

Asian Bankers Association

Newsletter

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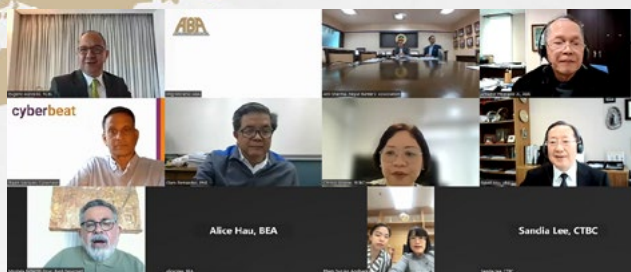
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May 2023



ABA Announcements

2023 ABA Conference to be held in Nepal



This year's 39th ABA General Meeting and Conference is scheduled to take place on November 9-10, 2023 at Soaltee Kathmandu Hotel in Kathmandu, Nepal. The dates and venue were confirmed by the ABA Planning Committee during its meeting held virtually on May 12, 2023.

To be hosted by the Nepal Bankers Association (NBA), this year's annual conference is doubly significant since not only is it the first face-to-face gathering that ABA members will have since the onset of the pandemic in early 2020, but it will also be the first time that the ABA will be holding its annual Conference in Nepal.

The two-day event is designed to provide another valuable platform for ABA members to meet and network with each other, as well as to exchange views with invited experts on: (a) current trends and developments in the regional and global markets that are expected to have a significant impact on the banking and financial sector of the region, and (b) how industry players can address the challenges - and take full advantage of

the opportunities - presented by these developments.

As agreed by the Planning Committee, this year's Conference will carry the theme: **ASIAN BANKING: ROADMAP FOR RECOVERY AND SUSTAINED GROWTH**, and will address the following topics:

- Global Market Trends Shaping the Future of Banking
- Digital Transformation: Enabling Digital Trust and Adoption of AI
- ESG Banking Strategy: Integrating Policy, Principle and Profit
- CEO Forum: Managing in Uncertainty and a Changing Environment

The Tentative Program and other relevant information (e.g., hotel accommodation, registration procedure, etc.) will be sent to members as soon as these are available. In the meantime, members are already requested to block the dates in your calendar of events this year. The Association is counting on your valuable participation for the successful outcome of its 2023 annual gathering this year.

ABA Policy Advocacy Committee to Address Three Policy Issues in 2023

The ABA Policy Advocacy Committee has approved its 2023 Work Program which will focus on three policy issues of current concern to members and the region's banking sector as a whole.

During its meeting held on May 12 held virtually in conjunction with the ABA Planning Committee and chaired by Ms. Christina Alvarez, Senior Vice President and Head of Corporate Planning Group at Rizal Commercial Banking Corporation (RCBC) from the Philippines, the Policy Advocacy Committee agreed to focus its work this year on achieving the following three objectives:

A. Promoting cooperation in achieving Sustainability Development Goals through:

- a. Sharing of experience and best practices of member banks' efforts and initiatives to help achieve the UN Sustainable Development Goals (SDGs) (e.g., business ethics, employment policies, conservation of the environment, financial soundness, etc.)
- b. Sharing of experience in addressing challenges in implementing activities aligned with the SDGs
- c. Sharing of experience in preparing for the effects of

climate change

- d. Sharing of information and relevant materials from regulators and other pertinent organizations on their programs and policies aimed at achieving the SDGs

B. Promoting cooperation in cyber security management and in addressing customer fraud through:

- a. Sharing of information, experience and practices on banks' continuing efforts to enhance adopted technology and cyber security
- b. Sharing of information and experience on banks' cooperative efforts with other financial institutions and technical bodies to strengthen cyber security
- c. Sharing of information and experience in dealing with and protecting one's organization from customer fraud, what steps to take after discovering fraud, and how to mitigate its impact on the bank and its operations
- d. Encouraging cooperation among banks and other financial institutions, governments, and technical bodies in addressing the challenges posed by customer fraud
- e. Promoting more active engagement from regulators

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across countries, to facilitate more discussion on Cyber Security, Digital Banking, EKYC and Compliance issues

C. Promoting cooperation in dealing with the growing emergence of Private Credit and other payment systems outside the banking system through:

- a. Sharing of information on different payment ecosystems created in various countries around the Asian region
- b. Sharing of information and experience in overcoming challenges brought about by the emergence of Private Credit and other payment systems
- c. Sharing of information on efforts and initiatives at collaborating with providers of Private Credit and other emerging payment systems
- d. Sharing of experience in addressing and overcoming challenges of collaborating with providers of Private Credit and other emerging payment system (e.g., how to manage culture clash and achieve win-win outcomes)

- e. Sharing of information on government policies and regulations aimed at promoting collaboration between banks and providers of Private Credit and other emerging payment systems

In order for the Committee to develop the Committee's Work Program for 2023, the ABA Secretariat conducted a survey earlier this year requesting members to provide their suggestions on policy issues which they deem are of current interest to the membership and to the banking sector of the region as a whole. Based on the suggestions that were submitted by members, the Committee identified the three above-mentioned policy issues that it deems should be the focus of its Work Program this year.

The next step is to formulate position papers on the three policy issues identified in the Work Program for consideration at the next meeting of the Committee to be held in conjunction with the 39th ABA General Meeting and Conference in November 2023 in Kathmandu, Nepal. For this purpose, the Policy Advocacy Committee would need the assistance of member banks in preparing the position papers.

ABA Secretariat attends the 56th ADB Annual Meeting in Incheon, South Korea



ABA officers and member-bank representatives – including ABA Chairman Mr. Eugene Acevedo, President and CEO of the Rizal Commercial Banking Corporation (RCBC) from the Philippines, and ABA Vice Chairman Mr. Oliver Hoffmann, Managing Director and Head of Asia, Erste Group Bank, Hong Kong Branch - and an executive of the ABA Secretariat Deputy Secretary Mr. Amador R. Honrado Jr., joined some 4,500 other delegates from private and public sector organizations who attended the 56th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) held on May 2-5, 2023 in Incheon, South Korea.

The attendees came from ADB's 67 member economies and other countries, including government officials, business leaders, youth, academics, journalists, and representatives from civil society and development partner organizations from Asia and the Pacific, and from round the world.

Focusing on the theme “Rebounding Asia: Recover, Reconnect and Reform”, this year’s ADB annual meeting was designed to provide an excellent opportunity for policy makers and development leaders from across Asia and the Pacific to examine the key issues that will shape our region’s recovery from the COVID-19 pandemic. They also served as an important platform for the Republic of Korea to share the rich lessons it learned through its rapid economic development over the past



generation with ADB's developing member countries.

The ADB Board of Governors focused their meetings on ADB's role in ensuring a sustainable and inclusive recovery in its developing member countries (DMCs), while contributing more to regional public goods such as climate change. They explored ways to expand ADB's lending capacity to meet the strong demand for financing and knowledge. The flagship Governors' Seminar focused on policies needed to support the region's rebound. Other seminars addressed topics such as workforce and technology needs of the region's green transition, gender and financial inclusion, new sources of growth for Asia, and the private sector's role in promoting sustainable green growth.

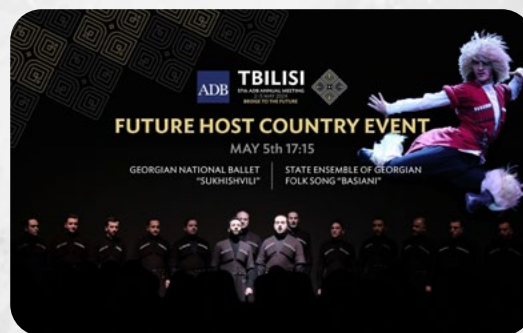
During the past several years, the ADB has accredited the ABA as a Guest Association in the Annual Meetings of its Board of Directors: in Fiji Islands (2019); Manila, Philippines

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(2018), Yokohama, Japan (2017); in Frankfurt, Germany (2016); Baku, Azerbaijan (2015); Astana, Kazakhstan (2014); New Delhi (2013); Manila (2012); Hanoi (2011); Tashkent (2010); Bali (2009); Madrid (2008); Kyoto (2007); Hyderabad (2006); and Istanbul (2005). The Annual Meeting is the year's largest gathering of the organization and an annual opportunity for ADB Governors to engage in focused discussion on development issues and challenges facing Asia and the Pacific.

The ADB announced Tbilisi, Georgia, as the host of its 57th Annual Meeting to be held from 2 to 5 May 2024. This will be the first time for Georgia to host ADB's Annual Meeting. "Georgia is a vibrant hub for regional trade—and a crucial bridge between Asia and Europe," said ADB President Masatsugu Asakawa. "The 2024 Annual Meeting will provide an important opportunity to showcase the country's rich heritage and tremendous potential."

"The slogan we've chosen for the 57th ADB Annual



Meeting represents the need of synergy regionally and globally so that after Recovering, Reconnecting and through the Reforms, we can jointly build the Bridge to the Brighter Future," said Georgia Finance Minister and ADB Governor Lasha Khutsishvili. The theme for the 57th Annual Meeting is "Bridge to the Future".

Training Programs

Fintelekt Certified AML CFT Professional (FCAP) training program to be held in Bangkok, Thailand

Fintelekt® Fintelekt is pleased to announce the next "Fintelekt Certified AML/CFT Professional (FCAP)" training programme in Bangkok, Thailand on June 8-9, 2023 at Hotel Aloft Sukhumvit, Bangkok.

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

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



the banking and financial services industry.

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

Please note, the last date to register for the FCAP training is May 27th, 2023.

View the programme details here [FCAP training brochure](#)

Please contact Oliver Dickson, Vice President – Sales, Fintelekt Advisory Services Pvt Ltd. for more information on the training program, he can be reached via Email: oliver@fintelekt.com, Tel / Whatsapp / Viber: +91 9823188864 / +91 9370078917.

"Financial Inclusion" Training Program to be organized by ABA & RCBC in Manila, June 14-15, 2023



The Asian Bankers Association (ABA) would like to cordially invite ABA member banks and friends from outside of the Philippines to participate in this year's Short-Term Visiting Program (STVP) sponsored by ABA and hosted by Rizal Commercial Banking Corporation (RCBC) in RCBC Plaza, Makati City, Philippines on June 14-15, 2023.

The 2023 STVP will focus on the theme of "Financial Inclusion", specifically the Philippines and RCBC's experience in implementing a world-class and award-winning financial inclusion strategy.

The theme and topic were chosen by ABA after noting how the Philippines has made a lot of headway in pursuing its financial inclusion strategy dating back in 2015 when it formally launched a national strategy.

In 2020, the Philippines' vigorous efforts received

Training Programs

recognition from the Economist Intelligence Unit (EIU), the research arm of The Economist Group as one of the global leaders in financial inclusion, given a rank of 8th worldwide, and 2nd in Asia.

This recognition rated countries around the world based on five (5) aspects, namely: government and policy, stability and integrity, products and outlets, consumer protection, and infrastructure.

The EIU study also recognized on how the Philippines' pursued initiatives under financial inclusion that helped tremendously in easing the negative impact of COVID19 pandemic.

With a robust and advanced enabling environment provided by the Central Bank of the Philippines, RCBC wholeheartedly embraced financial inclusion as one of its key differentiation from the other big players in the financial industry sector.

Its financial inclusion initiatives such as Diskartech and ATM GO implemented by the Digital Enterprise and Innovation Group earned accolades from several award-giving bodies, locally and internationally.

Led by its forward-looking and trailblazing President & CEO and currently ABA Chairman Eugene S. Acevedo, RCBC has successfully embedded in its DNA why embracing financial inclusion is critical not only to the growth of the bank but more importantly for the welfare and development of the country especially those belonging to the unbanked and underserved, marginalized and vulnerable sectors.

With financial inclusion as the theme, the 2023 STVP

aims to provide participants the opportunity to have first-hand knowledge on:

1. How enabling regulatory environment encourages financial institutions in tapping new markets and opportunities found at the base of the pyramid,
2. Enhance and upgrade knowledge and skills sets on how to pursue the market segments at the base of the pyramid,
3. Gain first-hand knowledge of the operations, systems and work procedures of the host bank's business units in charge of implementing its financial inclusion strategy, and
4. Interact with partners on the ground on how financial inclusion impacts the lives of the consumers/clients.

The two-day STVP is also envisioned as an opportunity for participants to exchange views and experiences on the significance of financial inclusion in their respective countries, the opportunities and challenges being encountered, and what ABA can do to support its members to further promote its advancement in the Asian region.

There is NO participation fee for ABA member. Non-members will be charged US\$200 per participant.

All participants shall cover their airfare and hotel accommodation. This STVP is open only to applicants from outside the Philippines.

The workshop will be held at the RCBC headquarters in Makati City, Philippines.

To join the program, participants must complete the following [Google Form](#). For further details re the program please write to aba@aba.org.tw.

Member Personalities

Sunil KC elected FNCCI executive committee member



Vice-President of Nepal-India Chamber of Commerce and Industry (NICCI) Sunil KC has been elected unanimously as the executive committee member of Federation of Nepalese Chambers of Commerce and Industry (FNCCI), an apex body of Nepali private sector business fraternity.

KC was elected from the category of Bi-national Chambers of Commerce affiliated with FNCCI, as per a media release.

As per the provision of the constitution of FNCCI, an executive committee member is to be represented by the Bi-national Chamber of Nepal and nomination of KC was unanimously accepted to that post.

The Himalayan Times

Ajay Banga Selected 14th President of the World Bank



The Executive Directors of the World Bank on May 3 selected Ajay Banga as President of the World Bank for a five-year term beginning June 2, 2023.

Ajay Banga most recently served as Vice Chairman at General Atlantic. Previously, he was President and CEO of Mastercard, a global organization with nearly 24,000 employees. Under his leadership, MasterCard launched the Center for Inclusive Growth, which advances equitable and sustainable economic growth and financial inclusion around the world. He was Honorary Chairman of the International Chamber of Commerce, serving as Chairman from 2020-2022. He became an advisor to General Atlantic's climate-focused fund, BeyondNetZero, at its inception in 2021. Banga served as Co-Chair of the Partnership for Central America, a coalition of private organizations that works to advance economic opportunity across underserved populations in El Salvador, Guatemala, and Honduras. He was previously on the Boards of the American Red Cross, Kraft Foods, and Dow Inc.

Ajay Banga is a co-founder of The Cyber Readiness Institute and was Vice Chair of the Economic Club of New York. He was awarded the Foreign Policy Association Medal in 2012, the Padma Shri Award by the President of India in

2016, the Ellis Island Medal of Honor and the Business Council for International Understanding's Global Leadership Award in 2019, and the Distinguished Friends of Singapore Public Service Star in 2021.

The Executive Directors followed the selection process agreed by shareholders in 2011. The process included an open, merit-based, and transparent nomination where any national of the Bank's membership could be proposed by any Executive Director or Governor through an Executive Director. This was then followed by thorough due diligence and a comprehensive interview of Mr. Banga by the Executive Directors.

The Board looks forward to working with Mr. Banga on the [World Bank Group Evolution](#) process, as discussed at the April 2023 Spring Meetings, and on all the World Bank Group's ambitions and efforts aimed at tackling the toughest development challenges facing developing countries.

The President of the World Bank Group is also the Chair of the Board of the Executive Directors of the International Bank for Reconstruction and Development (IBRD). The President is also ex officio chair of the Board of Directors of the International Development Association (IDA), International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and of the Administrative Council of the International Centre for Settlement of Investment Disputes (ICSID).

The World Bank

Fintech company Vemanti Group has partnered up with Finastra as it looks to build Southeast Asia's first SME-focused neobank



Vemanti will deploy Finastra's core banking solution Fusion Essence to launch a full digital banking offering initially in Vietnam, in a bid to increase financial inclusion in the country's "underserved" SME market.

Tan Tran, CEO of Vemanti, says businesses in the region "struggle to meet collateral requirements that tend to be designed for large corporations, leaving many unable to access formal financial services".

By partnering with Finastra, Tran says the firm plans to leverage the vendor's "broad experience" in banking and its "significant footprint" in the region.

Vemanti has also chosen Landscape, part of Finastra's partner ecosystem, for its invoice financing and supply chain financing technology.

Landscape says its solution will allow Vemanti to improve its credit decisioning and processing and offer personalised SME finance beyond traditional commercial loans, such as small short-term loans and invoice finance solutions.

Founded in 2014 and based in California, USA, Vemanti aims to establish a foothold in Southeast Asia by offering financial services for the underserved. It plans to start out in Vietnam, with the goal to eventually expand across Southeast Asia and help businesses in the region "become borderless".

Fintech Futures

News Update

Hana Chairman Ham Young-joo to Expand Investment for Sustainable Finance in Asia-Pacific



Eric Usher (left), secretariat of the United Nations Environmental Programme Finance Initiative, shakes hands to pose for a photo with Ham Young-joo (right), chairman of Hana Financial Group, at the Asia-Pacific Roundtable at the Conrad Hotel in Seoul on May 24.

Hana Financial Group announced at the United Nations Environmental Programme Finance Initiative (UNEP FI) Asia-Pacific Roundtable held in Korea that it will take the lead in "expanding investments in the field of biodiversity" for sustainable finance in the Asia-Pacific region. The UNEP FI is an international initiative that includes more than 450 financial companies worldwide with the aim of conducting business activities based on sustainability. The roundtable, held at Conrad Hotel in Seoul on the morning of May 24, was organized to

facilitate in-depth discussions on sustainable finance in the Asia-Pacific region.

Chairman Ham Young-joo, who served as a keynote speaker at the event, declared, "In the current situation where the importance of the 'biodiversity' sector is growing due to issues such as the pandemic and resource depletion, we plan to actively participate in the Task Force on Nature-related Financial Disclosures (TNFD) and the Partnership for Biodiversity Accounting Financials (PBAF) this year. We will fulfill the role of finance for environmental and social responsibility through policy establishment and investment expansion in the 'biodiversity conservation sector', which has tremendous potential."

He further emphasized, "As digital transformation progresses rapidly, regional and national boundaries are becoming blurred, and the scope of stakeholders related to financial institutions is expanding. Hana Financial Group will continue to take responsibility for environmental and social issues as the social impact of finance expands and strive for sustainable investment and joint value creation."

Hana Financial Group, the sponsor of this event, joined UNEP FI in 2007 and was selected as one of the 30 global financial companies of UNEP FI in 2018. It has been actively participating in the activities of UNEP FI for sustainable finance, including as a founding bank that determined the role and responsibility of banks for the implementation of the Paris Agreement on Climate Change and the UN's Sustainable Development Goals.

Business Korea

Special Features

Positive Business Sentiment among APAC firms Despite Inflation Fears

By Sara Velezmoro

Sourcing new customers, digitalizing to boost efficiency, and developing new sources of revenue are key priorities for large businesses and small and medium sized enterprises (SMEs) based in Asia Pacific over the next one to three years, research by Singapore-based United Overseas Bank (UOB) has revealed.

In the week of May 8, the institution released its latest Business Outlook Study 2023 (SME & Large Enterprises), summarizing the sentiment of 4,000 businesses



based in the region. For the first time, the bank expanded its research beyond Singapore to include responses from corporate teams in Indonesia, Malaysia, Thailand, Vietnam, mainland China and Hong Kong.

The survey was conducted between December 2022 and January 2023, a spokesperson from the bank clarified with Corporate Treasurer.

The survey found 79% of business to have a "positive" sentiment about the current environment, and revealed 77% to have a

Special Features

positive outlook for 2023. More than four in five businesses (83%) expressed keenness to expand their operations overseas, with this desire strongest among firms in Indonesia, China, Thailand and Vietnam.

Zooming in on Singapore, the bank spokesperson heightened high inflation, rising operational costs and rising interest rates as key themes in this markets in 2022. In contrast, the main concerns for these Singapore-based businesses in 2021 centred around challenges with operating at full capacity, due to Covid-19 restrictions.

Business sentiment in Singapore was seen to improve overall, with 78% of businesses reporting positive corporate sentiment, up from 57% in 2021. A large majority (72%) foresee that their current year performance will improve – a 12-percentage point jump from the previous survey.

Overall, nine out of 10 businesses in the region said they had been affected by high inflation, with three in 10 businesses in ASEAN saying they were “highly” affected.

Supply chain diversification was another key action identified by the report, as firms continue to boost supply chain stability. “We see that the main strategy for APAC businesses is to expand into Southeast Asia (55%), Mainland China (40%) and Hong Kong (31%),” the bank spokesperson said.

Target markets for supply chain expansion varied

by sector. For firms in sectors related to consumer goods and wholesale trade, Southeast Asia is a key market. Key countries in this region that stand to gain are Singapore (51%), Thailand (45%) and Malaysia (45%). Meanwhile, firms in manufacturing and engineering expressed more interest in Mainland China expansion.

Businesses also highlighted digital transformation as a key component within recent corporate strategy. Nine in 10 businesses highlighted the implementation of digitalization in at least one department, and 70% said that these efforts had been successful.

Finally, sustainability was shown to remain top of mind for corporates in the regions, but only 45% said they had implemented any sustainability practices, indicating room for improvement.

“From an APAC perspective, key sustainability barriers include concerns around the increased cost of products and services to end customers (32%); a negative impact on profits (29%); and a possible impact to revenues in the short term (28%),” the UOB contact said.

To address these barriers, businesses – in particular the smaller SMEs – are calling for financial support, such as tax incentives and access to funding or grants, the spokesperson added.

The Corporate Treasurer

Investing Smarter as Inflation Persists

By Lisa Shalett

After more than a year of steady rate increases, the Federal Reserve raised interest rates in May by another quarter of a percentage point. Though stocks fell in the days immediately following the hike, bullish equity investors appear to have recovered their optimism.

Market pricing now suggests that investors believe hikes are over and rate cuts are coming, starting with four cuts in 2023 and amounting to at least 2 full percentage points over the next 12 to 18 months. This view, which may encourage investors to double down on stocks to potentially benefit from price gains, assumes that:

- Inflation, currently around 5%, will rapidly fall toward the Fed’s 2% target.
- The U.S. economy will experience a “soft landing.”
- Corporate earnings, which are currently showing year-over-year declines in first-quarter results, will grow by 12% to 13% in 2024.

These forecasts stand in marked contrast to Fed guidance itself. While Fed Chair Jerome Powell hinted that the May rate hike could be the last, he left room for more, if inflation proves stubborn. Powell also pushed back against the idea of rate cuts in 2023.

We believe stock investors are too bullish and that recent signs of persistent inflation will likely prompt the Fed to

keep rates elevated for longer. Consider that:

1. **The labor market remains tight** - The U.S. added 253,000 jobs in April, handily beating Wall Street estimates. Wages also rose more than forecast, with average hourly earnings up 0.5% for the month and 4.4% from a year earlier.
2. **Businesses face stubborn cost pressures** - The Institute for Supply Management (ISM), which tracks “prices paid” by companies in various sectors, saw its index for manufacturing companies rebound from 49.2 in March to 53.2 in April, the highest reading since July 2022. In addition, the ISM index for prices paid by services companies increased for the 71st consecutive month, to 59.6.
3. **The residential housing market may be stabilizing** - Growth in “owner-equivalent rents,” or the amount homeowners would have to pay in rent to equal the cost of owning their home, has been cooling lately. However, after a stretch of decelerating home-price growth, housing prices appear to be stabilizing. If housing prices recover or remain static, it would short-circuit the much-anticipated declines in owner-equivalent rents, which contribute significantly to the consumer price index (CPI), a widely followed inflation gauge.

Special Features

Add to all of these circumstances the regional banking sector's troubles, which don't look to be over just yet, and the federal debt ceiling debate, which could further complicate the calculus

around financial conditions—and we have reason to believe a strategy of doubling down on equities at this time looks especially fraught. Instead, we suggest that investors focus on income

opportunities in both stocks and bonds, and look to traditional defensive sectors such as consumer staples, energy, utilities and health care.

Morgan Stanley

Are we sleepwalking into a prolonged global recession?



The current wave of interest-rate hikes has slowed inflation but also popped several asset bubbles, potentially triggering another financial crises.

The International Monetary Fund and the World Bank held their Spring Meetings in Washington in April 2023 amid growing fears of a prolonged worldwide recession and following a series of reports predicting that global economic growth will continue to slow.

Earlier in April, a World Bank book estimated that global gross domestic product growth will fall below 2% in 2023 and increase to 3% in 2024, before weakening to 2.2% by 2030, down sharply from the 3.5% average rate in the 2000s. The World Bank foresees a “prolonged period of weakness” for the global economy following further declines in investment and productivity.

The IMF's latest World Economic Outlook warned of historically low growth, increased financial risks and a “rocky recovery” ahead. The current wave of monetary tightening has slowed inflation but also popped several asset bubbles, triggering an interest-rate risk shock that wounded borrowers and fragile financial institutions. In one extreme (but plausible) scenario examined by the authors, higher interest rates and credit-supply shocks will pull down global growth to 1% in 2023.

The OECD's predictions are slightly more pessimistic than the IMF's, projecting that the world economy will grow by 2.6% in 2023 and 2.9% in 2024, largely thanks to post-pandemic recoveries in China and India off-setting slower growth in the United States, Europe and Japan. Given the escalating Sino-American rivalry, former U.S. Treasury Secretary Lawrence Summers puts the chances of a recession in the U.S. at 70%.

When the U.S. Federal Reserve and the European Central Bank began hiking interest rates in 2022, developing economies worried about the adverse effects of monetary tightening and a strengthening dollar on the global economy.

The current economic slowdown, together with the looming bifurcation of global supply chains, has compounded those concerns. In March, however, following months of quantitative tightening, the Fed injected \$300 billion in liquidity into cash-strapped banks to shore up confidence in the financial system following the collapse of Silicon Valley Bank. The move led capital markets to speculate that the Fed may soon revert to quantitative easing (QE) and loosen monetary policy in order to maintain domestic financial stability.

But QE is a double-edged sword. Since the 2008 global financial crisis, the Group of Seven countries' loose monetary and fiscal policies have led to more than a decade of relative stability for the world's advanced economies. But they have also led to near-negative nominal interest rates and higher debt levels, fueled speculative asset bubbles and encouraged investors to forsake long-term investments in favor of chasing short-term yields.

In addition to these trends, the massive monetary expansion that followed the 2008 crisis led to structural changes in the global financial system. First, it changed the composition of assets and liabilities on the balance sheets of central banks, commercial banks and nonbank financial intermediaries (NBFIs) such as pension funds. According to the Financial Stability Board, the G7 countries' share of global financial assets fell from 76% in 2008 to 62 in 2020, reflecting the rapid growth of the Group of 20's other members (the so-called Group of 13).

Second, the QE decade dramatically expanded central banks' balance sheets. G7 central banks' assets more than tripled, rising from \$5.7 trillion in 2008 to \$23.5 trillion in 2020. By contrast, G13 central banks, which could not launch their own versions of QE because their currencies do not have global-reserve status, expanded their balance sheets from \$6.7 trillion to \$16.2 trillion over the same period, mostly due to their growing foreign-exchange reserves.

Third, post-2008 financial reforms encouraged banks to engage in regulatory arbitrage. As a result, the share of total G20 financial assets held by lightly-regulated NBFIs increased from 42% in 2008 to 47% in 2020.

Fourth, America's net international investment position (NIP) – the difference between foreign assets owned by U.S. residents and U.S. assets owned by nonresidents and foreign entities – deteriorated. By 2020, Americans owed \$14.7 trillion more to the rest of the world than the world owed the U.S., up from \$4 trillion in 2008. Meanwhile, rich countries increasingly borrowed from non-G7 countries. Consequently, the F7's NIIP deficit widened sharply, from \$1.7 trillion to \$9 trillion.

Special Features

The result is an unbalanced financial system in which the G7 still manages global monetary policy despite being deeply indebted to the rest of the world and controlling a declining share of international finance. The economic sanctions imposed on Russia in response to its invasion of Ukraine have effectively weaponized the reserve currencies of G7 countries, spurring other countries to seek ways to boost their resilience through de-dollarization and alternative trading and payment regimes.

The COVID-19 pandemic, together with the war in Ukraine, has further exacerbated the fragmentation of the global financial system. Similarly, governments' efforts to achieve economic security through self-sufficiency have accelerated deglobalization in energy, food and technology markets, with the unintended effect of hampering international efforts to fight climate change.

The difference between today's financial contagion and that of 2008 is that back then, the G20 stepped up to lift the world out of crisis. China, for example, launched a 4 trillion

yuan (\$580 billion) stimulus package – then the world's largest – amounting to 12.5% of its GDP. But the Chinese government is not expected to repeat that this time, given that the 2008 program led to a debt binge, with local governments borrowing as much as 14 trillion yuan by 2010 and creating huge imbalances that took nearly a decade to unwind. Moreover, any G20 agreement to revive the global economy would be conditional on finding a satisfactory resolution to the U.S.-China conflict.

In the absence of multilateral cooperation and global coordination on fiscal and monetary policies, the world economy could sleepwalk into a recession that would likely trigger more debt and financial crises, as well as proxy wars. The current situation is reminiscent of the run-up to the global recession of the 1930s, which also led to increased military expenditures and set the stage for World War II. With so much at stake, the world's largest economies have only one good option.

Japan Times

Five ways finance is trying to de-risk heat waves

Climate change-driven heat waves are impacting everything from nuclear reactors in France to glaciers in Pakistan. As millions of people around the world are forced to cope with more stifling temperatures, some are turning to hacks like air-conditioned clothing. Cities are doing everything from planting trees to deploying 1,000-year-old underground canal technologies in a bid to keep cool.

Despite these efforts to adapt, heat waves are putting costly burdens on businesses and individuals. To meet this problem, some financial service providers have started to offer instruments aimed at reducing personal and economic risk associated with heat waves. From heatstroke insurance to plans that reimburse dairy farmers when cows are too hot to produce milk, this new wave of products may help communities build financial resilience to the impact from warmer temperatures.

Here are five ways the financial industry is trying to de-risk the impact of more extreme heat waves.

Japan's Sumitomo Life Insurance, in collaboration with SoftBank Group's mobile-payments unit PayPay, began offering heatstroke insurance in 2022 and sold more than 60,000 policies.

The coverage costs as little as ¥100 (75 cents) daily, and if purchased before 9 a.m., the policy can take effects from 10 a.m. that day, covering hospitalization and other medical costs caused by the heat and sun.

In 2023, the group is aiming to expand sales and spokesman Junichiro Kaneda said the company believes global warming will accelerate the number of heat stroke cases. Rival



Sompo Japan Insurance began offering a similar policy in 2022 that can be added to personal injury insurance and views the coverage as necessary protection for existing customers.

“The need for heat stroke protection is likely to increase if the hot summer days increase due to global warming,” said Ayumi Oohata, a deputy manager with Sompo.

Tokyo recorded the warmest average temperature for the month of march since 1876, according to data from the Japan Meteorological Agency, while June 2022 the metropolitan prefecture experienced the most extreme heat wave for that month in records going back to 1875, according to the Japan Weather Association.

In 2023, India recorded its hottest February since 1901, and now forecasters are predicting a repeat of the intense heat wave in 2022 that damaged crops and strained its power network. The country's vast informal labor market, many of whom are women, are often exposed to dangerously hot conditions for extended periods of time.

A new service aims to replace daily incomes, estimated at around \$3 a day, if specific weather conditions are met that we expected to result in negative health outcomes, according to Adrienne Arsh-Rockefeller Foundation Resilience Center and the Self Employed Women's Association (SEWA), which are providing the service.

India is one of the most vulnerable countries to climate change. More extreme weather events such as heat waves, heavy flooding and severe drought kill thousands every year and

Special Features

increase economic hardships by eroding farm productivity. The number of Indian states hit by heat waves since 2015 more than doubled to 23 by 2020.

In 2022, India suffered its hottest March in more than a century, scorching the grain harvest and forcing the government to curb exports.

Humans aren't the only ones impacted by sweltering temperatures: the extreme weather can trigger heat stress in cows, resulting in lower milk production.

ITK, an agricultural research company, and reinsurer SCOR announced in 2021 that they were launching a heat stress product for dairy farmers to help protect them against economic losses from stressed livestock due to hotter temperatures. The service monitors weather conditions and notifies policy holders if they're eligible for compensation.

The insurance also helps dairy producers predict heat stress and adapt management systems to boost resilience among livestock. While the product is initially targeted at cows, ITK says it could also be adapted to cover losses associated with other farm animals. In 2022 about 75,000 dairy cows in France were covered and the policy paid out roughly €200,000 to farmers.

Agriculture has always been at risk from drought and pests, but climate change is exacerbating those concerns.

Australian-based startup Hillridge Technology has developed a platform aimed at helping farmers assess their weather risk. The service also allow farmers to purchase policies through brokers and insurers to protect against threats not covered by traditional agricultural policies, said Dale Schilling,

the company's co-founder.

"Traditional crop insurance covers bush fires and it covers hail but it doesn't cover the risk of heat stress killing your crops or drought or too much rain at the wrong times or a frost event, which could cripple a farmer's yield," he said. Premiums tend to be higher than traditional insurance because more risk is covered.

If specific weather triggers occur, and policy holders confirm they suffered a loss, a payout is made. These triggers could range from extreme heat or cold, flooding or drought. Hillridge launched in Australia in 2021 and plans to operate in Vietnam and Indonesia, Schilling said earlier this year.

Temperature-based index futures and options have offered a way for companies such as utilities to hedge against weather risks for more than two decades. In recent years, heightened awareness of climate-related risks has contributed to increased demand, according to CME Group, a provider of these contracts.


The group's products quantify how much temperature deviates from the monthly or seasonal average in a particular city. As of the first week of March, the average daily volume of the CME Group's weather contracts year to date was up 560% compared with the same period in 2022.

That growth is coming from a wide range of customers including insurance companies, mutual funds and hedge funds as well as energy, power and utilities companies, according to the company.

Bloomberg

Among Member Banks

BEA Raises Interest Rates

The Bank of East Asia,  **BEA 東亞銀行** Limited announced that with effect from 8th May, 2023 its Standard Savings Rate for HK Dollar Savings Accounts was increased from 0.625% p.a. to 0.75% p.a. for deposit balances above HK\$5,000. Its HK Dollar Prime Rate will also be increased from 5.875% p.a. to 6% p.a.

Bank of East Asia News

Shanghai Commercial Bank to roll-out "Electronic Advice Service" **上海商業銀行** SHANGHAI COMMERCIAL BANK

To support environmental protection, reduce paper consumption and enhance your online banking experience, effective from 9 Jun 2023, Shanghai Commercial Bank Limited ("the Bank") will automatically enroll Personal Internet Banking customer and Corporate Internet Banking customer ("Customer") for "Electronic Advice Service" (the "Service") Note. The first phase of the Service is applicable to fixed deposits products. A summary of the Service's key features is provided below:

1. From the Effective Date, a notification will automatically be sent to the Customer via email or SMS when the Customer places fixed deposits at

branches. The Bank will no longer provide paper advice of fixed deposits to the Customer. The Customer may view the transaction records of the past three years with up to the last 200 fixed deposit transactions through Internet Banking or Mobile Banking.

2. The cessation of paper advice will be implemented by the Bank in phases for the Customer. The automatic enrollment of the Service may also be extended to other deposits products (including but not limited to Current Savings Account and Checking Account) of the Bank in future. The Bank will not send separate notification at that time.

If the Customer would like to keep receiving paper advice, please visit any of our branches to unsubscribe the Service or download the instruction form from our website and submit it to any of our branches (<https://www.shacombank.com.hk> -> "Forms & Documents" -> "e-Channels" -> "Internet Banking" / "Corporate Internet Banking" -> "Deposit Products Electronic Advice Instruction Form").

The above mentioned products and services are subject to relevant terms and conditions.

Shanghai Commercial Bank Limited News

Among Member Banks

SBI appoints Swati Gupta as director on its central board of directors



State Bank of India, the largest bank in India by total assets, in a regulatory filing on May 9 said Swati Gupta has been appointed as non-executive independent director on the central board of directors in the bank.

"We refer to our letter dated 08.05.2023 informing the Stock Exchanges about the nomination of Ms. Swati Gupta as Director on the Central Board of Directors of State Bank of India," the company said.

Disclosing the relationships between directors, the SBI said, "Gupta has declared that she is not related to any of the Directors on the Central Board of State Bank of India".

The SBI further said, Gupta has more than 30 years of experience in administration. She was elected as municipal councillor and zonal chairman of the Municipal Corporation of

Delhi (MCD) from 2012-2017. She was nominated member of the education committee of MCD from 2017-2022.

Gupta graduated from Delhi University and post graduated in Political Science. She is a social worker and an educationist. She also runs a charitable trust and preschool in Delhi. She has a vast experience in the affairs of women, legal, consumer, and social issues, the regulatory filing said.

The SBI stock's high for the day was ₹587.5 and the low was ₹576.35. The bank's market capitalization was ₹520,661.86 crore. Its 52-week high was ₹629.65 and the 52-week low was ₹430.8. On the Bombay Stock Exchange, the bank had a volume of 414,153 shares.

SBI's stock closed at ₹573.45, a decrease of 1.71% from May 8 closing price of ₹583.4. The net change in price was -9.95.

Mint

MUFG Bank Invests in Liquidity Capital



MUFG's consolidated subsidiary MUFG Bank on May 8 announced that it has invested USD 40 million in Liquidity Capital M.C. Ltd., (Liquidity Capital), the core company of Liquidity Group.

Liquidity Group was founded in 2018 as a fintech company headquartered in Tel Aviv, Israel. Liquidity Group's patented machine learning and decision science technology has made it possible to deploy capital quickly enough to meet the needs of fast-growing technology companies.

Liquidity Group's decision making technology features a unique scoring methodology and ability to predict future cash flows that enables it to provide term sheets within 24 hours.

Through Mars Growth Capital, a joint venture with Liquidity Capital, MUFG Bank has proved the effectiveness of Liquidity Capital's technology. The size of the funds managed by Mars Growth Capital has grown steadily from USD 80 million at its inception in 2021 to USD 750 million today, and Liquidity Capital has supported the development of the business through its advanced AI model with high accuracy of prediction.

Through this investment, MUFG Bank will further expand the business of Mars Growth Capital, and leverage Liquidity Capital's advanced technology to take on the challenge of creating and providing more convenient and innovative financial services.

MUFG News

Mizuho concludes sustainability-linked syndicated loan agreement with CPF (Thailand)



Mizuho Bank, Ltd. has been appointed as the sole mandated arranger for the sustainability-linked¹ cross-border² syndicated loan for CPF Group, and has signed a facility agreement with CPF (Thailand) Public Company Limited (CPF Thailand). CPF Thailand is one of the core operating companies within the agro-industry and food business of Charoen Pokphand Foods Public Company Limited (CPF)³, the largest agri-food conglomerate in Thailand. CPF Thailand has a solid business base in Thailand, where it engages in feed, farm-processing and food businesses.

CPF Thailand has prioritized the advancement of research and development and the creation of innovative nutritional products to promote healthy eating. Alongside this, the company has implemented effective resource management strategies such as automation and digitization to systematically gather and analyze data, thereby reducing business risks and improving efficiency. As a result, CPF Thailand has achieved low greenhouse gas emissions in their production, ensuring food security through low-carbon manufacturing. This approach enriches the quality of life and safety of employees while

supporting farmers, suppliers, and society as a whole to grow and thrive together.

In this sustainability-linked cross-border syndicated loan, CPF Thailand identifies its KPI/SPTs, which are related to material issues of the CPF Group's sustainability.

Goals embedded in this loan include "Reduction of total GHG emissions from low-carbon products" and "Increase the percentage of renewable energy in operations". Interest rate calculations will depend on the degree to which these goals are achieved. Mizuho is appointed as the Sustainability Coordinator for this syndication and has been supporting the setting of the Sustainability Performance Target (SPT) for this loan.

Furthermore, in order to diversify funding sources and broaden its investors' base, CPF Thailand worked with Mizuho to gain an external credit rating from Japan Credit Rating Agency, Ltd. (JCR) in March 2022.

At Mizuho, we are working to further incorporate sustainability initiatives into our business strategy. We are drawing on our expertise as a financial services group to proactively provide a wide range of solutions, including advisory and capital financing support, to businesses that are contributing to the shift to a low-carbon society.

Mizuho Bank

Among Member Banks

Establishment of SMBC Asia Rising Fund, a Corporate Venture Capital Fund



Sumitomo Mitsui Banking Corporation (“SMBC”) has co-founded the corporate venture capital fund “SMBC Asia Rising Fund” (“CVC”) with Incubate Fund (“IF”) in the Republic of Singapore (“Singapore”) for the purpose of accelerating business development and partnerships through investments in high potential Asian start-ups.

Given the region’s medium to long-term growth potential, under its Asia Multi-Franchise Strategy SMBC Group has been expanding its Asia business through investments in/acquisitions of local financial institutions while also enhancing its existing Asia business.

Given this backdrop, the CVC was established in Singapore in order to carry-out investments in leading Asian companies by bringing together the robust global network SMBC possesses as a major financial institution with the advanced expertise in start-up investments that IF has accumulated through its various investment activities in India and Southeast Asia. Through the CVC, SMBC Group will enhance its business

and provide clients with new solutions by uncovering/applying new technologies via partnerships with investee firms and the development of new business models/products. Furthermore, SMBC Group will enhance the value of its investee financial institutions in Asia by collaborating with start-ups.

The use of “Rising,” (the “Rising” symbol in the SMBC Group logo) in “SMBC Asia Rising Fund” is a reflection of SMBC Group’s commitment to growing with Asia. Through the CVC’s activities, SMBC Group will work with Asian start-ups to create new businesses and contribute to the growth of the region’s economy.

IF is a leading Japanese venture capital firm specializing in early-stage start-ups. Since its establishment in 2010, IF has invested more than JPY 98.3 billion in more than 450 start-ups.

IF possesses a robust network in Asia and has the ability to execute/manage investments in and outside of Japan. The CVC will be managed by IF’s Singapore office: Incubate Fund Management Pte. Ltd.

SMBC News

Maybank to increase Standardised Base Rate, Base Rate and Base Lending Rate



Maybank revised upwards its Standardised Base Rate (SBR), Base Rate (BR) and Base Lending Rate (BLR) by 25 basis points effective 8 May 2023, following the announcement on May 3 on the Overnight Policy Rate (OPR) increase.

Maybank’s SBR and BR were increased from 2.75% p.a. to 3.00% p.a. while its BLR was revised from 6.40% p.a. to 6.65% p.a. Similarly, the Islamic SBR and BR were increased by

25 basis points from 2.75% p.a. to 3.00% p.a. respectively while the Islamic Base Financing Rate will be increased from 6.40% p.a. to 6.65% p.a.

In line with the revision, Maybank and Maybank Islamic’s fixed deposit rates were also be adjusted upwards effective 8 May 2023.

The last revision in Maybank’s Base Rate was on 7 November 2022 when it was increased from 2.50% p.a. to 2.75% p.a. following an OPR increase by the same quantum.

Maybank News

Bank of Maldives renews partnership with Tennis Association



Bank of Maldives renews its partnership with Tennis Association of Maldives (TAM) as part of its support to sports development in the country. The agreement was signed at a ceremony held today by Karl Stumke, CEO and Managing Director of Bank of Maldives and Ahmed Hafeez, President of TAM.

Through this partnership, Bank of Maldives will support the National Tennis Championship for the next three years, aimed at developing young players and recognizing top talent in the sport.

BML CEO and Managing Director, Karl Stumke

commented, “The National Tennis Championship is the longest running tennis tournament in the country, and we are delighted to continue our partnership with TAM to enable young athletes to further develop their talent.”

Bank of Maldives proudly supports the development of sports in the Maldives and is the official sponsor of the national football teams, official sponsor of all national surf teams and the nationwide partner of Swimming Association of Maldives.

In addition, BML is currently supporting 7 top national athletes from Athletics, Badminton, Table Tennis and Tennis to train and develop at recognized high performance training centres worldwide through its Sports Scholarship Fund.

Bank of Maldives News

Among Member Banks

PNB net income up 71% in Q1 2023

Philippine National Bank (PNB) started the year with a strong growth in profitability as it posted a consolidated net income of P4.8 billion in the first quarter of 2023, 71 percent higher than year-ago net results, driven by robust increases in interest margins, fee-based income and gains on disposal of the Bank's foreclosed properties.

Income from core businesses continued to show progress as the Bank's net interest income rose by 23 percent year-on-year to reach P10.5 billion due to improvement in loan-to-deposit ratio to 70 percent from 65 percent a year ago, as well as higher yield rates on earning assets amid the rising interest rate environment. As a result, the Bank turned in better net interest margin of 4.22 percent in the first quarter of 2023 against 3.39 percent a year ago. Fee-based revenues likewise grew by 24 percent year-on-year to P1.6 billion on the back of increases in volume of credit and deposit-related transactions.

During the first quarter of 2023, the Bank continued its strategy to dispose and monetize the values of its foreclosed properties, translating to net gains on sale and exchange of assets of P2.6 billion, which is 19 times higher than the gains recorded in the same quarter last year. Despite the limited trading opportunities and market liquidity, the Bank also managed to double its net trading and foreign exchange gains from last year to P387.6 million as it took advantage of the rate movements in the market during the period.

Operating expenses moderately increased by 12 percent year-on-year mainly due to the taxes related to the property sales.

As of end-March 2023, the Bank's gross loan portfolio expanded by 4 percent versus the previous year to P609.0 billion, propelled by higher lending to large corporates and commercial, small-and-medium-sized entities. The Bank continued to fast-track collection of short-term low-yielding loans and grant credits to essential sectors that thrive in the new norm. Meanwhile, the



Bank continued its conservative approach in its provisioning due to uncertainties brought about by the rising interest rates as it provided additional loan reserves of P1.6 billion in the first quarter of 2023, compared to a reversal in provisioning a year ago owing to a reduction in loan levels.

On the other hand, deposit liabilities of the Bank stood at P833.5 billion, lower by 4 percent from year-ago level, contributed partly by the maturity of Long-Term Negotiable Certificates of Deposit in June and October of 2022, as well as the Bank's strategy to trim down high-cost deposits.

The Bank ended the first quarter of 2023 with a 9 percent growth in total equity to P176.7 billion, translating to improved Common Equity Tier 1 Ratio of 15.60 percent and Total Capital Adequacy Ratio of 16.41 percent.

"PNB's core earnings has been increasing," President Florido Casuela said. "We remain focused on improving efficiencies and in supporting our customers, their businesses and our stakeholders capture opportunities presented by the thriving economy," he added.

PNB was ranked "2nd Best Bank in the Philippines" by Forbes Media in its list of World's Best Banks for 2023. The Forbes ranking is based on a worldwide survey of 48,000 banking customers in 32 countries in terms of general satisfaction, recommendation, trust, terms and conditions, digital services, customer service, and financial advice. Further, the Bank's investment banking arm, PNB Capital and Investment Corporation, won three awards, namely "Best IPO", "Best Transition Bond", and "Best New Bond", at The Asset Triple A Country Awards for Sustainable Finance 2022 held last February 2023 in Hong Kong. PNB also received recognition during the 18th Philippine Dealing System Annual Awards Night last March 2023 for its strong contribution to the growth and stability of local financial markets.

Philippine National Bank News

RCBC profit surges 70% to P3.6B in Q1 2023

Rizal Commercial Banking Corp. (RCBC) netted P3.64 billion in the first three months of 2023, 70 percent higher compared to P2.1 billion in 2022.

The bank said its total resources expanded by 20 percent year on year to P1.2 trillion with the steady build-up of earning assets as customer loans increased by 10 percent and investment securities rose by 27 percent.

"Accounting for 18 percent of asset growth for the period, the bank's loan portfolio focused on higher yielding segments such as SME (small and medium enterprises), higher by 18 percent; consumer loans, up by 14 percent; and credit card receivables, higher by 46 percent," RCBC said in a statement.

Credit card billings rose by 67 percent and card issuances also grew by 44 percent. Delinquency rates were said to have been kept within industry levels.

Asset quality, meanwhile, returned to pre-pandemic



levels with net nonperforming loans at 1.99 percent as of end-March.

Deposits grew by 27 percent to P859 billion, boosted by 17-percent growth in current account and savings account deposits. This was driven by improved cash management services and extensive corporate and SME banking relationships.

"We are reinforcing our sales network to enable wider and efficient coverage, guided by data science and analytics to further understand customer needs and serve them better," RCBC President and chief Executive Officer Eugene Acevedo said in the statement.

RCBC's capital improved by 7 percent, keeping capital adequacy ratios above minimum regulatory requirements.

"With the upcoming P27.1 billion capital infusion from the Sumitomo Mitsui Banking Corporation, the bank expects 300 to 400 basis points of uplift in CET1 ratios to further support its asset expansion," RCBC said.

The Manila Times

Among Member Banks

Doha Bank Wins Best ESG Integration Award at the Arab Federation of Capital Markets



Doha Bank has been awarded the “Best ESG Integration in Qatar” Award by Global Economics, a leading international financial publication. The award was presented at an event hosted by the Arab Federation of Capital Markets in Oman on May 10, 2023.

The award recognizes Doha Bank’s excellence in integrating environmental, social and governance (ESG) factors into its strategy, operations, and reporting. Doha Bank has been a pioneer in adopting the best practices and standards of ESG in the region, demonstrating its commitment to creating positive impact for its stakeholders and the society at large.

Some of the Doha Bank’s ESG initiatives include:

- Implementing a comprehensive ESG policy and framework that aligns with the United Nations Sustainable Development Goals and the Qatar National Vision 2030.
- Launching innovative products and services that support green financing, social inclusion, and responsible investing.

- Enhancing its corporate governance structure and practices to ensure transparency, accountability, and stakeholder engagement.
- Supporting various community and environmental programs that promote education, health, culture, and conservation.

SHK Abdulrahman Bin Fahad Al Thani, Deputy CEO of Doha Bank, said: “We are honored to receive this prestigious award from Global Economics, which reflects our continuous efforts to embed ESG into our core business values and activities. We believe that ESG is not only a moral duty, but also a strategic imperative that enhances our competitiveness, resilience, and reputation in the market. We are committed to advancing the ESG agenda in the banking sector and contributing to the sustainable development of Qatar and throughout the region.”

The Best ESG Integration Award is part of the Global Economics Awards 2023, which celebrate the achievements of the most outstanding banks and financial institutions across various categories and regions. The winners are selected by a panel of independent experts based on rigorous criteria and analysis.

Doha Bank News

IBEC delegation visits the Embassy of the Socialist Republic of Vietnam to Russian Federation



The Chairman of the Board of the International Bank for Economic Co-operation Denis Ivanov and IBEC delegation including a member of the Board Mr. Nguyen Vinh Hung and Managing Director Asia Oleg Vnukovsky visited the Embassy of the Socialist Republic of Vietnam in the Russian Federation and held a meeting with His Excellency Ambassador Extraordinary and Plenipotentiary Mr. Dang Minh Khoi and representatives of the Embassy.

The head of the IBEC introduced the Ambassador with the implemented projects aimed at supporting the Vietnamese economy and key transactions with Vietnamese counterparties in the Bank’s portfolio. “Since 2018, in the new period of the Bank’s development, IBEC has financed projects totaling about EUR 155 million in equivalent, both with corporate clients-residents of Vietnam and financial institutions”, – noted Denis Ivanov.

Many of the transactions implemented by IBEC provide a positive social and environmental impact, which meets the new strategic priorities of the Bank aimed at contributing to the achievement of the UN Sustainable Development Goals.

In December 2021, IBEC provided a non-revolving credit line to HATECO Logistics in the amount of EUR 20 million for the construction of logistics infrastructure. The Bank’s participation in the project contributed to the early adoption of measures to combat COVID-19 by improving and optimizing the supply chain of medicines, equipment and food for the people of Vietnam.

In January 2022, IBEC took part in an international

syndicated facility in favor of the Vietnamese financial company VNDIRECT Securities Corporation. The total volume of the syndicated loan amounted to USD 100 million for a period of up to 1 year, the share of IBEC was USD 15 million. Ten banks from Taiwan, Hong Kong and Europe were involved in the deal, with Taiwan's Cathay United Bank acting as the sole authorized lead arranger and bookrunner.

During the negotiations the parties also touched upon a set of working issues which from the Bank’s viewpoint are of interest in the context of potential development of economic relations between the IBEC member states. In particular, the parties exchanged views on the prospects for proactive limit establishment on IBEC by Vietnamese financial institutions to carry out trade finance transactions, as well as the development of interbank relations between financial institutions of Vietnam and Mongolia.

IBEC Chairman especially emphasized the attentive and interested attitude of the top economic leadership of Vietnam towards the Bank in the new period of its development.

The Ambassador stressed the importance of the active participation of the Bank's representatives in the meetings and events of the Vietnamese business community in Moscow and invited IBEC representatives to take part in the upcoming events organized with the support of the Embassy.

At the end of the visit, the parties expressed their intention to make every possible effort to resolve current pending issues, the resolution of which will enable IBEC to contribute to the prosperity of the Socialist Republic of Vietnam and the development of relations with the IBEC member states.

IBEC News

Among Member Banks

DBS Foundation opens applications for its 2023 Grant Award

DBS Foundation has announced the Business for Impact Grant Award for social enterprises and small-and-medium enterprises (SMEs) that are developing innovative solutions to address pertinent social and environmental issues.

Now in its ninth year, the award is designed to recognise and catalyse the growth of businesses that have successfully integrated both social/environmental impact and financial

profit into their business models and are strongly positioned for long-term growth. SMEs and social enterprises can submit their applications until 15 June 2023.

As of 2022, DBS Foundation has also expanded the Grant Award's mandate with the introduction of an SME category to encourage these businesses to transition towards more sustainable models. Over 250 SMEs applied for the



award despite it being the first instalment, reflecting the sector's growing awareness and interest in this space.

The Grant Award is open to social enterprises and SMEs that are registered in the bank's six key markets in Asia (Singapore, Hong Kong, China, Taiwan, India, Indonesia). Applicants will be assessed based on the following criteria:

- Strong leadership team with a clear commitment towards being a business for impact, supported by relevant expertise and experience
- Strong business model with a clear value proposition and market traction/ potential
- Robust plans outlining how the grant funding will be deployed to commercialise and scale the solution over the next two years
- Measurable impact targets and the ability to track progress on these

DBS Bank News

UOB's acquisition of Citigroup's consumer banking businesses in ASEAN

UOB's acquisition of Citigroup's consumer banking businesses in four key ASEAN markets has significantly boosted its retail banking business, and paved the way for its enlarged base of customers in the region to enjoy even more perks and privileges suited to their unique lifestyles and needs via partnerships with renowned domestic and global brands.

The completion of UOB's acquisition of Citigroup's consumer banking businesses in Malaysia, Thailand and Vietnam has already brought its regional retail customer count to over seven million as of 31 March 2023, with the latest completion of the Vietnam acquisition enabling the Bank to serve about 200,000 customers in the country. With the completion of the acquisition in Indonesia by end 2023, these four markets are expected to provide a S\$1 billion boost to the Bank's revenue on a full-year basis. The acquisition has also built stronger resilience in the business model with both geographical and revenue mix diversification. With Citigroup's portfolio more geared towards cards business and unsecured lending, net credit card fees for the Bank almost doubled year-on-year in the first quarter of 2023, with Citigroup's portfolio contributing a quarter



of this, and total income from the Bank's unsecured business is expected to almost double by end 2023. Separately, loans and deposits also grew almost 10 per cent and 15 per cent in the first quarter of 2023 compared with a year before.

For the first quarter of 2023, ASEAN-4 (i.e. Malaysia, Thailand, Indonesia and Vietnam) accounted for more than 35 per cent of the Bank's Group Personal Financial Services income. UOB's network of branches in Malaysia, Thailand and Vietnam has also expanded by 15 as of March 2023.

"Our transformative decision to acquire Citigroup's consumer businesses in four ASEAN markets during the pandemic has proven to be very timely, positioning us well as consumer spending returns with a vengeance following the reopening of economies worldwide post-COVID. As consumers look for the best in dining, travel and retail at home and abroad, our unparalleled regional network, further boosted by this transformational deal, enables UOB to serve their unique lifestyle needs and preferences across ASEAN. Coupled with our partnerships with renowned brands domestically, regionally as well as globally, we offer the best deals, privileges and perks to customers for all that they love," said Ms Jacquelyn Tan, Head of Group Personal Financial Services, UOB.

UOB News

Among Member Banks

HNB caps off a sustainable year with carbon-neutral certification for 2022

Sri Lanka's leading private sector bank, HNB PLC, concluded a year of successful initiatives by reaching a significant milestone in its sustainability journey, by becoming the first bank to achieve carbon neutrality across all its operations for the year 2022. The achievement encompasses all 255 branches and the Bank's Head Office.

HNB's carbon neutral status was officially recognized by the Sri Lanka Climate Fund (SLCF), operating under the authority of the Ministry of Mahaweli Development & Environment. The SLCF quantified the Bank's carbon footprint according to the ISO 14064-1-2018 standard, considering a total of 10 emission sources that included both direct and indirect emissions. Climate Smart Initiatives (Pvt) Ltd conducted an independent third-party verification in line with the ISO 14064-3-2018 guidelines, leading to the prestigious ISO 14064 certification being awarded to the Bank.

Speaking about this momentous, milestone, HNB MD/CEO Jonathan Alles stated: "The carbon neutral status is a testament to our unwavering commitment to a greener and more sustainable future. This accomplishment is not merely a box ticked or a goal reached; it is a reflection of our core values and a significant step forward in our mission to contribute positively



to the well-being of our planet.

"We firmly believe that sustainability is a collective responsibility and that every small action counts. It is through our collective efforts and the shared vision of all our stakeholders that we have achieved this remarkable feat. As such, while we celebrate this significant milestone, we will continue to innovate, collaborate and invest in sustainable practices, aiming to set new bench marks for environmental responsibility within the banking industry."

In its efforts to improve energy efficiency, HNB has implemented various measures such as utilizing natural light, installing LED lighting, implementing building management systems, using energy-efficient lifts, and installing inverter air-conditioning systems.

To promote eco-friendly commuting, HNB reintroduced the "Walk the Talk" initiative for its staff members and introduced eco-friendly transport services (Carpooling, walking and cycling) to reduce the use of private vehicles for commuting to work.

All of HNB staff underwent training on "Business against corruption" facilitate by Transparency International Sri Lanka. This endeavour has supported immensely to ensure important and accurate and especially ESG reporting is understood by staff at all levels of the Bank.

Hatton National Bank News

Hana Financial Group signs strategic business agreement with CTBC Bank to expand global presence

Hana Financial Group announced that it has signed a strategic business agreement with CTBC Bank, one of Taiwan's largest banks, in order to expand its global business.

This agreement was signed during the 56th Asian Development Bank annual meeting held in Songdo, Incheon, and aims to create a global finance centered on Asia by combining the global networks and core sales capabilities of Korea's Hana Financial Group and Taiwan's CTBC Bank.

The agreement is expected to promote meaningful growth in the market and support the companies' joint efforts to increase global prime assets.

Under this business agreement, Hana Financial Group and CTBC Bank will continue to collaborate in various ways, including mutual support for overseas branches to expand their global business and optimize profits, joint exploration of new business opportunities in various fields, and sharing business know-how to increase global prime assets.



The ceremony for the signing of this agreement was held at the Hana Global Campus in Hana Dream Town located in Cheongna, Incheon, and was attended by key figures from both banks, including Hana Financial Group Vice Chairman Lee Eun-hyung and CTBC Bank Chairman Morris Li.

Through this agreement, Hana Financial Group and CTBC Bank are expected to make significant contributions to revitalizing financial cooperation between the two countries by seeking practical ways to collaborate.

"This business agreement was promoted based on the firm will of Hana Financial Group and CTBC Bank to expand globally," said Vice Chairman Lee Eun-hyung of Hana Financial Group. "Hana Financial Group will continue to do its best to become the best financial group in Asia in the global sector through financial cooperation with many countries."

Meanwhile, Hana Financial Group opened Hana Bank's Taipei branch at the end of April last year, becoming the first Korean bank to succeed in entering Taiwan, accelerating channel expansion in major Asian countries and strengthening the foundation for full-fledged global growth.

Korea IT Times

Among Member Banks

First Commercial Bank announces the adjustment of holiday payroll execution method for e-banking

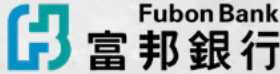


In order to provide you with better corporate e-banking services, e-banking will adjust the holiday payroll execution method starting from June 12, 2023. When one books the TWD "Batch Salary Payment" function on holidays, if the receiving account includes a non-First Bank

account, the batch transaction will still be executed. The First Bank account will be executed on the same day, while the remittance transaction of the non-First Bank account will fail and have to be re-edited and released. Please confirm whether there are any transactions reserved after the above date and evaluate whether to cancel and re-process the transaction.

First Commercial Bank News

Fubon Financial Holdings Reports April 2023 Earnings Results



Fubon Financial reported unaudited consolidated pre-tax profit of NT\$9.255bn and net profit of NT\$7.885bn in April. Cumulative consolidated pre-tax profit and net profit was NT\$23.279bn and NT\$21.868bn, respectively, translating into EPS of NT\$1.76 for the first four months of the year.

Taipei Fubon Bank's cumulative net profit in the first four months hit a historical record high for the same period. Fubon Securities' cumulative net profit in the first four months

hit the second highest historical record for the same period. Fubon Insurance turned profitable in April for the first time since May of 2022.

Taipei Fubon Bank completed the merger with JihSun Bank on April 1 and Fubon Securities completed the merger with JihSun Securities on April 9. The number of customers, employees, market position and asset scale increased, and the number of bank branches was ranked the top among private banks in Taiwan post merger. Synergy and operation efficiency improvement will continue to be the focus of Fubon.

Taipei Fubon Bank News

GLN International to introduce Taiwan's TaishinPay QR payment in Korea



GLN International (Global Loyalty Network, GLN) announced the launch of the QR payment service in South Korea in collaboration with Taishin Bank from Taiwan.

Established in 1992, Taishin Bank is a leading bank in Taiwan, committed to provide cutting-edge services and solutions with a focus on digital innovation.

Through Taishin's e-wallet service, Taishin Pay, Taiwanese tourists visiting Korea can conveniently make QR payments with Taishin Point generated by credit card consumption only at major domestic merchants such as duty-

free shops, convenience stores, and coffee shops without cash in hand. They can also enjoy the benefits of lower transaction fees compared to overseas credit card usage.

With the end of COVID-19 pandemic, the number of Taiwanese tourists visiting Korea has steadily increased. According to data from the Korea Tourism Organization, the number of Taiwanese tourists in March 2023 reached 63,000, recovering about 80% of the pre-pandemic levels and becoming important customers in the Korean travel industry.

Taishin is planning to launch a cashback promotion for Taishin Pay customers visiting Korea, and it also aims to expand the range of preferred travel services by collaborating with various Korean merchants and tourist attractions.

PR Newswire

Bangkok Bank joins Money Expo 2023

Bangkok Bank joins Money Expo 2023 to enable customers to access sustainable finance including green loans, digital banking and investments while emphasizing its role as a 'trusted partner' by inviting Thai people to drive Thailand towards becoming a 'Green Economy'.



Bangkok Bank's booth promoted the concept of "Inspiring Your Future" to create a better future with customers by providing sustainability-focused financial products and services 'green loans-digital banking-investment' while emphasizing its role as a 'trusted partner' by inviting Thai people to drive Thailand towards 'Green Economy' at Money Expo 2023.

Bangkok Bank Executive Vice President Pochanee Kongkalai said the Bank's booth supported Money Expo 2023's Green Finance for Green Living theme by encouraging people

and businesses to realize the importance of, and have greater access to, green financing to help to conserve and protect the environment. Bangkok Bank, which is committed to sustainable development, adopted "Inspiring Your Future" as the theme for the booth to help customers achieve a better financial future and create a more sustainable world through the Bank's financial products, such as green loans and sustainable investments. The booth's design was inspired by nature and comprised organic lines combined with a minimal contemporary style which embodied elegance and reinforced the Bank's position as the "leading regional bank".

At the event, the Bank profiled financial products and services that meet the needs of customers and provided special promotions for transactions.

Bangkok Bank News

Among Member Banks

National Bank of Uzbekistan and China Development Bank sign 1.18 billion yuan loan agreement

Xi'an hosted Uzbekistan – China Business Forum on the eve of the state visit of President of Uzbekistan Shavkat Mirziyoyev to China on May 17, UzA reported.

The event was attended by over 600 representatives of the two countries' largest Chinese companies, business circles, and financial institutions, which made it possible to demonstrate the great interest of Chinese investors in implementing joint projects in Uzbekistan.

The business forum further deepened the comprehensive strategic partnership and enhanced multifaceted cooperation



between Uzbekistan and China.

The participants focused on the implementation of cooperation projects in the development of transport infrastructure, renewable energy, and the creation of industrial parks and agricultural clusters in the regions of Uzbekistan with the participation of leading Chinese companies.

During the business forum, JSC National Bank for Foreign Economic Activity of the Republic of Uzbekistan (NBU) and China Development Bank (CDB) signed an agreement on attracting a credit line for 1.18 billion yuan. The credit line will be used to finance an infrastructure project in transport for the purchase of passenger buses and electric buses.

AKIpress

Vietcombank accompanies the Banking Industry Digital Transformation Day event

Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) participated in the event of the Banking Industry Digital Transformation Day 2023 with the theme: "Application of population data in banking - the driving force for digital transformation" organized by the State Bank of Vietnam.

At the event, Vietcombank Deputy General Director Nguyen Thi Kim Oanh shared on the topic: "Solution of Credit Granting in the electronic environment using electronic identification and authentication accounts (VNeID) and public credit scores".

Vietcombank determines that the development of lending and credit card issuance on digital channels will be one of the main products of the digital transformation in the coming time. The connection of the National Population Database (National Database of VDC) and the automatic appraisal and approval mechanism creates a foundation for banks to transform, bringing the best experience to customers and benefits for banks.

Google Pay is a payment application on the phone. Customers only need to link Vietcombank card to Google Pay to be able to use their phone (with NFC) to pay anywhere, no need to carry a card anymore, extremely convenient. Vietcombank is one of the first banks to bring Google Pay to Vietnam, bringing customers' payment experience to a new level.

With VCB Tap-to-phone application, you can turn any



phone into a payment acceptance machine. After installing VCB Tap-to-phone, the phone will turn into a modern full-featured payment machine, accepting "touchless" payment methods such as contactless cards or Google Wallet, Samsung apps. Pay. This service helps sales units to deploy extremely quickly and save costs.

Vietcombank soon recognized the particularly important role of digital transformation and considered it one of the important growth drivers of the bank in the future. As of 2018, Vietcombank was the first bank to hire a foreign consultant to develop a Digital Transformation strategy and this strategy is being vigorously implemented. The continuous launch of digital products and services over the years, along with the strong process of upgrading customer experience, are the initial results of the process of promoting the digital transformation strategy at Vietcombank.

With the strategic goal of reaching maturity in digital transformation by 2025, among the leading banks in ASEAN, Vietcombank has set out a digital transformation action plan with specific goals and a clear roadmap to each step. Steps to improve customer experience, increase efficiency and quality of operations. It can be seen that Vietcombank's strong investment in payment technologies and interactive conversation technology with customers is a typical example in the journey of realizing the digitization goal of the Vietnamese bank brand, step up to regional and world scale.

Dai Bieu Nhan Dan

Among Member Banks

VietinBank & MUFG Bank celebrate 10 years of strategic alliance

The two banks held a ceremony in Hanoi on May 19 to celebrate their 10-year strategic cooperation.

VietinBank and MUFG Bank, Ltd. (MUFG) has commemorated 10 years of strategic alliance that has enabled them to support the growth of Vietnam's banking sector and foster deeper Vietnam-Japan business and knowledge exchanges.

The ceremony was attended by senior executives from Vietnam's business community and senior government officials of Vietnam and Japan.

The partnership officially began in May 2013, when MUFG, the banking entity of one of the world's largest financial groups, invested in a 19.73% stake in VietinBank, one of Vietnam's top banks.



This strategic investment and comprehensive cooperation agreement was regarded then as an unprecedented M&A investment in the history of the Vietnamese banking industry.

Since then, both organizations have leveraged their respective strengths to better serve clients and connect them to opportunities both within Vietnam and across Asia.

Over the past 10 years, the synergy of VietinBank and MUFG's combined network and expertise have allowed both sides to not only expand their business franchise but provide comprehensive solutions targeting the diverse financial needs across the entire customer value chain.

Under this strategic partnership, MUFG cooperated with and supported VietinBank in various areas such as promoting retail banking, corporate banking as well as the sharing of best practices in risk and compliance and strategic planning.

Vietnamnet

Agribank expanding low-interest credit programs to support customers

In order to contribute to the economic recovery and growth, following the direction of the National Assembly, the Government and the State Bank of Vietnam, Agribank has implemented many preferential and low-interest credit programs to support customers.

In the first months of 2023, by reducing costs and reducing deposit interest rates, Agribank has four times reduced lending interest rates. Accordingly, for new borrowing needs for production and business, the current lending interest rate (3-month term) is only from 6% p.a., medium and long-term lending interest rates from 9.5% p.a.

In addition, from March 15, 2023, Agribank launched a credit program of VND 100,000 billion and USD 500 million for manufacturing, trading and import-export enterprises with preferential VND lending interest rates only from 5% p.a., USD loan interest rate is only from 3% p.a. for 3-month term.

Agribank has also implemented many solutions to facilitate customers' access to preferential capital, helping to stimulate economic activity such as implementing 2% interest rate support from the State budget according to Decree 31/2022/ND-CP; implementing the credit program for social housing, workers housing, projects for renovating and reconstruction of old apartment buildings according to the Government's Resolution 33/NQ-CP; a reduction of up to 3% of interest rates for customers who borrow money for real estate business purposes who are in difficulties and have outstanding loans from January 31, 2023 to December 31, 2024, etc.

These are the programs with the most competitive and preferential interest rates on the market, which Agribank is implementing with the desire to support people and businesses to optimize borrowing costs and have capital to restructure operations, especially in priority areas.

Following the direction of the State Bank of Vietnam, with the ultimate purpose of accompanying, sharing and as a

great way to demonstrate appreciation to customers, Agribank continues to reduce lending interest rates by 0.5% p.a. for existing medium and long-term loans of customers, from May 15, 2023 to the COB of September 30, 2023.

It is estimated that about 2 million customers will be supported with the total amount reduced under this program of more than VND 1,000 billion.

This is the 5th time in a row from the beginning of 2023 that Agribank has reduced lending interest rates, directly supporting customers, helping customers reduce costs to focus on restructuring and restoring business activities.

Agribank News

Banking and Finance Newsbriefs

Hong Kong

Hong Kong interbank rates jump, pull HKD off band extreme

Hong Kong interbank rates jumped as a further decline in banking system cash balances spurred expectations of tightening monetary settings and to an unwinding of short positions in the pegged Hong Kong dollar.

The overnight Hong Kong Interbank Offered Rate shot up nearly 92 basis points to 4.4381 percent, its highest since December 2019.

One-week HIBOR rose about 48 bps to 4.10952 percent and one-month HIBOR hit its highest since January at 4.15762 percent. The Hong Kong dollar rose to its strongest since the middle of February at 7.8325 per U.S. dollar.

Hong Kong rates are tethered to the U.S. by the Hong

Banking and Finance Newsbriefs

Kong dollar's peg to the U.S. dollar and have been rising for a few weeks. The city's currency is pegged to the greenback in a tight range of 7.75-7.85 per dollar.

The spikes in interbank rates came on the back of the decline in the aggregate balance - a key gauge of cash balances in the banking system - which at HK\$44.5 billion is now at its lowest level since 2008 and expected to drop further.

The aggregate balance has been falling steadily this year as the de facto central bank, the Hong Kong Monetary Authority, intervened to defend the peg at 7.85 against the force of investors borrowing the currency for carry trades.

Yet interbank rates were pinned to lows as weak loan demand and investment inflows into Chinese assets kept the banking system flush.

Analysts pointed to waning optimism on China and a decision by Hong Kong banks to raise their prime lending rates this month as reasons for the spike in Hibor.

Banks seemed to be selling down their more than a trillion Hong Kong dollars worth of holdings in the city's Exchange Fund Bills and Notes (EFBNs) to raise cash, driving yields on one-month bills up half a percentage point in May.

That in turn has caused 3-month

spreads between U.S. dollar Libor and equivalent Hibor to compress to 130 basis points from a historically wide 175 points just a few weeks ago.

"The reversal of capital inflow to outflow (i.e., reducing HKD supply) from the reopening trade, if taking place, will pose upward pressure on HKD rates," wrote Ken Cheung, chief Asian FX strategist at Mizuho Bank.

"The narrowing of the U.S. and Hong Kong dollar rate spread prompted traders to unwind the carry trade positions."

Reuters

India

Bank of India lowers peak interest rate, offers 7% for one-year deposits

In what may be an early sign that interest rates on deposits have started to cool off, state-run lender Bank of India has discontinued the 501-day deposit scheme

which offered 7.15%. It is now offering 7% for 1-year deposits. The deposit rate for 1-year deposits has been increased to 7%, from 6.25% with effect from Friday. The deposit rate for senior citizens for 1-year is 7.5% and 7.65% for super-senior citizens.

The Reserve Bank of India has approved the voluntary merger of Mumbai-based Maratha Sahakari Bank with Cosmos Co-operative Bank of Pune.

"The Scheme will come into

force with effect from May 29, 2023. All the branches of Maratha Sahakari Bank Ltd., Mumbai (Maharashtra) will function as branches of The Cosmos Co-operative Bank Limited, Pune (Maharashtra) with effect from May 29, 2023, the regulator said.

Maratha Sahakari Bank was under RBI's restriction from August 31, 2016 with cap on deposit withdrawal.

Business Standard

Japan

New Bank of Japan Governor Sees Signs of Sustainable Inflation

Rising prices of hotel rooms are an indication that Japan might be decisively pulling free of deflation, the country's central bank chief said.

Bank of Japan Gov. Kazuo Ueda said he saw the trend of higher lodging costs when he used to make his own hotel bookings for business trips before he took up the governor's post in April.

"There appear to be moves leading towards sustainable inflation," Ueda said in an interview Thursday with The Wall Street Journal and other media.

Unlike the Federal Reserve,

which has raised rates aggressively since early 2022, the Japanese central bank has maintained monetary easing. It says inflation in Japan is mainly due to temporary rises in energy prices and not backed by strong demand, and is thus not sustainable.

Still, speculation is growing among economists and investors that the bank will tweak its control over the 10-year Japanese government bond yield as soon as this year. In a surprise move last December, the bank raised its bond-yield cap to 0.5% from 0.25%.

Economists say prices for services such as movies and hotel stays will likely contribute to achieving sustainable overall inflation because they tend to reflect higher wages, compared with prices of goods, which fluctuate more widely depending on energy costs

and foreign-exchange rates.

The BOJ governor has said inflation might fall below the bank's 2% target toward the latter half of this fiscal year, which started in April.

Ueda, a former BOJ board member with a Ph.D. from the Massachusetts Institute of Technology, succeeded Haruhiko Kuroda as BOJ governor in April, after Kuroda's decadelong monetary-easing policy helped stop falls in prices and create a tighter job market.

Some critics say Kuroda's aggressive bond-buying has led to loose fiscal discipline. Ueda said the government's fiscal conditions shouldn't affect the bank's decision to unwind its monetary easing when its inflation goal is met.

The Wall Street Journal

Malaysia

Malaysian central bank unexpectedly hikes interest rate to 3%

Malaysia's central bank unexpectedly raised its benchmark interest rate on May 3, as it looks to manage persistent inflation amid strong domestic demand.

Bank Negara Malaysia (BNM) lifted its overnight policy rate by 25 basis points to 3%, confounding economists' expectations for an extended pause.

Some economists now see the move marking the end of the current

tightening cycle as price pressures ease along with slowing global growth that will likely hurt the export-driven economy.

BNM had kept rates unchanged at its two previous meetings this year, as it sought to assess the impact of four consecutive hikes totaling 100 basis points in 2022.

The Southeast Asian economy has bounced back strongly from a pandemic-induced slump, with growth hitting a 22-year high of 8.7% in 2022, but slowing global demand has clouded the outlook for the exporter of oil, commodities and high-tech goods.

BNM said in a statement that latest developments point towards further expansion in economic activity in the first

quarter of 2023, driven by strong domestic demand, household spending and better labor market conditions.

While inflation was expected to moderate, core inflation would remain at elevated levels amid firm demand conditions, it said.

"With the domestic growth prospects remaining resilient, the MPC judges that it is timely to further normalize the degree of monetary accommodation," the central bank said, referring to its monetary policy committee.

The Malaysian ringgit was up 0.3% against the U.S. dollar, extending gains after the move.

Nikkei Asia

Mongolia

Taehyun Lee named World Bank Country Manager for Mongolia

The World Bank announced the appointment of Taehyun Lee as its new Country Manager for Mongolia, effective May 15.

In his capacity, Lee will lead the World Bank's policy dialogue with government counterparts, civil society, the private sector, and other partners. He will also manage the World Bank country team based in Mongolia.

Lee will oversee the implementation of the World Bank Group – Mongolia Country Partnership Framework for 2021-2025, which aims to support Mongolia in overcoming the COVID-19 crisis in the short term while working towards a more sustainable, inclusive, and resilient recovery into the future.

During 2013-2017, Lee served as Senior Country Economist for Mongolia based in Ulaanbaatar. In that role, he led the World Bank's engagement in macroeconomic and fiscal policy, financial sector development, public financial management, and growth strategy and structural reform to support

Mongolia's growth.

Prior to his current posting, Lee was as Lead Country Economist and Program Leader for Equitable Growth, Finance, and Institutions (EFI) Practice Group for Nepal, Sri Lanka, and Maldives. He joined the Bank in 2010. Prior to joining the World Bank, Lee worked at the Ministry of Finance of South Korea, focusing on economic policy, international finance and financial stability, and international economic and financial cooperation.

Lee holds a Ph.D. in economics from the University of Washington in Seattle, United States.

Mirage News

Philippines

Medalla says BSP ready vs. PH's financial market challenges

Bangko Sentral ng Pilipinas (BSP) Governor Felipe Medalla reiterated the central bank's readiness to utilize its toolkit to address challenges that will have an impact on the domestic financial market.

In a statement on May 22, he said "the central bank's exceptional and timely actions, which include aggressive

monetary tightening and the previous temporary financing to the government during the pandemic, have not resulted in adverse side effects on the stability of the financial system."

"With the Philippine banking sector being liquid and well-capitalized, the central bank stands ready to use all the tools at its disposal to preserve price stability," he said.

The statement was issued following Fitch Ratings' revision from negative to stable the outlook of its 'BBB' rating on the Philippines on Monday after noting the economy's robust post-pandemic recovery, as well as the

government's sound economic policy framework and the country's comfortable external payments position.

Relatively, the debt rater also affirmed its rating on the country at 'BBB', a notch above the minimum investment grade.

Fitch Ratings, in a commentary, said its latest rating action "reflects Fitch's improved confidence that the Philippines is returning to strong medium-term growth after the Covid-19 pandemic, supporting sustained reductions in government debt/GDP (gross domestic product), after substantial increases in recent years."

Growth of the domestic economy,

Banking and Finance Newsbriefs

as measured by GDP, stood at 6.4 percent in the first quarter of 2023, in line with its medium-term growth potential but the slowest since domestic output surged to 12 percent after contracting to as much as -16.9 percent in the second quarter of

2022 due to the pandemic.

Fitch forecasts a medium-term domestic output of over 6 percent, which, it said, is “considerably stronger than the ‘BBB’ median of 3 percent.”

It said growth has moderated

“with the post-pandemic recovery boost fading” but noted that “ongoing reforms to the business environment and investment regulations create upside potential for growth.”

Philippine News Agency

Qatar

GCC ‘outperforming’ advanced economies, says Qatari finance minister

The Gulf Cooperation Council (GCC) is “outperforming many advanced economies” due to its long-term strategic approach, Qatar’s Minister of Finance Ali Al-Kuwari said on May 24.

Al-Kuwari’s remarks came during a joint panel with his Saudi counterpart Mohammed Al-Jadaan and

Kristalina Georgieva, the managing director of the International Monetary Fund (IMF).

The “Maximising the Gulf’s global competitiveness” panel was held at this year’s Qatar Economic Forum (QEF), a platform for dialogue on trends and challenges facing global economies.

The Qatari minister said the region “made substantial investments” in helping ease the way for business operations while creating a “favourable” environment for Foreign Direct Investment (FDI).

“This achievement is not a result of overnight efforts but a result of a long-

term strategic approach. As a result, you can witness the region outperforming many advanced economies,” Al-Kuwari said.

Offering a promising view on Qatar’s FDI this year, the report said Doha’s FDI recorded a 70% annual growth between 2019 and 2022, with a possible 2.4% increase in 2023. It noted that inflation is also unlikely to surpass 3.3%.

The report listed the top FDI sectors as oil and gas, financial services, and software and information technology.

Doha News

Russia

Russia Central Bank Head Visits Iran to Strengthen Bilateral Banking Ties

The head of Russia’s Central Bank visited Iran for the first time May 24 for talks on expanding economic ties between the two countries, Iran’s state-run Mehr News Agency reported.

Elvira Nabiullina met with her

Iranian counterpart Mohammad Reza Farzin as Moscow, which has been heavily sanctioned over the invasion of Ukraine, seeks new allies.

The two central bank heads discussed the use of national currencies in bilateral trade, banking cooperation and the expansion of currency transactions between the countries.

Moscow and Tehran, which has also been under international sanctions for years, are trying to build an alternative to U.S. payment system SWIFT.

Earlier 2023, the Iranian

government announced that the two countries’ domestic payment systems had been connected to each other.

Since the February 2022 invasion of Ukraine, Russia has become the top foreign investor in the Iranian economy, overtaking even China, The Financial Times reported in March.

Iran has in turn supplied Russia with Shahed drones, which Moscow has been actively using in attacks on Ukrainian cities.

The Moscow Times

Singapore

Singapore banks to watch asset quality after profit momentum continues into Q1

Singapore’s biggest banks are watching for a possible decline in asset quality and plan to use their strong profits to build on provisions as economic growth slows and inflation remains elevated.

DBS Group Holdings Ltd., Oversea-Chinese Banking Corp. Ltd.

(OCBC) and United Overseas Bank Ltd. (UOB) reported year-over-year increases in first-quarter net income. DBS saw its net income rise to S\$2.24 billion from S\$1.70 billion, OCBC’s net income increased to S\$1.61 billion from S\$1.22 billion and UOB’s net income rose to S\$1.40 billion from S\$1.05 billion.

“Asset quality has been surprisingly benign despite harder operating conditions,” Thilan Wickramasinghe, head of research at Maybank Securities told S&P Global Market Intelligence. “We think this could be a key concern going into the second half of 2023 and non-performing

loans could rise as customers adjust to a recessionary environment together with high borrowing costs. Expect provisioning costs to increase for the rest of the year.”

“Singapore banks’ profitability continues to be driven by robust interest income from core lending businesses, while credit costs and expenses remained contained,” Ivan Tan, an analyst at S&P Global Ratings, said via email. NIMs improved year-over-year for the first quarter, Tan said, adding that margins will likely remain at current levels for the rest of 2023, with “potentially some moderation” in 2024.

S&P Global

Sri Lanka

Sri Lanka's economy showing signs of settling down

Sri Lanka's economy is showing signs of settling down and this is a positive sentiment, said CEO, Director/ CEO of National Development Bank Dimantha Seneviratne, at the annual general meeting of Institute of Hospitality at Mont Blanc Hall, Mövenpick Hotel, Colombo on May 25.

Firstly the export (USD 10.5 billion) vs import gap (USD 22 billion) is reducing and the deficit which was around USD 10 Billion has come down to around 7 billion.

This gap which was earlier over

USD 10 million was earlier compensated by foreign remittances that accounted to around USD 7 billion and tourism USD. 4.3 billion and other exports. Tourism attracted around USD 700 million revenue in the first quarter of 2023. Foreign remittances too are fast moving up after a huge slump due to bad economic decisions to hold the rupee. (This opened up a huge informal channel.)

"When Sri Lanka declared bankruptcy the country's reserve position was almost zero and today it is touching the USD 3 billion mark. The USD which was around Rs. 360 plus has also come down under Rs. 300 while inflation too is rapidly decreasing.

In addition we also see interest rates coming down which will result in the hotel sector restarting their refurbishments and other new investments. He also disclosed that Sri Lankan Tourism

stakeholders owe the local banking sector around Rs. 550 billion as loans. Seneviratne said that this accumulates to around 5% of the total loan portfolio of the local banking system.

Seneviratne said that the tourism sector was progressing well accounting to around USD 4.3 billion annual revenue in 2019 until twin disasters, Easter Sunday attacks, C-19 pandemic struck and was followed by an economic and political crisis.

"During this time Sri Lankan regulators with the Central Bank executed a unique system of offering a debt moratorium which was extended several times. Today the banking sector has not been requested by the authorities to extend the moratorium as the banking sector may have some issues if they keep on extending the moratorium.

Daily News

Thailand

Thai central bank to promote yuan-baht trade settlement

The Bank of Thailand (BOT) is planning to ease the rules on using the Chinese yuan for trade settlement with China, as part of its efforts to reduce the impact of US dollar volatility on Thai businesses.

The US dollar has been fluctuating significantly in the past year, affecting the global economy and trade. The Thai central bank wants to promote yuan-baht trade settlement as a way to reduce the reliance on the greenback and mitigate the exchange rate risk.

According to BOT governor Sethaput Suthiwartnarueput, the BOT and the People's Bank of China (PBOC)

have signed a bilateral currency swap arrangement (BSA) in 2020, which allows for the exchange of up to 70 billion yuan or 370 billion baht for a period of five years. The BSA is intended to support trade and investment in local currencies, strengthen bilateral financial cooperation, and boost confidence among the private sector in using local currencies for cross-border operations.

However, the use of yuan-baht settlement remains low, accounting for only 2.26% of Thailand's total international trade transactions in 2021. The BOT is in talks with the PBOC on how to promote the use of the yuan, and expects to relax some rules on yuan usage for trade, investment, and tourism activity this year.

The benefits of using yuan-baht trade settlement include reducing exchange rate risk exposure, lowering transaction costs, enhancing trade efficiency and competitiveness, and

strengthening financial cooperation between Thailand and China.

The challenges of using yuan-baht trade settlement include limited availability and accessibility of yuan liquidity in Thailand's financial system; lack of awareness and understanding among Thai businesses about yuan-baht trade settlement; regulatory barriers and operational issues related to cross-border payments; and uncertainty about China's exchange rate policy and capital controls.

To overcome these challenges, the BOT has been implementing various measures such as establishing a bilateral currency swap agreement with China; providing yuan liquidity facilities for banks; developing yuan payment infrastructure; conducting public education campaigns; facilitating regulatory coordination; and supporting market development.

Thailand Business News

Uzbekistan

The leadership of the Central Bank participates in the II Tashkent International Investment Forum

The 2nd Tashkent International Investment Forum is being held in Tashkent with the participation of around 2,500 entrepreneurs and representatives of the banking and financial sector, who

have visited from 70 countries of the world.

On the first day of the forum, a round-table discussion was held between the Deputy Chairman of the Central Bank Behzod Hamraev and local and foreign experts on the topic "Modern monetary policy: full employment, stable prices and economic growth". During the event, the global and local inflation trends, the ongoing monetary and fiscal policy were discussed, as well as the measures implemented to ensure economic growth,

price stability and employment.

In the panel discussions on the topic "Digital money: a look at the future", the Deputy Chairman of the Central Bank Ilkhomjon Abdugafarov and experts exchanged opinions regarding the role and benefits of digital money in the banking and financial system and the life of the population. During the discussions, the development prospects of digital money in Uzbekistan were touched upon.

The Central Bank of Republic of Uzbekistan

Vietnam

VN among world's earliest in banking digital transformation

Vietnamese banks are among the earliest in the world to make the digital transformation, experts have said.

Speaking at the Financial Services – Retail Banking Forum in HCM City May 26, Vũ Việt Ngoạn, former chairman of the National Financial Supervisory Commission, said the habit of using digital products had become more prevalent than ever in Việt Nam.

More than 30 per cent of the population uses banking apps, second globally only after China (41 per cent), according to Ngoạn.

Việt Nam's banking and financial sectors would continue to play a key role in establishing a "fully digitised, human-centred system".

He also pointed out that the digital transformation in the country

would be an important process of how banks and financial institutions analyse, interact and satisfy their customers.

The government has set a target of increasing financial inclusion to cover more than 80 per cent of the adult population by 2025.

Phan Thành Đức, dean of the management information system faculty at the State Bank of Việt Nam's (SBV) Banking Academy, said Việt Nam had recorded a surge in digital payment everywhere from online marketplaces to small convenience stores and even vegetable and fruit vendors.

Lê Đức Anh, director of the Ministry of Industry and Trade's Centre for Information and Digital Technology, pointed out that technologies such as blockchain, AI, cloud computing, machine learning, and customer data collection, management and analysis were being adopted.

The banking sector had invested over VNĐ15 trillion (US\$639.22 million) in digital transformation as of the end of last year, according to a report by the SBV.

Digital payments have been growing at 40 per cent for the last four years, one of the world's fastest digital transformation rates.

According to the report, more than 95 per cent of Vietnamese banks have a digital transformation strategy.

Around 90 per cent of banking transactions are handled through digital channels with 74.6 per cent of adults having a bank account.

As of March around 3.71 million mobile money (or mobile payment) accounts had been opened, over 70 per cent in rural, remote and disadvantaged regions across the country.

Non-cash payments have also seen significant growth, with 82 credit institutions offering internet-based payment services and 51 offering mobile payment services as of the end of last year.

There are 48 licensed intermediary payment organisations.

Digital transformation has helped banks bring down the cost-to-income ratio to 30 per cent, on par with regional and international standards.

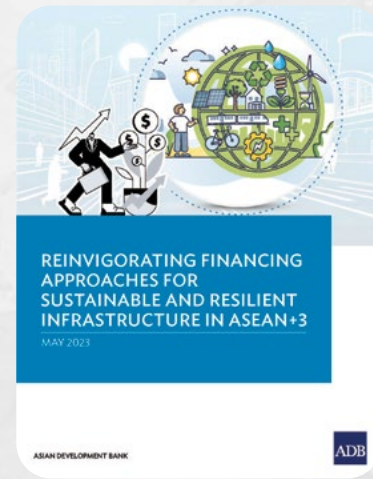
Viet Nam News

Publications

Reinvigorating Financing Approaches for Sustainable and Resilient Infrastructure in ASEAN+3

Infrastructure in the region of the Association of Southeast Asian Nations (ASEAN) and the People's Republic of China, Japan, and the Republic of Korea (collectively known as ASEAN+3) will continue to be a key driver of economic development as its members work toward addressing the underinvestment in healthcare, education, and digital and social infrastructure, as exposed by the coronavirus disease pandemic.

The ASEAN+3 region must also deepen investments in renewable energy and climate-resilient infrastructure to support a fair, affordable, and secure energy transition and address the effects of climate change. However, traditional sources of government financing alone are insufficient to meet the widening demand for infrastructure financing. This report presents a practical toolkit of ways to merge public, private, institutional, and other forms of capital to deliver resilient, sustainable, and future-ready infrastructure in the ASEAN+3 region. It provides companies, investors, and policy makers a range of innovative financing models, along with critical success factors based on actual case studies from within and outside the region, that



can be adapted, replicated, and upscaled for implementation in developing Asia.

Details: [ADB Publication](#)

WWF Seafood Sector Focus and Initiatives



In 2023, WWF-Singapore launched a new workstream focused on addressing climate and nature risks and impacts in seafood finance. This work kicked off with the January publication of "[Above Board: 2022 Baseline Assessment of Banks' Seafood](#)

[Sector Policies](#)", an assessment of 41 international banks' seafood-related ESG risk management policies and procedures. Our analysis found that while most major seafood lenders are aware of the need to manage E&S issues in the sector, current policies - where they exist - are insufficient to prevent and manage their exposure to those risks; Only 20% of assessed banks disclosed seafood sector policies.

WWF-Singapore also published a related assessment of asset managers' seafood-specific ESG risk management policies and procedures. The analysis - summarised in the report - [Getting Underway: 2022 Baseline assessment of asset managers' approaches to addressing E&S risks in seafood-related investments](#) - show that despite most asset managers publicly recognising biodiversity and natural capital impacts as risks, seafood-related risks and impacts are not, in the vast majority of cases, being addressed. Of the 42 asset managers whose public disclosures were assessed, only one has already developed and publicly disclosed seafood-specific E&S expectations for its Investee companies.

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David Hsu, Secretary Treasurer; Amador R. Honrado, Jr., Editor;
Abby Moreno, Associate Editor; Teresa Liu, Assistant Editor
7F-2, No. 760, Sec. 4 Bade Road, Taipei 10567, Taiwan
Tel: (886 2) 2760-1139; Fax: (886 2) 2760-7569
Email: aba@aba.org.tw; Website: www.aba.org.tw