On the left-sided coin, the design features a spirited rabbit crouching among nasturtiums and daisies, gazing into the distance. The bottom coin portrays a fluffy doe playing on the grassy field with her kittens, symbolizing abundance and peace. Each coin's reverse includes The Perth Mint's 'P' mintmark.

With the arch on top, each quadrant is 52.28mm on the widest part and 31.60mm high. The obverse of each coin bears the effigy of Queen Elizabeth II, the year 2023, the queen's regal name (QUEEN ELIZABETH II), country (TUVALU), denomination (I DOLLAR), weight (1oz), and purity (9999 Ag).

Only 1,500 sets of these exquisitely designed silver coins will be issued around the world, making them the ideal gift or collector's item. Those who order this coin set will receive a free crystal rabbit display set and an additional golden tray from Bank of Taiwan.

Bank of Taiwan News

Cathay United Bank awarded for digital strength

Cathay United Bank boasts a customer base of 6.3 million digital users and, in the spirit of "digital empowerment," took its digital strength to a new level by launching a new digital consumer banking brand "CUBE" in October 2022.

Its core service, CUBE App, offers one-stop management of banking assets, investment positions, insurance products and other convenient services, such as mobile withdrawals, mobile number and account binding, and video customer service. The comprehensive functions and ongoing optimization of CUBE App drive customer satisfaction to new highs.

With years of experience in digital transformation, Cathay United Bank won the Best App for Customer Experience at the Retail Banker International Asia Trailblazer Awards for its CUBE App, and the Best Training and Development Course for its one-stop digital learning platform, which exemplifies the bank's commitment to "sustainable empowerment."

CUBE App is the first in the industry to adopt "direct facial recognition" technology, and has exceeded 26 million logins. The app detects multipoint facial landmarks of the customer in real time and compares them to the customer's biometric record retained by the bank, thereby drastically enhancing the security level of online transactions.

With facial recognition technology, customers can complete transactions in a simple and secure environment, without having to use passwords or SMS verification codes.

CUBE App also comes with a design of a revolutionary video customer support that provides services that need to be conducted over-the-counter, such as account opening, applying for online banking passwords and setting up pre-designated accounts. This function was also the key to winning the award.

As the era of talent retention emerges, the bank is bracing its organizations for the transformation by empowering its employees with the necessary knowledge and skills.

To that end, Cathay United Bank uses an innovative learning model that builds a "digital learning formula" incorporated with the "one-stop shopping" concept to fulfill its commitment to sustainable empowerment.

The bank also offers diversified learning channels: Analysis of user behavior provides personalized recommendations for employees, making learning easy, fun and relevant. This feature led to bank winning the Best Training and Development Course award.

Looking forward, Cathay United Bank will continue to uphold the spirit of "One Team, One Bank," achieve its goals through cross-unit collaboration and put up a united front when serving customers. The bank strives to satisfy all customer demands with its comprehensive, one-stop financial services and leverage digital transformation to make customers' lives easier.

Taipei Times

Among Member Banks

IDC Asia/Pacific names CTBC Bank and FWD Group as Banking and Insurance Leaders for 2023

IDC announced on March 8 the 13 Asia/Pacific banking and insurance leaders for the 2023 Financial Insights Innovation Awards (FIIA). Nearing two decades, FIIA aims to recognize outstanding achievements in the financial sector's use of technology to enable them to go further together. This 2023, IDC continues to recognize the leading Asian financial services institutions whose business goals were achieved through the novel application of IT innovations.

"Customer engagement, infrastructure modernization, sustainable finance, innovation and resilience – these are the tactical battlefields for financial services in the market place right now. At a time when banks and insurers hesitate between growth and recession, return and risk, core systems and innovation, we celebrate the fearless leaders across Asia with the 2023 Financial Insights Innovation Awards," says Dr. Chris Marshall, Vice President, Insights Research, IDC Asia/Pacific.

Out of over 100 flagship projects nominated by Asia's best banks and insurers, IDC identified 13 outstanding tech-enabled financial institutions that have realized business outcomes through IT innovation based on technology focus and business goals.

CTBC Bank has won the category of Most Innovative Banks/Insurers in Asia - winners have the most innovative solutions aligned to the context of their organization's competitive positioning and overall business goal. The initiative should set the precedents in the use of technology to respond market needs and customer expectations, as well as demonstrate the effectiveness of implementation with measurable, immediate and long-term impacts on the business, along with FWD Group.

To know more about these organizations and what made them the best and most innovate out of the financial services institutions in Asia Pacific, visit the FIIA website here: [2023 Financial Insights Innovation Awards](#).

IDC

First Financial sees moderate lending growth 2023

State-run First Financial Holding Co expects loan growth to slow to 4.5 percent this year from 13.6 percent last year, as demand is likely to drop amid tepid exports and economic uncertainty.

It revised down its projection from three months earlier by 0.5 percentage points, as its mortgage operations could lose momentum amid monetary tightening and unfavorable rules banning the transfer of presale housing contracts, First Financial investment relations head Anne Lee told an online investors' conference on February 24.

The conglomerate trimmed its business outlook after net income last year rose to a record NT$20.6 billion (US$675.85 million), or earnings per share of NT$1.56.

Its main subsidiary, First Commercial Bank, reported that mortgage and foreign currency operations improved by double-digit percentages last year, creating high comparison bases, Lee said.

Mortgage loans, which grew 10.5 percent last year, is widely expected to take a hit after the ban on transfers of presale house contracts takes effect later this year, she said.

The lender has thus revised down its forecast for mortgage growth to a mild 3 percent this year, while foreign currency operations are expected to grow by 7 to 10 percent, Lee said.

The group aims to tap further into loan demand in the US and Southeast Asia to take advantage of widening interest rate gaps with Taiwan as the world emerges from the COVID-19 pandemic, she said.

Overseas markets generated 37 to 38 percent of profits last year and might account for 45 percent this year, Lee said, adding that the Hong Kong branch was its top profit driver, followed by its branches in Phnom Penh and New York.

The Hong Kong branch reclaimed its title as its most profitable overseas branch, thanks in part to its recovery from a bad loan write-off in 2021, Lee said.

First Bank plans to expand its business by adding a branch to its subsidiary in California, she said.

Despite record profits, First Financial is considering lowering its cash dividend payout ratio from the usual more than 70 percent to about 50 to 60 percent, in line with conservative financial planning, she said.

However, the conglomerate would raise the ratio of stock dividends so that the overall payout ratio would be above 80 percent, she added.

Taipei Times

Among Member Banks

Land Bank of Taiwan Pioneers the First Nationwide Testamentary Social Welfare Trust

The Bank recently undertook the first nationwide testamentary social welfare trust in Taiwan, the “YONG-TANG WEN-HUI Charitable Trust”, which was established with the permission of the Ministry of Health and Welfare, setting a milestone for social welfare trusts in Taiwan.

The "YONG-TANG WEN-HUI Charitable Trust" was established by the will of Mr. CHOU, YONG-TANG, former Vice President of Hawley & Hazel Chemical (Taiwan) Co., Ltd., the principal, Mr. CHOU, Yong-Tang, set up a charitable trust with a portion of his inheritance of approximately NT$50 million to help the disadvantaged groups in society, low- and middle-income households, students in need of financial assistance, and those in need of assistance in the event of natural disasters.

Before his death, Mr. CHOU visited the Bank to explain his idea of setting up a charitable trust, and often humbly said that although the amount of his donation was small compared to that of the big philanthropists, he was still very happy to do his best to help the needy in the society, hoping to achieve the effect of throwing a brick to attract a jade, so that more people would devote themselves to charity. Before the establishment of this charitable trust, the Bank had many discussions with the supervisors and advisory members of the trust in order to better understand and implement the wishes of the principal. Through the efforts of all parties, the first nationwide testamentary social welfare trust in Taiwan, "YONG-TANG WEN-HUI Charitable Trust", was established. Mr. CHOU hopes to encourage his daughter CHOU, WEN-HUI to inherit his spirit of doing good and helping others, and to do her best to help everyone around her with her unselfish and non-exclusive love, which is in line with the Bank's principle of implementing corporate social responsibility and financial inclusion.

Since 2016, the Bank has been actively operating social welfare trusts. Forty-one trusts have been established so far, with donations of more than $300 million from various donors, and nearly 4,000 beneficiaries, effectively protecting disadvantaged groups. In recent years, the Bank has been actively engaged in the field of public welfare and friendly finance. It continues to promote diversified trust 2.0 services in order to implement the principle of financial inclusion and care for the disadvantaged as promoted by the Financial Supervisory Commission (FSC). In addition, the Bank was recognized by the FSC as a bank with excellent performance in Group A of the “Elder Care Trust Award”, the first phase of the trust industry's Trust 2.0 promotion program. The Bank will continue to play an active role in the positive development of the overall environment, society and economy in the future.

Land Bank of Taiwan News

Dividend stable despite diminished profits: Fubon

Fubon Financial Holding Co aims to maintain a stable dividend distribution this year despite diminished net profits last year, using its retained earning of about NT$120 billion (US$3.9 billion) for the payout, the company told an investors’ conference in Taipei on March 16.

The company’s net profit plunged 67.5 percent year-on-year to NT$46.92 billion last year, or earnings per share of NT$3.54, down from NT$11.89 a year earlier.

A final decision on a dividend payout for this year has not been made, but it would be announced next month, Fubon Financial president Jerry Harn said.

“Shareholders are not the only stakeholders we should take care of, but they are our most important stakeholders. We are aware of their expectations of a good dividend, and we cannot ignore them,” Harn said.

Meanwhile, the collapses of some US banks and troubles at Credit Suisse Group AG have continued to feed fears about any spillover risks to the global banking system, and the Financial Supervisory Commission has emphasized that it would closely monitor the follow-up development.

The commission said the nation's banking, insurance and securities sectors have a combined exposure of NT$157.297 billion to Credit Suisse, with the insurance sector holding the most at more than NT$100 billion.

Harn said Fubon Financial has an overall exposure of about NT$11 billion to the troubled Swiss bank, mainly through its subsidiary Fubon Life Insurance Co., but the company does not plan to recognize losses from its investment yet, he said.

Credit Suisse is still healthy given its sound financial metrics, such as capital adequacy and liquidity, Harn said, adding that the Swiss central bank has promised to offer a lifeline for Credit Suisse.

Fubon Financial has no exposure to four troubled banks in the US, namely Silicon Valley Bank, Silvergate Bank, Signature Bank and First Republic Bank, he added.

Taipei Times

Among Member Banks

Bangkok Bank is Thailand's first bank to expand L/C service

Bangkok Bank is Thailand's first bank to expand a full service of L/C on Blockchain via Contour to the oil and gas industries. The Bank has joined with Bangchak to launch a new service for overseas partners which reduces the transaction time from three days to less than three hours. The service is fast and convenient, digitalizes all processes and is available for customers right away.

Bangkok Bank Executive Vice President Pipat Assamongkol said the Bank has launched L/C on Blockchain, an innovation that makes trade finance easier and more efficient. This is Thailand's first full L/C on Blockchain service. Bangchak Corporation Public Company Limited has selected Bangkok Bank's L/C on Blockchain to open L/C with trade partners' banks overseas and it plans to continually use this service for transactions starting from February onwards. The initial Bangchak transaction is also Bangkok Bank's first L/C on Blockchain provided to a business in the oil and gas industry

"This is another major success story for trade finance service's development as it brings in a new technology to support the working process to be faster and more efficient. All processes for this service will be digital and paperless while it will reduce the L/C transaction time from three days to less than three hours. The trade finance transactions are recurrent, so the service will clearly enhance business efficiency"

Up to now 20 banks have joined Contour, covering more than 50 countries worldwide in Europe, American, Africa, Middle East and Asia Pacific. A highlight of L/C on Blockchain is that it uses Distributed Ledger Technology (DLT), or the Enterprise Blockchain Platform, which enables customers to conduct all transaction processes digitally, so all trade partners can see real-time data and make transactions quickly, transparently, greatly reducing operational costs compared with the traditional paper process. This is in line with the current and future international trade situation that will require speed and secure transactions.

Bangkok Bank News

Agribank sponsors 8 billion VND to build houses

Agribank sponsors 8 billion VND to build houses for poor households and Agent Orange victims in Hung Yen province in 2023

The program "Joining hands to build houses for poor households and households of Agent Orange victims in Hung Yen province" is an activity of profound humanitarian significance for the work of taking care of people's lives and especially for people living in poverty. The poor, the victims of Agent Orange caused by the war's consequences, thereby conveying the message of compassion, sharing and determination to act "no one is left behind".

According to statistics, there are still more than 7,800 poor households in Hung Yen province, nearly 5,500 victims of Agent Orange, including nearly 1,000 households whose houses have been damaged, degraded, and have no economic conditions to live in. repair or new construction, many families' lives are still difficult, urgently need support to build houses to stabilize their lives.

At the conference, Mr. Tran Quoc Van - Chairman of the People's Committee of Hung Yen province said that in the 2021-2025 period, Hung Yen province will continue to implement many new support policies such as social protection for about 2,000 poor and lonely people. inability to escape poverty; support the entire cost of buying health insurance for households working in agriculture and fishery with medium incomes; building new and repairing all houses for poor, near-poor households and Agent Orange victims with housing difficulties; It is estimated that the budget for implementing social security work in the province (including policies of the Central Government and the province's own policies) is about VND 5,200 billion, of which from 2023-2025, each year is expected to be estimated at VND 5,200 billion. about 1,100 billion VND for social security work. Particularly in 2022, the total budget for implementing poverty reduction policies in Hung Yen province is about 921 billion VND.

Thuong Truong

Banking and Finance Newsbriefs

Hong Kong

Hong Kong unveils budget, promising 'abundant opportunities' as city recovers

Hong Kong's Financial Secretary Paul Chan struck a positive tone during his budget speech on February 22 as he revealed measures to boost economic recovery after the Covid-19 pandemic, as well as incentives to help businesses and residents.

Chan said the city is at the early stages of recovery since the lifting of most of its stringent Covid measures in late 2022.

"I believe that Hong Kong's economy will visibly recover this year, and I remain positive," Chan said during his budget speech. "However, the economic recovery is still in its initial stage, and there is a need for our people and businesses to regain vigor."

Hong Kong's economy is expected to see a rebound of 3.5% to 5.5% in 2023, after shrinking 3.5% in 2022, Chan said.

In January, the global financial hub reopened its borders with mainland China, for the first time in three years.

Hong Kong closely followed China's strict zero-Covid policy until the middle of 2022 when the city began to ease some of the restrictions. In December, the Asian financial center dropped nearly all of its Covid requirements.

"Domestically, the outbreak of the fifth wave of the epidemic early last year and tightened financial conditions weighed heavily on domestic demand," said Chan on Wednesday.

"Nevertheless, with the local epidemic situation stabilizing, and the government's counter-cyclical measures and disbursement of consumption vouchers making key impacts, employment conditions improved continuously."

As part of the budget incentives, Hong Kong will hand out consumer vouchers worth HK$5,000 ($637) per person to all adults this year. That's half of what the government gave out in the previous budget in 2022 — or HK$10,000.

The financial secretary also announced measures to reduce salaries tax by 100%, capped at HK$6,000. This is lower than the cap set for the previous budget.

Some economists previously raised questions on the effectiveness of the handouts in boosting economic recovery.

Still, William Ma of Grow Investment Group, said these measures will certainly help lift domestic consumption.

"I think the HK$5,000 … is not [what] everyone expected coming in. And second plus the HK$6,000 tax cut — all this combined, I believe [will] create a good momentum for the domestic consumption recovery in [the first and second quarter]," Ma, told CNBC's "Street Signs Asia" on Wednesday.

Hong Kong's financial chief also revealed plans to submit a legislative proposal in the second half of this year, that will impose a minimum tax rate of 15% on multinational corporations with a global turnover of at least (nearly $800 million) from 2024-25.

With cost pressures expected to increase alongside economic recovery, Chan predicted that headline inflation in 2023 will be at 2.9%.

Still, he noted that in the medium to long term, Hong Kong's economy will see "abundant opportunities."

The government estimated that Hong Kong will see a budget deficit of HK$139.80 billion for the financial year 2022-2023. That's more than its original expectation of about HK$56 billion.

Fiscal reserves will likely fall to HK$817.3 billion by the end of the financial year ending March 31, Chan said.

CNBC

India

PM Modi: India's economic, banking systems are strong

India's economic and banking system are strong even amid the turmoil currently rocking global markets, Prime Minister Narendra Modi said on March 18.

"Amidst a global crisis, today India's economic system is strong, the banking system is strong. This is the power of our institutions," Modi said at an India Today gathering.

Bank stocks worldwide have been badly hit in recent days by the collapse of two mid-size U.S. banks. While authorities have rescued lenders on the edge, the turmoil has spurred worries about what may be lurking in the wider global financial system.

Reuters

Banking and Finance Newsbriefs

Japan

Japan's Economy Narrowly Avoids Recession

Japan's economy has narrowly avoided a recession on weaker-than-expected consumption as it faces elevated inflation and a global economic slowdown.

Gross domestic product grew at an annualized 0.1% in the fourth quarter from the previous period, revised figures from the Cabinet Office showed March 9. That was significantly below both initial estimates and economist forecasts, and meant Japan barely avoided two consecutive quarters of contraction.

Weaker private spending was the main factor behind the revision, rising less than initial estimates. The data suggested people went out less than expected during Japan's latest COVID-19 wave, and lessened food purchases as prices rose. The ongoing weakness in the economy supports the central bank's view that Japan still needs help from easy monetary policy.

"Economic activity and the pace of recovery aren't strong enough" for change from the BOJ, said Saisuke Sakai, senior economist at Mizuo Research & Technologies. "The BOJ will maintain its monetary easing framework for the time being."

Markets remain on alert for a final surprise from Bank of Japan Gov. Haruhiko Kuroda on March 10. But the central bank is leaning toward monitoring the impact of recent tweaks to its stimulus program rather than making another adjustment, according to people familiar with the matter.

During parliamentary hearings in February, incoming BOJ governor Kazuo Ueda also said that it's appropriate for Japan to maintain monetary easing. That view was shared by his two deputy governor nominees. All three are expected to be approved by the Upper House of parliament in a vote March 10, following a vote in the Lower House on March 9.

"Looking ahead, we expect GDP growth to slow in 1Q23, as higher inflation takes a toll on consumer spending and weakening external demand crimps exports. Spending by domestic travelers and foreign tourists should continue to support the economy," Bloomberg economist Yuki Masujima said.

Analysts largely agree that the country will undergo a gradual recovery.

Still, a mixture of factors complicates the outlook, including uncertainty over consumption. While returning foreign tourists, domestic travel subsidies and Prime Minister Fumio Kishida's stimulus package are expected to help domestic spending, inflation will keep weighing on households and business' activities.

As price gains continue to be elevated, real wages have fallen for 10 consecutive months, a key factor standing in the way of the MOG achieving its sustainable 2% inflation goal.

"The main reason behind the revised GDP numbers, is a downward revision in consumption," said Wakaba Kobayashi, an economist at Daiwa Institute of Research. "With the eighth wave of COVID-19 happening then, the pace of consumer recovery wasn't that strong."

Another downside risk is the global economic slowdown stemming from ongoing interest rate hikes by central banks around the world. Although the pace of tightening has recently slowed, there have already been sighs of cooling economic activity in the U.S. and Europe.

The global economic setback may also curb Japanese manufacturers' otherwise relativ*ely resilient appetite for investing.*

China's reopening is generally seen as a positive factor, but it's unclear when that impact will start fully kicking in. Exports to China from Japan have declined for two straight months since December.

"I don't think the economic slowdown in the U.S. and Europe will be that severe," said Mizuho Research's Sakai. "I expect the Japanese economy to maintain positive growth in the January to March period, albeit only at a moderate 1% annualized growth rate."

Bloomberg

S. Korea

South Korea launches 'Metaverse Fund' to Expedite Domestic Initiatives

While some global economies got distracted by the commotion around price instability and ecosystem collapses in crypto, South Korea doubled down on the metaverse's potential as a new economic growth engine.

South Korea's Ministry of Science and ICT announced investments in a fund dedicated to driving metaverse initiatives in the country. According to the official announcement, the South Korean government invested 24 billion Korean won ($18.1 million) to create a fund of more than 40 million Korean won ($30.2 million) toward metaverse development.

With the help of the Metaverse Fund, South Korea will support the mergers and acquisitions of various firms in the metaverse ecosystem. The government cited the rising interest of major tech companies in the metaverse as a reason for investing in the fund.

The government agrees that it is difficult for local players to raise capital through private investments, considering the underlying investment risks. As a result, in addition to mergers and acquisitions, South Korea intends to help domestic metaverse-related companies complete with global players, adding that "we plan to actively support it."

Cointelegraph

Banking and Finance Newsbriefs

Mongolia

Mongolia looks to copper to transform stagnant economy

Mongolia plans to channel revenue from rising copper exports into an economic development fund as part of changes to reap more benefit from its mineral riches and root out corruption, the North Asian nation's prime minister said in an interview Tuesday following the opening of a major expansion of its biggest mine.

Luvsannamsrain Oyun-Erdene attended a ceremony 1,300 meters (4,300 feet) below ground to mark the start of underground production Monday at the Oyu Tolgoi mine in the Gobi Desert in southern Mongolia. He was joined by executives of Rio Tinto, the Australian mining giant that owns a 66% stake in the mine. The government owns the rest.

The multibillion-dollar expansion of Oyu Tolgoi is the latest effort to generate prosperity from Mongolia's copper, coal, gold and other minerals following three decades of complaints about economic malaise and corruption.

Oyun-Erdene, who took office in 2021, represents a younger generation following leaders who grew up under the Soviet-allied former communist government. At 42, the politician with the burly build of an American college football player has a master's degree in public policy from the Harvard Kennedy School and experience working abroad.

"We are working hard to eliminate the old culture and introduce a new mindset," the prime minister said by video link from Ulan Bator, the Mongolian capital.

Mongolia gets more than 90% of its export revenue from minerals and is benefiting from the surge in global sales of electric cars that use more than a mile (1,500 meters) of copper wire in their motors.

Oyun-Erdene said his government plans to invest copper revenue in public health, education and developing technology, tourism and other new industries. He said his government will propose a law to create a sovereign wealth fund during the parliament session that begins March 15.

"We do believe this will be a historic moment for the livelihoods and standard of living of the people of Mongolia," Oyun-Erdene said. He said his government wants to make "the wealth and natural resources of Mongolia beneficial and equally distributed to all the people of Mongolia."

Mongolia's economic growth is forecast by the International Monetary Fund to accelerate this year to 5% from last year's 2.5%. But households have struggled with inflation that spiked to 14% in 2022. Economic output per person is about $4,500, barely one-third of neighboring China's level.

Government plans call for more than doubling average economic output for Mongolia's 3.2 million people to $10,000 by 2030.

The planned fund includes a pool of money for housing, education and health, a separate fund for development projects and a "stabilization fund" to cushion against changes in commodity prices, according to Oyun. That is similar to sovereign wealth funds operated by Chile, another big copper exporter, and oil producers to invest natural resource revenues.

Other planned investments to "enhance our economic independence" include two hydroelectric power plants to reduce Mongolia's need for electricity from its giant neighbors, China and Russia, according to Oyun-Erdene.

To extract more value from its copper, Mongolia announced an agreement this week with Rio Tinto to look at building a smelter.

Oyu Tolgoi, about 550 kilometers (350 miles) south of Ulan Bator, started digging copper from an open pit in 2012 before developing the underground mine that its operators say is more valuable. The mine, with a workforce of 20,000, says it has paid $4 billion in taxes and other fees to the government.

Production is forecast to rise to 500,000 tons per year, or enough to equip 6 million electric vehicles. Its operators say that would make Oyu Tolgoi the world's fourth-largest copper mine.

"People of Mongolia will benefit greatly from this project," Oyun-Erdene, wearing a green helmet with a mining lamp, said Monday at a ceremony with Rio Tinto CEO Jakob Stausholm.

The mine faces complaints it uses too much scarce water in its desert setting and has displaced traditional nomadic herders. Activists say Rio Tinto and the government failed to carry out a 2017 agreement to compensate them.

The mine's operator responds that it recycles most of its water and has paid the provincial government some $40.5 million for what it draws from local sources. The company says it has repaired herder wells and installed solar panels to power pumps at 40 of them.

"We are having talks with Oyu Tolgoi on how to improve the environment and especially how we can address the issue of environmental degradation," Oyun-Erdene said.

He acknowledged complaints about corruption in the government-dominated mining industry, saying his administration has declared this an "anti-corruption year" and is carrying out a five-part plan based on advice from Transparency International, a global anti-graft watchdog.

Mongolia ranked 116th among countries last year in Transparency International's "corruption perceptions index," based on a survey of businesspeople and experts. That was down from No. 94 in 2012.

In December, thousands of people protested in freezing weather in Ulan Bator after Oyun-Erdene's government announced an investigation into officials accused of profiting from the improper diversion of coal exports in 2013-19.

The government aims to make mining more transparent and to reduce political influence by turning state-owned enterprises into companies with publicly traded shares. Oyun-Erdene said.

"Some parliament members are involved in mining and own companies. This is a real challenge," Oyun-Erdene said. "We have to make the private interests of parliament members and public officials separate from the public interests of Mongolia."

Taiwan News

Banking and Finance Newsbriefs

Maldives

Maldives FM lauds Indian assistance in developmental projects at Asia Economic Dialogue

Maldivian Finance Minister Ibrahim Ameer on February 23 lauded Indian assistance in development projects carried out in Maldives. In his remarks at the inaugural session of the Asia Economic Dialogue 2023 here, he said that developmental projects in Maldives carries out by Indian assistance is geared towards future growth.

"India and Maldives share a unique bond based on mutual respect, trust and understand that goes beyond simple geographical, historical and cultural ties. And as the honourable minister Dr. Jaishankar mentioned that there is a fundamental difference between the developmental projects that we are carry with the Indian assistance.

"I believe that is that the developmental projects that we are carrying with the Indian assistance is mainly geared towards future growth which is very important," he added.

Ameer stated that the development projects include Greater Male connectivity project which will transform Maldivian economy. He said that Maldives is also developing two airports, one in the North and one in the South.

According to Ibrahim Ameer, Hanimaadhoo International Airport will have a capacity of 1.8 to 2.1 million tourists a year. He said that South Gan International Airport being developed with the assistance of a line of credit facility from Exim will have a capacity of 1.8 million.

"Now we are a six billion dollar economy. But, when we do these international airports in the north and in the south in a few years times, let's say in 5-10 years, we are looking at not a six billion economy. I believe we are looking at let's say 15-20 billion dollar economy and also we have very important basic infrastructure, sanitation projects," Ameer said.

"When we came into the government in the end of 2018, we had only around 30 percent of our country had proper water and sanitation projects but now with the assistance of Indian Exim, we currently have water and sanitation projects in all of the other 70 percent of the islands," he added.

In his remarks at the inaugural session of the Asia Economic Dialogue, he said that three things that bother him are climate change, external shocks which he stressed are the COVID-19 pandemic and Russia Ukraine war and developmental efforts. He further said, "how do we make sure there is a continuation of our developmental projects."

ANI News

Nepal

Nepal's remittance earnings continue to grow, reaching Rs689.88 billion

Nepal's remittance earnings increased 27 percent to Rs689.88 billion in the first seven months of the current fiscal year, as compared to the same period in 2022, as the number of Nepali youths opting for foreign jobs continues to rise sharply.

According to Nepal Rastra Bank, the country's central bank, the number of Nepali workers taking approval for foreign employment increased 57.3 percent to 314.767 in the review period. The number of Nepali workers taking approval for foreign employment increased 10 percent to 167.708 in the review period.

In total, 482,475 Nepalis left the country for foreign jobs in the first seven months of the current fiscal year, starting from mid-July to mid-February.

As a result of increased remittance earning, the gross foreign exchange reserves increased 13.8 percent to Rs1,383.33 billion in mid-February 2023 from Rs1,215.80 billion in mid-July 2022.

In US dollar terms, the gross foreign exchange reserves increased 10.2 percent to $10.50 billion in mid-February 2023 from $9.54 billion in mid-July 2022.

Of the total foreign exchange reserves, reserves held by Nepal Rastra Bank increased 16.2 percent to Rs1,228.05 billion in mird-February 2023 from Rs1,056.39 billion in mid-July 2022.

Reserves held by banks and financial institutions, except Nepal Rastra Bank, decreased 2.6 percent to Rs155.28 billion in mid-February 2023 from Rs159.41 billion in mid-July 2022.

The share of Indian currency in total reserved stood at 22.4 percent in mid-February 2023, according to the central bank's report.

Based on the imports for seven months of 2022-23, the foreign exchange reserves of the banking sector are sufficient to cover the prospective merchandise imports of 10.8 months, and merchandise and services imports of 9.4 months.

The central bank said that the current account remained at a deficit of Rs29.64 billion in the review period compared to a deficit of Rs411.34 billion in the same period of the previous year.

In the review period, net foreign direct investment (FDI) remained at Rs1.04 billion. In the same period of the previous year, net FDI amounted to Rs.16.29 billion.

The country's balance of payments (BOP) remained at a surplus of Rs133.21 billion in the review period as compared to a deficit of Rs247.03 billion in the same period of the previous year.

In US dollar terms, the BOP remained at a surplus of $1.01 billion in the review period against a deficit of $2.07 billion in the same period of the previous year.

The central bank said that the year-on-year consumer price inflation remained at 7.88 percent in mid-February as compared to 6.24 percent a year ago.

Food and beverage inflation stood at 6.19 percent whereas non-food and service inflation rose to 9.22 percent in the review month. Under the food and beverage category, the price index of restaurant and hotel subcategories increased by 15.24 percent, cereal grains and their products by 12.39 percent, tobacco products by 10.83 percent, alcoholic drinks by 8.78 percent, and spices by 8.04 percent.

Under the non-food and services category, the price index of the transportation subcategory increased by 15.58 percent, health by 10.39 percent, housing and utilities by 9.78 percent, furnishing and household equipment by 9.00 percent and recreation and culture by 8.81 percent.

In the review month, consumer price inflation in the Kathmandu valley, Tarai, Hill and Mountain regions remained at 8.47 percent, 7.82 percent, 7.30 percent and 7.92 percent respectively.

The Kathmandu Post

Qatar

World leaders and experts to return to Doha in May for Qatar Economic Forum

The Qatar Economic Forum (QEF) is returning to Doha between 23-25 May and will bring together key figures from around the world to discuss the latest challenges and trends in the global economy.

The date of this year's event was announced by the Chairperson of the Supreme Committee Organising the Qatar Economic Forum Sheikh Ali Al-Thani in an interview with state news organisation (QNA).

Powered by Bloomberg, the event in 2022 gathered at least 1,000 participants including more than 75 keynote speakers, including entrepreneurs, business figures, diplomats, and CEO's.

Among the most notable figures that attended the event in 2022 was Elon Musk, who has since acquired Twitter.

Doha News sat down with numerous figures at the QEF, including former United States Secretary of Treasury Steven Mnuchin, Qatar's World Cup CEO Nasser Al Khater, Egypt's Finance Minister Mohamed Maait among others.

Doha News

Russia

Russia's economy holds up, but growing challenges test Putin

Western sanctions have hit Russian banks, wealthy individuals and technology imports. But after a year of far-reaching restrictions aimed at degrading Moscow's war chest, economic life for ordinary Russians doesn't look all that different than it did before the invasion of Ukraine.

There's no mass unemployment, no plunging currency, no lines in front of failing banks. The assortment at the supermarket is little changed, with international brands still available or local substitutes taking their place.

Crowds might have thinned at some Moscow malls, but not drastically. Some foreign companies like McDonald's and Starbucks have been taken over by local owners who slapped different names on essentially the same menu.

"Economically, nothing has changed," said Vladimir Zharov, 53, who works in television. "I work as I used to work, I go shopping as I used to. Well, maybe the prices have risen a little bit, but not in such a way that it is very noticeable."

Russia's economy has weathered the West's unprecedented economic sanctions far better than expected. But with restrictions finally tightening on the Kremlin's chief moneymaker — oil — the months ahead will be an even tougher test of President Vladimir Putin's fortress economy.

Economists say sanctions on Russian fossil fuels only now taking full effect — such as a price cap on oil — should eat into earnings that fund the military's attacks on Ukraine. Some analysts predict signs of trouble — strained government finances or a sinking currency — could emerge in the coming months.

AP News

Sri Lanka

Sri Lanka's economy shrank by record 7.8 percent in 2022

Sri Lanka's crisis-hit economy shrank by a record 7.8 percent in 2022, official data shows, as the country struggles with its worst financial crisis in seven decades.

The island's fourth-quarter gross domestic product (GDP) contracted by 12.4 percent, according to the figures released by the state-run census and statistics department on March 16.

Sri Lanka's growth is expected to shrink by 3 percent in 2023, Moody's Investors Service said but growth is expected to rebound in 2024.

An unprecedented economic crisis sparked huge protests in the island nation, culminating July 2022 when a mob stormed the home of then-President Gotabaya Rajapaksa, forcing him to flee the country and resign.

Since then, a new government has worked to repair Sri Lanka's battered public finances and secure a sorely needed International Monetary Fund (IMF) bailout (https://www.aljazeera.com/news/2023/3/7/sri-lanka-expects-imf-nod-for-2-9bn-package-after-chinas-help).

2022 contraction – the biggest in the country's 75 years of independence – compared with 3.5 percent growth in 2021 and a 4.6 percent contraction in 2020 as the coronavirus pandemic hit.

It was "caused by the deepening of the economic crisis frequent power disruptions, shortages in fuel, raw materials, (and) foreign currency", the census and statistics department said in a statement.

The data showed some improvement in Sri Lanka's fiscal position with inflation moderating to about 50 percent in February, down from a record high of 69.8 percent in September.

President Ranil Wickremesinghe has raised taxes and ended generous subsidies on fuel and electricity to boost government revenue after his predecessor defaulted on Sri Lanka's $46bn foreign debt in 2022.

The reforms are a precondition of a $2.9bn rescue package from the IMF, which Sri Lanka expects to finalise soon.

Al Jazeera

Taiwan

Fitch upgrades its view of government backing for Taiwan banks

Fitch Ratings has upgraded its assessment of the government's propensity to support privately owned domestic systemically important banks (D-SIB) from "A-" to "A" in light of regulatory resolve to maintain the stability of the financial system and a focus on achieving policy goals.

The government's support was one of two key factors underlying the assessment, and the ratings upgrade takes into consideration Taiwan's robust and predicable likelihood of support for D-SIBs, Fitch Ratings said.

The six banks with too-big-to-fail status are CTBC Bank, Taipei Fubon Commercial Bank, Cathay United Bank, Mega International Commercial Bank, Taiwan Cooperative Bank and First Commercial Bank.

Bank assets in Taiwan accounted for 292 percent of GDP in late 2021, higher than the ratio at most regional peers, Fitch Ratings said.

"The sovereign's high financial flexibility helps account for the government's ability to offer support," it said.

Taiwan's banking system remains predominantly funded by stable local-currency liabilities, making government support for bank liabilities — when necessary — less onerous, it said.

Taiwan's high sovereign financial flexibility is also underpinned by its low government debt relative to the peer group, good market access and a large stock of foreign-currency reserves, it said.

However, authorities would not have the capacity to support all banks equally during a systemic crisis, it said, adding that the government might be forced to prioritize support for state-run banks and private too-big-to-fail banks over private banks without the status.

Systemic importance constitutes a key differentiator for support level, it said.

Fitch Ratings also upgraded its assessment of support for two non-D-SIB private banks — Taishin International Bank and Bank SinoPac — from "BBB-" to "BB+" on the grounds that each holds about 3.8 percent of the sector's total deposits, giving them moderate systemic importance in a highly fragmented banking system.

The reassessment would not affect the two banks' credit ratings, it said.

In related developments, Fitch Ratings said that outflows continued last year for Taiwan's money market funds.

Total assets under management fell to NT$762 billion (US$24.88 billion) in January, it said.

The outflows were driven by low yields at local money market funds, widening yield gaps compared with US-dollar assets and the depreciation of the New Taiwan dollar against the greenback, it said.

The average yield bottomed out last year following four interest rate hikes and reached 0.59 percent in January, the highest since 2015, compared with 0.17 in the same month a year earlier, it said.

Taipei Times

Banking and Finance Newsbriefs

Vietnam

Vietnam deposit growth lags behind credit in 2022

Banks saw a large gap between credit growth and deposit growth in 2022 as businesses withdrew money prematurely to pay for expenses while mobilizing deposits faced difficulties.

State-owned lenders Vietcombank, VietinBank and BIDV all posted the highest credit growth rate in the last three years.

Vietcombank, the most profitable lender, gave out more than VND1,100 trillion ($46.37 billion) in loans, up 19% from 2021.

The size of VietinBank’s loans increased by 12% to VND1,200 trillion, while BIDV’s grew 13% to VND1,500 trillion.

Private lenders such as HDBank and MB posted growth of 30% and 27% respectively, higher than in 2021 and 2020. VPBank posted 23% growth, a three-year high.

Deposit growth, however, lagged behind.

Vietcombank’s deposit growth was recorded at 9%, while VietinBank and BIDV posted growths of just 8% and 7% respectively.

HDBank’s deposit growth was 18%, and MB’s was 15%.

VPBank was the only exception with its deposit growth exceeding credit growth by 2% points.

Nguyen The Minh, director of analysis at Yuanta Securities, said that businesses often put cash into banks for unexpected expenses and get loans for normal expenses.

But in 2022, especially in the second half, many companies had to withdraw their money to cover operational costs as they could not raise money from other channels, such as bonds, while accessing credit was difficult, he said.

"Companies needed capital but they could not get loans, and that was why they had to withdraw their savings to cover expenses," said Minh. "This affected bank deposit mobilization."

This is also shown in a drop in the current account savings account (CASA), which is the money banks get from customer payment accounts that he or she can withdraw at anytime.

Techcombank’s CASA over total deposit ratio dropped from 47% to 34% during the year.

MB saw the ratio decline from 40% to 37%.

VnExpress International

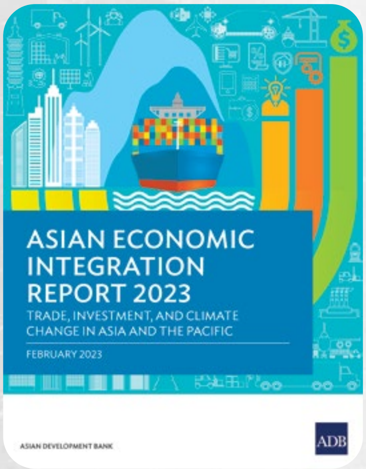
Publications

Asian Economic Integration Report 2023: Trade, Investment, and Climate Change in Asia and the Pacific

This report shows how smart trade and investment policies, and regulatory cooperation in the Asia and Pacific region can help economies tackle climate change, recover from the pandemic, and support resilient and sustainable development.

Analyzing topics including global value chains, investment, the movement of people, and regional cooperation initiatives, it outlines the economic and environmental challenges the region currently faces. It explores how trade and investment policies can support climate action and highlights why a joined-up approach is essential to help deepen the digital economy, strengthen supply chains and foster greener businesses, markets, and trade.

Details: [ADB Publication]



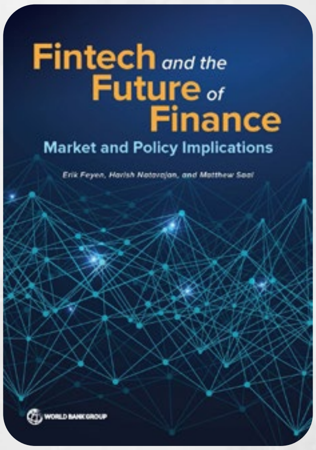
Publications

Fintech and the Future of Finance: Market and Policy Implications

Fintech—the application of digital technology to financial services—is reshaping the future of finance. Digital technologies are revolutionizing payments, lending, investment, insurance, and other financial products and services—and the COVID-19 pandemic has accelerated this process. Digitalization of financial services and money is helping to bridge gaps in access to financial services for households and firms and is promoting economic development. Improved access to basic financial services translates into better firm productivity and growth for micro and small businesses, as well as higher incomes and resilience to improve the lives of the poor.

Technology can lower transaction costs by overcoming geographical access barriers; increasing the speed, security, and transparency of transactions; and allowing for more tailored financial services that better serve consumers, including the poor. Women can especially benefit. Yet too many people and firms still lack access to essential financial services that could help them thrive. It is time for policy makers to embrace fintech opportunities and implement policies that enable and encourage safe financial innovation and adoption. Fintech and the Future of Finance: Market and Policy Implications explores the implications of fintech and the digital transformation of financial services for market outcomes, on the one hand, and regulation and supervision, on the other hand—and how these interact.

The report, which provides a high-level perspective for senior policy makers, is accompanied by notes that focus on salient issues for a more technical audience. As the financial sector continues to transform itself, policy trade-offs will evolve, and regulators will need to ensure that market outcomes remain aligned with core policy objectives. Several policy implications emerge. 1. Manage risks, while fostering beneficial innovation and competition. 2. Broaden monitoring horizons and reassess regulatory perimeters. 3. Review regulatory, supervisory, and oversight frameworks. 4. Be mindful of evolving policy trade-offs as fintech adoption deepens. 5. Monitor market structure and conduct to maintain competition. 6. Modernize and open financial infrastructures. 7. Ensure public money remains fit for the digital world. 8. Pursue strong cross-border coordination and sharing of information and best practices.



Details: [The World Bank]

Published by the Secretariat, Asian Bankers Association
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