Asian Bankers Association

Newsletter

Table of Contents

July 2023

ABA Announcements

39th ABA General Meeting and Conference in Kathmandu, Nepal

The Asian Bankers Association (ABA) would like to invite all ABA members to this year's 39th ABA General Meeting and Conference hosted by the Nepal Bankers Association (NBA) on November 9-10, 2023 in Kathmandu, Nepal.

To be held at The Soaltee Hotel Kathmandu, 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 the first time that the ABA will be holding its annual Conference in Nepal.

Focusing on the theme ***"ASIAN BANKING: ROADMAP FOR RECOVERY AND SUSTAINED GROWTH"***, 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.

Invited Speakers will be addressing the following relevant and timely 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

Conference Website

We encourage you and your colleagues to register for the Conference by visiting the Conference website at www.abaconference2023.com, which also includes hotel booking information and other relevant details.

A copy of the Conference promotional brochure is available online which you may share with your colleagues and other network.

May we request you to already block the dates in your calendar of events this year?

We are counting on your valuable participation for the successful outcome of our annual gathering this year. Should you have questions at this stage, please do not hesitate to let us know.

Training Programs

Short-Term Visiting Program on "Building Banking Practices for a Greener Future" to be Hosted by UOB

The Asian Bankers Association (ABA) would like to invite members and non-members to participate in the Short-Term Visiting Program (STVP) to be hosted by United Overseas Bank (UOB) in Singapore on September 27, 2023.

The program will center around banking practices in the face of evolving environmental, social and governance challenges.

UOB will be sharing macro trends in sustainable development and transition to a low-carbon economy, its journey and aspiration towards net-zero, as well as experiences in integrating ESG considerations into risk management and financing solutions.

Training Programs

This program will provide participants with a platform for open discussion and knowledge sharing.

Tentative Program

09.00am-09.15am	Opening Remarks
09.15am-10.00am	Macro trends In Sustainability from a Banking Perspective (Speaker: Ms Melissa Moi- Head of Sustainable Business, Corporate Sustainability Office)
10.00am-10.30am	UOB's Sustainability Journey & Net Zero Commitments (Speaker: Ms Melissa Moi- Head of Sustainable Business, Corporate Sustainability Office)
10.30am-11.00am	Coffee Break
11.00am-11.45am	Green and Sustainable-Linked Financing for Financial Institutions (Speaker: Mr Martin Davis- Senior Vice President, Sector Solution Group)
11.45am-12.30pm	Climate Risk Management & Stress Testing (Speaker: Ms Elaine Khoo- Executive Director, Country and Credit Risk Management)
12.30pm-02.00pm	Lunch
02.00pm-03.00pm	Participants sharing session (Key takeaways & ESG/ sustainable experiences) (Moderator: Ms Li Huishi- Senior Vice President, Corporate Sustainability Office)
03.00pm-03.30pm	Program Evaluation / Presentation of Certificates of Attendance / Closing Remarks

ABA and BioCatch to jointly host an exclusive webinar on 'Combating Fraud, Scams & Money Laundering in 2023: A Behavioural Approach'

Biometrics is nothing new. Physical biometrics - fingerprint scanning, iris scanning, voice recognition - have been used for authentication for quite some time. Behavioural biometrics is simply a next iteration. Physical biometrics is not the only thing that makes us unique. Each of us interacts with technology in a unique way. Organizations use behavioural biometrics to track consumers' behaviours and/ or habits and the way they interact with an institution within the biometrics realm. Behavioural biometrics technologies aim to identify and leverage the things that really set us apart - our behaviours.

BioCatch is pleased to partner with the Asian Bankers Association (ABA) to give you a comprehensive analysis of the prevailing trends in fraud and scams in the ASEAN region and across the globe in 2023. Further, we'll discuss how behavioural biometrics has ascended as the cutting-edge tool in our fight against these unlawful activities.

Join Edgar Zayas, Director Global Advisory and ABA in this exclusive webinar for the discussion on:

- The latest trends and threats in fraud, scams, and money laundering in 2023, and the impact on the banking industry.

- The behavioural approach to fraud detection and prevention, and how it can be used to identify and prevent fraudulent activities in real-time.
- Glimpse into Fraud trends impacting other regions around the world

The webinar will take place on August 31 at 2:00PM Taipei time. We believe that this webinar will be highly informative and valuable for anyone involved in the banking industry, and we hope that you will join us for this exciting event.

To register, please click on the following link. We look forward to seeing your participation virtually!

Training Programs

Fintelekt and ABA co-host Webinar on Drug Trafficking Threat Assessment and AML/CFT Considerations

Fintelekt Advisory Services and the Asian Bankers Association organized a webinar on Drug Trafficking Threat Assessment and AML/CFT Considerations on July 5, 2023. More than 1200 participants from 54 countries were registered.

Shirish Pathak, Managing Director, Fintelekt Advisory Services moderated the webinar, which featured speakers that included Fabrizio Fioroni, Advisor AML/CFT, United Nations Office on Drugs and Crime (UNODC), Nabil Dipatuan, Financial Intelligence Lead, UnionDigital Bank Inc., and Arun Ajayagosh, Senior Manager, Financial Crime Compliance (AML & Sanctions), Wall Street Exchange.

The webinar started with Fabrizio presenting an analysis of the drug market in Asia, and trafficking trends in heroin, metamphetamine and cocaine. He used Covid-19 as a milestone to understand how organised crime is operating and producing profits, and in turn laundering the profits.

Some key conclusions from Fabrizio's presentation are:

- Opium cultivation for heroin is on the rise in Myanmar, reversing the downward trend observed since 2014.
- Majority of heroin seizures in the last few years are from the Mekong countries. Decrease in seizures observed in other countries in the region.
- The supply of Methamphetamine continues to increase, but seizures have decreased in East Asian countries.
- There has been growing priority placed on methamphetamine as the 'primary drug of concern' in the last decade.
- Prices of meth have decreased, but supply has grown.
- Cocaine's route through the Pacific Islands remained active during pandemic, with the major destinations being Australia and New Zealand.
- Three countries – Myanmar, the Philippines and Vietnam – are in FATF's list of monitored jurisdictions and have challenges in addressing money laundering and terrorist financing. These weaknesses facilitate expansion in activities for criminal organisations.
- Mechanisms for investigating money laundering and confiscation of proceeds of crime are not effective in several Asian countries, which allows the system to be misused by criminals for laundering proceeds. The private sector is also impacted, since they do not receive proper feedback from the public sector.

The presentation by Fabrizio was followed by a panel discussion that focused on the practical aspects of detecting suspicious transactions involving drug trafficking.

Shirish: There are significant challenges in identifying the underlying predicate offence in transactions that appear suspicious. Often many crimes have similar red flag indicators and there may also be co-mingling. How can the analyst pinpoint transactions that involve illicit activity to be related to drug trafficking? Can you share your experiences on investigating such transactions and disambiguating the different typologies?

Nabil Dipatuan: Yes, red flag indicators for many offences are often similar, and co-mingling is a challenge. Transnational crimes may not be restricted to drugs or narcotics trafficking but may also involve human trafficking or illegal firearm trade. The organisation can invest in providing quality training and workshops – whether in house or external – to help analysts recognize red flags.

Some indicators of drugs related transactions are:

- transactions with arrested, convicted, or suspect persons. Here, adverse media screening, whether manual, or automated, or a combination of the two is very useful.
- Customers or beneficiaries that receive funds from individuals or entities subject to asset freezes can also be investigated.
- Beneficiaries that receive funds from different places
- Recipients of large sums of money internationally or domestic, especially involving minors or students.
- Jurisdictions with increased involvement in drug trafficking

It is important to remember that there is often a combination of typologies involved, and these typologies as well as red flags are evolving from time to time. Hence, understanding the risks in your organisation's channels, customers, etc. is very critical.

Arun Ajayagosh: One to many, or many to one transactions are often indicative of suspicious transactions. These need to be examined in the context of the corridor or jurisdiction in which the transactions take place.

Financial institutions rely on transaction monitoring systems to generate customer alerts. However, rule-based alerts are less effective if the characteristics of the crime are less specific, such as in the case of drugs trafficking. There is no one-size fits all approach.

In addition to transaction alerts, the AML team can review the typology strategically and combine it with open source information relating to specific typologies. A specific analytical approach is required that takes a holistic view of a specific type of crime which is taking place in a corridor or geography. It would be helpful to understand the characteristics of the underlying transaction and to compare with previously identified transactions, especially those in the case of convicted individuals referred by law enforcement agencies.

In case of drugs trafficking related transactions, it is important to know the source, transit and destination countries and have knowledge of the prices, market trends and fluctuations, since drug values can vary by location, supply and demand.

A special analytical approach that goes beyond the transaction alerts is required for identifying patterns in the case of typologies such as drug trafficking. This should involve the use of open source information and patterns identified from similar transactions of convicted individuals.

Fabrizio Fioroni: There is unfortunately no formula that can be applied to understand the typology in the case of drugs or other type of crime. The market for drugs is largely cash based and hence there is a need for private sector financial institutions to train front line officers to understand the clients they deal with. There is also a need to go beyond the typical monitoring by bringing in open-source information.

There is also a need for building better relationships with the public sector. If reporting entities can have an early discussion with the public sector on suspicious transactions, there is an opportunity to facilitate the identification of drug trafficking and organised crime.

Another area is that of dual use goods. Those producing meth are also importing large amounts of chemicals, which may not necessarily be illegal. However, these may be controlled or listed chemicals, which need to have proper documentation.

Shirish: How can the AML monitoring system be fine-tuned in response to newer typologies and threats, so as to generate more relevant alerts, and in turn file more specific and useful suspicious transaction reports (STRs/SARs)?

Arun: Financial institutions should assess trends and patterns for existing and emerging typologies, coupled with an intelligence collection programme. Typology based information from reliable open sources need to be collated and all developments and trends with respect to a typology should be used to fine tune transaction monitoring system thresholds in an effective way.

Nabil: The organisation should continuously monitor their immediate risks exposure. They can start by monitoring advisories from their local regulators and FIUs for new and emerging threats and build those into their risk assessment. A timely and relevant risk assessment can help the firm to understand the evolving risks and effectively update the transaction monitoring system. Testing and optimisation should be carried out regularly.

Shirish: How is the UNODC contributing to awareness generation and capacity building within the private sector?

Fabrizio: For the private sector, the UNODC publishes reports and research that are in public domain and which provide a good overview of the market and are a good way to raise knowledge and awareness.

Further, the UNDOC usually provides technical assistance to the public sector to help with capacity building and technical assistance to implement effective AML/CFT mechanisms. These are also expected to be reflected in their relationships with the private sector through knowledge transfers.

Without knowledge coming from cases investigated and prosecuted by the relevant agencies, it would be very difficult for private sector financial institutions to build algorithms or processes that can monitor transactions. Public private partnerships are the best way to communicate and increase knowledge for better identification of patterns.

Fintelekt and ABA to co-host Webinar on Driving More Effective Enterprise-Wide ML/TF Risk Assessments

The Asian Bankers Association (ABA) and Fintelekt Advisory Services, an official ABA Knowledge Partner, wish to invite fellow bank members and friends to join a webinar on "Driving More Effective Enterprise-Wide ML/TF Risk Assessments" on August 3, 2023 at 13:30SGT.

Regulatory focus on Enterprise Wide Money Laundering and Terrorism Financing Risk Assessments (EWRAs) is increasing, driven by the importance of EWRAs in enabling a risk-based approach to AML/CFT.

However, conducting an EWRA is a complex exercise that is unique to each organisation. The multiple parameters involved bring in added complexity, such as the methodology, risk categories, weightages, control factors, etc.

The Fintelekt-ABA webinar will focus on the main question of "how to make EWRAs more effective".

Interested parties may register here.

Training Programs

Financial Times to hold Moral Money Summit Asia

The Financial Times' Moral Money Summit Asia focusing on the theme "Unlocking the potential of ESG" will be held on September 6-7, 2023, In-Person & Digital at The Westin Singapore.

The Summit will bring together business and government leaders, investors, financiers, multilateral agencies, policy-makers and experts for a two-day programme that will address the important question: How can Asia's leaders make the cut in this new era of heightened ESG awareness and action? Take advantage of the early bird discount and save on your in-person or digital pass if you book before August 10.

Register now and receive an additional 20% off with code FTABA.

News Update

Crypto Poses Significant Tax Problems—and They Could Get Worse

By Katherine Baer, Ruud de Mooij, Shafik Hebous, Michael Keen

Crypto assets that can be used as instruments of payment have proliferated into more than 10,000 variants since the 2009 debut of Bitcoin, the first and still the largest. The bewildering speed with which they have developed and the pseudonymity they can provide have left tax systems playing catch up.

In a new paper, we discuss how governments can address the emerging challenges of taxing these crypto assets while its use is still limited so that they prevent a leakage in tax revenue and protect the integrity of the tax system.

Classifying crypto

Views of crypto assets are diverse and held with passion. The prospect of liberating financial transactions from oversight by governments and the involvement of financial institutions is a libertarian dream for some. El Salvador and the Central African Republic have gone so far as to adopt Bitcoin as legal tender.

Critics, however, see crypto assets as not merely inherently worthless but a front for crime, scams, and gambling. They also point to their dizzying volatility. Bitcoin, for instance, soared from $200 a decade ago to nearly $70,000 in 2021 before plunging to around $29,000 today.

The collapse of FTX last year and recent US Securities and Exchange Commission lawsuits against Binance and Coinbase have fed anxiety among users while the appeal to criminal activities has been reflected in high-profile seizures of billions of dollars. These developments have triggered increasing scrutiny from policymakers and widespread calls for regulation.

But whether crypto assets ultimately boom or bust, a coherent way to tax them is needed.

A key issue is how to classify crypto assets—should they be regarded as property or currency? When crypto is sold for profit, capital gains should be taxed as they would be on other assets. And purchases made with crypto should be subject to the same sales or value-added taxes, or VAT, that would be applied for cash transactions.

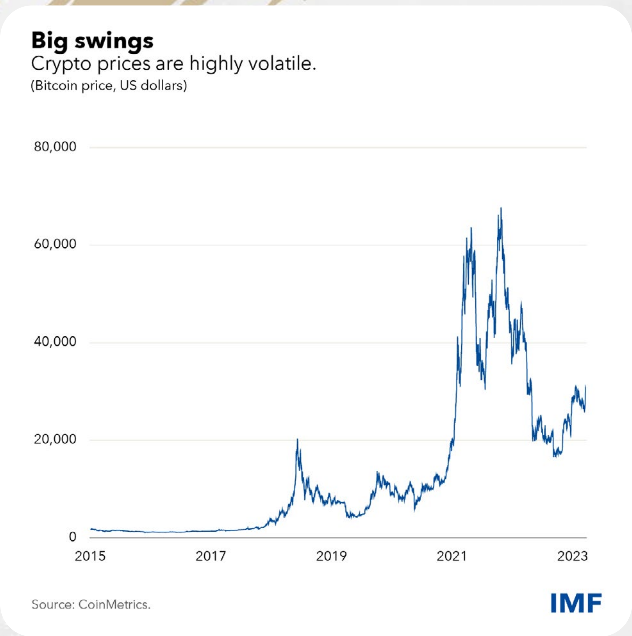
So, one important task is to ensure application of these principles, which requires clarity on how to characterize crypto for tax purposes: in essence, as currencies for VAT and sales taxes and as assets for income tax purposes. While this is not easy due to the evolving nature of crypto asset transactions, it is perfectly possible. The deepest challenges are then in enforcement.

Revenue considerations

Crude estimates suggest that a 20 percent tax on capital gains from crypto would have raised about $100 billion worldwide amid soaring prices in 2021. That is about 4 percent of global corporate income tax revenues, or 0.4 percent of total tax collection.

But with total crypto market capitalization down 63 percent from the late-2021 peak, tax revenues would then have shriveled. If these losses were fully offset against other taxes, there would be a corresponding reduction in revenue. In more normal times and with the current market size, global crypto tax revenues would probably average less than $25 billion a year. That, in the broader scheme of things, is not a huge amount.

News Update



There are also important fairness issues at stake. Though their pseudonymity makes it hard to be sure exactly who holds crypto, there are signs that ownership is heavily concentrated among the relatively wealthy—even though holding of crypto is strikingly common across people with low incomes too. Available surveys indicate that about 10,000 people hold one quarter of all Bitcoin.

There is also VAT. Crypto transactions have similarities to those in cash in their potential for being hidden from tax administrations. Today, the share of purchases made with crypto is still small. But widespread use, if tax systems were not prepared, could someday mean widespread evasion of VAT and sales taxes, leading to materially lower government revenues. This may be the biggest threat from crypto.

Addressing implementation

The most fundamental difficulty in taxing crypto assets is that they are "pseudonymous." That is, transactions use public addresses that are extremely difficult to link with individuals or firms. This can make tax evasion easier. Implementation is thus at the heart of the matter for tax authorities.

The problem is surmountable when people transact through centralized exchanges, since these can be made subject to standard "know your customer" tracking rules, and possibly withholding taxes. Many countries are putting such rules in place with the expectation that tax compliance will improve.

However, reporting obligations could induce people to keep tax authorities ignorant by instead using centralized exchanges abroad. To address that concern, the Organisation for Economic Co-operation and Development has developed a framework for crypto-related exchange of information between countries. Implementation, however, is some way off.

A more troubling possibility is that reporting rules (and the failures of some crypto intermediaries) could induce people to transact increasingly through decentralized exchanges or directly through peer-to-peer trades where no central governing body oversees these transactions. Those are still extremely difficult for tax administrators to penetrate.

Given the complexity of the fundamental challenges posed by pseudonymity, the rapidity of innovation, the vast information gaps, and the uncertainties ahead, the tide has not yet turned in the battle to incorporate crypto properly into the wider tax system. Some of the elements needed for doing so—such as clarity in their classification for tax purposes—are clear.

But the challenges are fundamental, and the risks, particularly to the VAT and sales taxes, may be greater than people recognize. As many (though far from all) governments are beginning to realize, policymakers need to develop clear, coherent, and effective frameworks for taxing crypto.

IMF

Ministers Agree on Currency Swap

Japan and South Korea agreed on June 29 to revive a bilateral currency swap deal for the first time in about eight years, another symbolic move that highlights the fast-improving ties between the two countries.

The decision came after Finance Minister Shunichi Suzuki and his counterpart Choo Kyung-ho met in Tokyo during the Japan-South Korea finance dialogue, held for the first time since 2016.

Choo said that it was regrettable that communication between the Japanese and South Korean finance authorities had effectively ruptured "because of various reasons," even though both are like-minded countries that share the values of liberal democracy and market economic order.

"Starting (with) June 30's meeting, we hope to continue and upgrade the Japan-South Korea finance dialogue, which will be the core place to expand and strength bilateral economic cooperation," Choo said at the beginning of the meeting.

To sustain the economies in the Asian region and maintain a stable financial system, "we have come to share the same recognition that we need to shore up our bilateral swap deal," Suzuki said during a news conference after the meeting.

According to the joint statement, the two ministers agreed to resume the swap arrangement for $10 billion.

The currency swap deal was launched in 2001 in light of the Asian financial crisis in the late 1990s to enable the two countries to mutually supply foreign currencies in times of emergencies. In 2011, the total swap arrangements were expanded to $70 billion from $13 billion. But the arrangement expired in 2015 amid souring ties.

The resumption of the currency deal is a sign that bilateral relations – which were significantly strained for years due to the issue of wartime labor – are on the mend. In recent months, South Korea President Yoon Suk-yeol has made it clear that he is seeking to improve relations with Japan.

In March, Yoon visited Tokyo, the first such trip in about 12 years for a South Korean leader, and agreed with Prime Minister Fumio Kishida to revive so-called "shuttle diplomacy" in which the two countries' leaders regularly visit each other, saying that they were opening a "new chapter" in ties.

Since then, the two nations have been making efforts to repair relations in various fields, including trade.

Japan relaxed export control measures for three critical chip manufacturing materials to South Korea in March, as Seoul withdrew its complaint with the World Trade Organization over Tokyo's restrictions.

On June 27, the Japanese government also decided that it will put South Korea back on its list of preferred trade partners starting July 21, reciprocating a similar move by Seoul made in April 2023.

As bilateral relations gain momentum, Japan and South Korea are also looking to bolster cooperation in other fields including chip supply chains.

Japan Times

ADB Approves Landmark $1 Billion Loan to Support Low-Carbon Public Transport in the Philippines

The Asian Development Bank (ADB) today approved a $1 billion loan to help establish a city-wide public transport project in Davao City, the first project in the country to deploy electric bus fleets at scale in support of the Philippines' efforts to reduce greenhouse gases and promote climate action.

The Davao Public Transport Modernization Project, ADB's largest road-based public transport project in the Philippines, is expected to serve as a pilot for overhauling the country's public road transport system. It will support the procurement of a modern fleet comprised of about 1,100 electric and Euro 5-standard diesel-fueled buses with operations managed by the private sector under performance-based contracts. The new fleet is expected to reduce 60% of annual greenhouse gas emissions from public transport in Davao City, the country's third-largest city by population.

"The project is set to transform the quality of Davao City's public transport and support the city's rapid economic growth with a low-carbon and climate-resilient bus system," said ADB Senior Transport Specialist for Southeast Asia Shuji Kimura. "Not only will this support the Philippines' climate goals, but it will help to improve the lives of vulnerable populations especially women and the young who use public transport daily."

The project will service about 800,000 passengers per day. It also includes the construction of around 1,000 bus stops with bright lighting and shelters, 5 bus depots and 3 bus terminals, and provide bus driving training for the new system. The project will upgrade the city's public transport experience via an intelligent transport system that includes a bus location system, automatic fare collection systems, and Wi-Fi connectivity in buses, terminals, and depots.

Based on extensive consultations with government and community stakeholders, the project will include a social development program to mitigate any adverse impacts and risks related to the restructuring of Davao City's transport sector. The assistance will include livelihood opportunities for affected public utility jeepney drivers, operators, and allied workers and their families, among others.

The ASEAN Infrastructure Fund is cofinancing the project with a $10 million loan under its ASEAN Catalytic Green Finance Facility (ACGF). The Green Climate Fund is providing a $50 million loan under the ACGF's Green Recovery Program. Both facilities are administered by ADB.

Technical assistance of $1 million will also be delivered to support the Department of Transportation and the Davao City local government in developing staff capacities to oversee bus operations and overall project implementation.

Since 2015, ADB has provided project preparatory technical assistance to help Davao City plan for the new bus system, including a capacity development program and a social development program. ADB's Infrastructure Preparation and Innovation Facility supported the government in preparing the project, including identifying the location of facilities, on-site surveys, designs and specifications, consultation with stakeholders, and procurement support.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.

ADB

News Update

Apple eyes credit card launch in India as partnership with Goldman may be nearing its end

Tech titan Apple is reportedly in talks with Indian banking giant HDFC Bank and the country's regulators to roll out a credit card offering across the subcontinent.

Sources tell Moneycontrol that Apple CEO Tim Cook met with HDFC Bank CEO and managing director Sashidhar Jagdishan during a recent trip to India.

Apple is also reportedly in talks with the National Payments Corporation of India (NPCI) to launch Apple Pay, and with the Reserve Bank of India (RBI) over specifics of the proposed card offering, which would be a co-branded credit card in partnership with HDFC Bank.

Sources add the discussions are still in early stages, with no official decision being made as of yet.

Goldman reportedly looks to exit Apple tie-up

According to a report from The Wall Street Journal, Goldman Sachs is potentially looking to exit its partnership with Apple in the US and is in talks with American Express to take over its Apple credit card and other Apple initiatives.

The pair recently launched the Apple Card savings account, a high-yield savings account which saw $1 billion in deposits within one week of its launch in April.

The move would signify a further retreat by Goldman Sachs from the retail banking market, with the US banking heavyweight also exploring a sale of its recently acquired buy now, pay later (BNPL) fintech GreenSky.

Fintech Futures

Private bankers at EFG, Bank of Singapore set big targets as Hong Kong offers 'next big leap' in wealth management

bal private banks are laying out big expansion plans in Hong Kong to pursue major opportunities created by the city's ambitions to become a hub for family offices in competition with Singapore, senior executives said.

Zurich-based EFG International aims to boost its asset under management in Asia-Pacific by two-thirds to 50 billion Swiss francs (US$55.8 billion) by 2025, according to board member Boris Collardi, who is also chairman of its Asia advisory board.

Bank of Singapore, the private banking arm of Oversea-Chinese Banking Corp, is seeking to boost its assets under management from US$124 billion to US$145 billion over the next three years in its key markets at home, and in Hong Kong and Dubai, its CEO Jason Moo said.

"We are positive on the market outlook for Asia over the next three years," Collardi said in an interview on July 6. "We think some of this [asset growth] will come from market appreciation, while another engine will be driven by new recruitment."

Hong Kong's government in March unveiled several measures to attract billionaires to set up family offices to pursue investment, philanthropy and succession planning. It offers a refreshed investment-migration programme, tax breaks and art storage facilities, among others, to achieve its target of winning 200 top family offices by 2025.

The move rekindled competition with Singapore, which has moved ahead over the past three years as Hong Kong grappled with social unrest and restrictive anti-pandemic measures. Assets managed by "non-retail individual clients", which include family offices, rose by S$470 billion (US$348 billion) from 2017 to 2021, the Singapore government said in May.

South China Morning Post

Tenth Mongolia Economic Forum takes place in Ulaanbaatar

The Prime Minister of Mongolia speaks at the 2023 Mongolia Economic Forum in Ulaanbaatar

The tenth Mongolia Economic Forum (MEF) continues in Ulaanbaatar on July 10 amidst the announcement by the Government of two new bodies to support investment into the country and of new partnerships with Elon Musk's SpaceX and leading geo-location company What3Words. This also follows the recent upgrading of Mongolia's projected economic growth in 2023.

2,200 guests from around the world – including leading representatives from global businesses, the third sector and multilateral organisations – are gathering for this two-day event (9-10 July) to discuss how they can work in partnership with the Mongolian Government to deliver its goal of doubling the country's GDP by 2030 and establishing Mongolia as a leading country in the region by the middle of the century.

Vision 2050 and the New Recovery Policy announced in 2022 set a clear strategic direction for Mongolia's sustainable development to inform the Government's wider policy programme. This direction has enabled rapid progress to date and provides the foundation for the latest round of milestones announced this year at the Forum.

This morning the Government announced the creation of the Private Partnership Centre and the Investment and Trade Agency, to support more investment into the country. The Investment and Trade Agency, for example, will provide 'a bridge for business in Mongolia', providing assistance in the protection of investors' legitimate rights and interests, helping expand import diversification and to improve the competitiveness of import substituting industries.

In addition, in his keynote address to the Forum this morning, Minister for the Economy and Development and Deputy Prime Minister Khurelbaatar Chimed outlined the opportunities for investment that exist in Mongolia and the Government's intention to amend the Draft Law on Investment to help facilitate new investment partnerships.

Figures show that the Government's focus on removing barriers to growth through its US$ 49 billion New Recovery Policy – unveiled in December 2021 – and Vision 2050 blueprint are continuing to deliver results. Following above-forecast growth of 4.8% in 2022 – 1.1% of which was attributable to the New Recovery Policy – and growth of 7.9% in the first quarter of this year, the country's growth forecast for 2023 has been upgraded from 5% to 6%. The growth forecast for 2024 is now 6.5%.

This growth, particularly following the pandemic, was made possible by working closely with Dr Tedros Adhanom Ghebreyesus, Director General of the World Health Organisation (WHO). Through working together, we achieved remarkable vaccination coverage of Mongolians during the pandemic, with 90% of the target group receiving at least the first dose. This helped us end COVID-19 restrictions in February 2022, and ensured that our mortality rate was five times lower than in other countries. We are delighted that Dr Ghebreyesus has been able to attend this year's MEF.

A key part of our 'Vision 2050' plan is fostering a culture of well-being. Since May 2022, the Government has run a campaign to encourage take-up of early screening and diagnosis services, a key milestone in encouraging the proactive management of our people's healthcare. I am delighted that 1 million citizens have taken part in this initiative so far.

Two announcements of significant new investment in Mongolia have also been made over recent days, underlining the benefits being delivered by the Government's pro-growth agenda:

- The Government of Mongolia has entered into an unprecedented alliance with SpaceX, enabling millions of internet users in Mongolia to access high-speed internet through Starlink, particularly benefiting people in rural areas and supporting Mongolia's digital transformation
- The Government of Mongolia has also forged new strategic alliances with technology company What3Words, supporting the use of Optical Character Recognition technology to streamline postal services, and enabling the increased visibility of Mongolia's heritage sites and key tourism spots

Central Bank of Mongolia

ADB projects increase in factoring volume in Uzbekistan

The potential factoring volume in Uzbekistan may reach up to $1.9 billion, Trend reports.

As the Asian Development Bank (ADB) pointed out, Uzbekistan's GDP in 2022 stood at $80.4 billion. At the same time, if the factoring volume in the country was to reach a penetration rate of 2.4 percent, which is the average observed in neighboring countries, the potential factoring volume could amount to approximately $1.9 billion.

Factoring in Uzbekistan is regulated under the Civil Code, which serves as a foundation for the initial development of the market. However, the existing legislation requires significant enhancements to align with international practices, the bank noted.

The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) are collaborating with the Government of Uzbekistan to establish an appropriate enabling framework. Additionally, the Asian Development Bank (ADB) has conducted training sessions for banks on Supply Chain Finance (SCF) to bridge the knowledge gap.

In April 2022, new financial sector policies and reforms were implemented, allowing both banks and nonbank credit institutions, including microfinance entities, to offer factoring services.

Furthermore, the introduction of the 2011 law on credit information sharing has facilitated the establishment of the first local private credit bureau in Uzbekistan.

In 2022, ADB committed 5 new public sector projects and programs for just over $1 billion to Uzbekistan. To date, ADB has committed 240 public sector loans, grants, and technical assistance totaling $11.5 billion to Uzbekistan. Cumulative loan disbursements to Uzbekistan amount to $7.69 billion.

Trend News Agency

Financial World Fails to Account for Cost of Heat

Record high temperatures are fueling climate conditions that put more lives at risk through unprecedented drought, floods and storms.

The global heat wave is also having an effect on the financial world, providing a stark reminder of how asset managers are struggling to assess the impact such physical climate risks have on their investment portfolios.

"I don't think the market understands the direct and indirect risk" facing corporate assets from climate-related disasters, said Matthew Wright, a research analyst at Impax Asset Management Group, which runs one of the world's biggest investment portfolios geared toward a low-carbon economy.

Impax's portfolio broadly excludes many companies that derive any direct revenue or profit from thermal coal, oil or gas, and instead focuses on companies involved in areas such as renewable energy, water protection and food-waste reduction. But even the physical assets of these companies can be threatened by high heat, water scarcity and other physical impacts.

The problem, Impax says, is that it can't easily measure that risk. "The lack of asset-location data is a real barrier," Wright says. In the case of exposed infrastructure, for example, "some geographies aren't set up for the thermal ranges we can expect in the future."

The world just had the hottest week on record, according to preliminary data published by the World Meteorological Organization. That follows the hottest June on record, spurred in part by unprecedented sea-surface temperatures.

The recent heat waves – attributable to global warming caused by greenhouse gas emissions – have been exacerbated by the weather pattern known as El Nino.

"The situation we are witnessing now is the demonstration that climate change is out of control," Antonio Guterres, secretary-general of the United Nations, wrote in a July 7 post on social media.

United Nations Secretary-General Antonio Guterres speaks at the Climate Action Summit at the United Nations in 2019 in New York City. | GETTY IMAGES / VIA BLOOMBERG

High temperatures are causing deaths and bringing misery to millions of people spread across the globe. They also are creating challenges for corporate workforces, infrastructure and supply chains.

India's rapeseed production and Spain's strawberry crop have taken hits. Blackouts are becoming more common in Asia as use of air conditioners and refrigeration increases. U.S. electricity grids are also strained and the U.K.'s workplace regulator has reminded companies to protect their employees whether they work inside or outdoors.

The industries most affected by rising temperatures range from construction companies, which rely on manual labor, to agriculture, where yields often fall as temperature rise, and transportation, which can be affected by heat-impacted roads, low water levels in rivers and buckling train tracks.

More than 90% of the world's largest companies will have at least one asset financially-exposed to climate risks such as water stress, wildfires or floods by the 2050s, according to research by S&P Global Sustainable1, a unit of S&P Global. Assets can include factories, warehouses and data centers.

The warming pattern is a conundrum for asset managers, since they generally aren't good at modeling shot-term investment risks associated with heat waves and other location-specific disasters.

In 2020, London-based Impax teamed up with the New York State Common Retirement Fund to ask U.S. companies in the S&P 500 to voluntarily disclose the locations of key assets-such as buildings, facilities and installations – whose loss or impairment would impact their financial results.

Only 13% of the companies responded. Of those that did , just three demonstrated that they had seriously considered their potential liabilities from climate-related damages and had plans in place to reduce or adapt to those risks, according to Impax. Most imply provided "the occasional boilerplate sentence in a financial report to the effect that natural disasters may cause unspecified harm in the future," the asset manager said.

"We're disappointed at the level of understanding and disclosure," Wright added.

Impax's concern about heat waves got a jolt last summer when soaring temperatures disrupted London data centers used by Alphabet and Oracle. The asset manager says it wondered about its own exposure to other companies that operated or relied on data centers. This was especially the case with Asia, where high average temperatures can reduce water availability and make it difficult to keep servers cool.

"These are massive physical assets, and they're just stuck there – fixed in place," Wright says. "That's a risk to us."

In partnership with the U.K. Centre for Greening Finance and Investment at the University of Oxford, Impax published findings in April about two Asia data center assets in its portfolio. The asset manager calculated that heat waves may cause one of the unidentified companies a projected averages loss of about $30 million per year by 2050, while the other company had a slightly lower projected annual loss.

Wright says it’s likely the estimates don’t reflect reality, and that the true numbers are probably a lot higher.

“We think all companies are exposed to physical risk in some way,” Wright says. “It’s frustrating when they say they aren’t concerned.”

Bloomberg

ASEAN Rate Hikes Squeeze Margins for Millions of Small Companies

Renaldi Perdana Kesuma, founder and CEO of Tenue de Attire, a trendy Jakarta-based menswear company, bemoans that higher interest rates have pushed up his cost of doing business by 7% to 10%.

Renaldi Perdana Kesuma, founder and CEO of Tenue de Attire, a trendy Jakarta-based menswear company. The ASEAN region is home to an estimated 71 million micro, small and midsized enterprises. (Handout photo)

Renaldi, whose company employs 42 people and had an annual turnover of about $1 million last year, told Nikkei Asia he has not been able to pass on the added overhead to consumers, as their purchasing power has declined.

"Our customers have debts and loans they need to pay, so any change in interest rates will also affect the Renaldi Perdana Kesuma, founder and CEO of Tenue de Attire, a trendy Jakarta-based menswear company, bemoans that higher interest rates have pushed up his cost of doing business by 7% to 10%.

Renaldi, whose company employs 42 people and had an annual turnover of about $1 million last year, told Nikkei Asia he has not been able to pass on the added overhead to consumers, as their purchasing power has declined.

"Our customers have debts and loans they need to pay, so any change in interest rates will also affect them," said Renaldi. "Combined with price hikes for their primary needs, it has resulted in lower disposable income for clothes shopping."

Renaldi's company is one of the estimated 71 million micro, small and midsized enterprises (MSMEs) in Southeast Asia, the backbone of the region's economy.

"Any surge in interest rates directly escalates the cost of their financing," Arsjad Rasjid, chairman of the ASEAN Business Advisory Council (ASEAN-BAC), told Nikkei Asia.

"This situation can lead to decreased profitability, limit their access to capital, and amplify the risk of default. I am concerned," he said, adding that MSMEs create jobs and contribute to economic growth.

Despite the central role MSMEs play in the region's economies, they heavily rely on debt financing to maintain operations, said Arsjad.

The 71 million MSMEs in the 10 ASEAN member states account for 97% of the region's businesses and employ 67% of the working population, while contributing an average of 40.5% to each country's gross domestic product, according to ASEAN-BAC. Of that figure, 62 million MSMEs are based in Indonesia.

ASEAN countries -- including Singapore, Indonesia, Malaysia, Thailand and the Philippines -- have raised interest rates in line with U.S. hikes to battle inflation caused by soaring food and energy prices.

Jayant Menon, senior fellow at the Singapore-based ISEAS-Yusof Ishak Institute, said MSMEs with floating-rate loans would be most affected by the high or rising interest rates, while those with fixed-rate loans will benefit.

"[High interest rates] will immediately cut into profits by increasing the servicing cost of firms with floating-rate loans. It will also affect future growth by reducing the incentive to invest and expand operations due to the higher cost of finance," said Jayant.

Jayant said high interest rates will also affect consumer demand, leading to lower sales. "High interest rates will hit MSMEs on both the supply and demand sides, producing a double whammy that could leave many of them on the brink of bankruptcy," said Jayant.

Citing figures from the Asian Development Bank, ASEAN-BAC's Arsjad Rasjid said a mere 1% hike in interest rates could result in a 0.5% dip in the profitability of MSMEs. "Alarmingly, the same percentage increase in interest rates could lead to a 10% rise in the number of bankrupt MSMEs."

"These statistics are especially concerning in the Indonesian context, with one MSME for every five inhabitants," said Arsjad, who is also chairman of the influential Indonesian Chamber of Commerce and Industry.m," said Renaldi. "Combined with price hikes for their primary needs, it has resulted in lower disposable income for clothes shopping."

Renaldi's company is one of the estimated 71 million micro, small and midsized enterprises (MSMEs) in Southeast Asia, the backbone of the region's economy.

"Any surge in interest rates directly escalates the cost of their financing," Arsjad Rasjid, chairman of the ASEAN Business Advisory Council (ASEAN-BAC), told Nikkei Asia.

"This situation can lead to decreased profitability, limit their access to capital, and amplify the risk of default. I am concerned," he said, adding that MSMEs create jobs and contribute to economic growth.

Despite the central role MSMEs play in the region's economies, they heavily rely on debt financing to maintain operations, said Arsjad.

The 71 million MSMEs in the 10 ASEAN member states account for 97% of the region's businesses and employ 67% of the working population, while contributing an average of 40.5% to each country's gross domestic product, according to ASEAN-BAC. Of that figure, 62 million MSMEs are based in Indonesia.

ASEAN countries -- including Singapore, Indonesia, Malaysia, Thailand and the Philippines -- have raised interest rates in line with U.S. hikes to battle inflation caused by soaring food and energy prices.

Jayant Menon, senior fellow at the Singapore-based ISEAS-Yusof Ishak Institute, said MSMEs with floating-rate loans would be most affected by the high or rising interest rates, while those with fixed-rate loans will benefit.

"[High interest rates] will immediately cut into profits by increasing the servicing cost of firms with floating-rate loans. It will also affect future growth by reducing the incentive to invest and expand operations due to the higher cost of finance," said Jayant.

Jayant said high interest rates will also affect consumer demand, leading to lower sales. "High interest rates will hit MSMEs on both the supply and demand sides, producing a double whammy that could leave many of them on the brink of bankruptcy," said Jayant.

Citing figures from the Asian Development Bank, ASEAN-BAC's Arsjad Rasjid said a mere 1% hike in interest rates could result in a 0.5% dip in the profitability of MSMEs. "Alarmingly, the same percentage increase in interest rates could lead to a 10% rise in the number of bankrupt MSMEs."

"These statistics are especially concerning in the Indonesian context, with one MSME for every five inhabitants," said Arsjad, who is also chairman of the influential Indonesian Chamber of Commerce and Industry.

Iman Kusumaputra, co-founder of Kopikalyan, an Indonesian specialty coffee roaster with cafes in Jakarta and one outlet in Tokyo's fashionable Harajuku district, is another MSME dealing with higher costs.

Iman Kusumaputra, co-founder of Kopikalyan, an Indonesian specialty coffee roaster, is another MSME dealing with higher costs. (Handout photo)

"Costs have increased by an average of 10% to 15% since 2022. Profit margins have reduced by 3% to 5%," Iman told Nikkei. "Kopikalyan ... uses mostly locally sourced and locally produced materials. However ... some key products are imported, like butter and flour, mainly for our bakery."

Iman is also concerned with the increasing cost of machinery and equipment, and has been unable to adjust prices, so his focus now is on increasing sales volume. "Cost pressures have also forced us to become more creative and diligent in R&D."

Even so, Manggi Taruna Habir, a visiting fellow at the ISEAS-Yusof Ishak Institute, was more positive, saying the situation for Indonesian MSMEs was not "as dire as some would expect."

Indonesian MSMEs have faced high interest rates for years, as a significant portion of their loans comes from informal lenders who charge higher rates than the formal banking sector, said Manggi.

While Bank Indonesia has raised the benchmark seven-day reverse repurchase rate from a low of 3.5% in July 2022 to the current 5.75%, Manggi said lending rates for MSMEs have remained more or less stable.

Arsjad Rasjid of ASEAN-BAC said many MSMEs struggle to meet the stringent requirements set by traditional financial institutions, lack sufficient collateral, or have limited financial literacy, making it difficult for them to access credit.

He called on the Indonesian government to extend loan guarantees like the Guaranteed Microfinance Programme to MSMEs to give them better support. Arsjad Rasjid added that ASEAN governments need to create policies for balanced competition and simplify regulations.

Renaldi, founder of the Indonesian menswear company, says his company has taken steps to streamline operations.

"We have successfully renegotiated contracts with our production vendors to secure better payment terms and reduced production costs," he said. "Additionally, we are exploring cost-effective sales channels and leveraging organic marketing campaigns, which are less expensive compared to relying solely on paid advertising."

"With these, we are able to optimize our operations, achieve cost efficiency, and maintain our profitability."

Nikkei Asia

Visa Partners SAP on B2B Payments

Digital payments firm, VISA and enterprise application software company, SAP, have partnered to embed Visa-enabled payments solutions into SAP's Business Technology Platform (SAP BTP) software.

The initiative, led by the firms' respective Asia Pacific teams, will allow businesses to accept payments via the SAP platform, thus steamlining and simplifying business-to-business (B2B) payments, the announcement explained.

The solution is slated to go live within the next six months; initially in Australia, India, Japan, Malaysia, Singapore, Thailand and Vietnam. It will launch in additional markets thereafter, a spokesperson for Visa told Corporate Treasurer.

The development marks the first collaboration between Visa and SAP.

"At Visa, we work with partners from financial institutions to fintechs, merchants and technology providers to drive innovation and deepen capabilities in the embedded finance space," the spokesperson shared.

Outside of Asia Pacific, Visa recently partnered Europe-based plug-and-play finance specialist, Weavr, to develop embedded finance solutions for enterprise resource planning (ERP), HR and B2B commerce.

It has also partnered UK-headquartered fintech, Finastra, on cross-border payments; and in Singapore, it collaborates closely with payments infrastructure platform, Thunes, to enable B2B flows to digital wallets.

So far, the bulk of digital transformation in payments has been focused on the consumer space, Visa regional president of Asia Pacific, Stephen Karpin, noted in the release. However, the Visa team estimates that the B2B payments space represents more than $50 trillion worth in market opportunity across APAC.

Discussing the company's plans to target this space, the Visa spokesperson said, "Within B2B, our strategy is focused on card-based payments, cross-border payments and accounts receivable and payables. We continue to expand our client base geographically and in different segments, such as supply chain, fleet, healthcare and travel."

In 2022, Visa's B2B push payments platform, Visa direct, executed a total of 5.9 billion transactions, a Q4 2022 earnings call revealed.

Meanwhile the SAP team, which claims to provide services to 99 out of 100 of world's large enterprises and counts 46,000 customers in APAC and Japan (APJ), views the partnership as an opportunity to enhance customer experience for those corporates using its software to run their businesses.

Paul Marriott, President of SAP APJ, said that the firm is focused on supporting customers with digitization and sustainability efforts.

"As digital transformation continues to accelerate, the potential in APJ for secured, reliable, and agile digital payments, with use cases such as embedded finance, is phenomenal – not only in the B2C space, but more significantly in the B2B space, as business users increasingly expect the same level of B2C convenience and digital experience for their B2B interactions," he said.

However, many businesses in the region – especially SMEs – lack the resources to digitalise B2B payments.

Marriott also said that B2B embedded finance solutions will empower these smaller firms to "leapfrog" others in the market and future-proof their businesses. "It is a key driver that will liberate more innovations in the regions," he added.

Corporate Treasurer

HK vs Singapore for Global FX Trader Preference

Hong Kong (HK) and Singapore fight it out to be crowned the most attractive foreign exchange (FX) trader location ahead of New York, London, Paris and other major FX hubs according to Forex Suggest.

Analysing job postings, wage data and ease of trading/download speed for selected FX trading roles in global markets, Forex Suggest revealed that Singapore narrowly rated ahead of Hong Kong as the number one FX trader country in the world. The city state won out off the back of its status as an investor safe-harbour with a triple-A sovereign credit rating and minimal legal limitations.

"We included the country's inflation rate and gave each country a forex legality score out of three. Countries scored one if forex trading is banned, two if it is legal with restrictions, and three, if it is fully legal" a Forex Suggest spokesperson commented to CorporateTreasurer,

Within HK and Singapore, which FX providers are winning the fierce battle for Asia Business FX?

East & Partners newly enhanced Hong Kong and Singapore Business FX services, based on direct interviews with 1,864 CFOs and treasurers, delve deeper into competitive positioning dynamics between leading bank and non-bank FX providers. The long running analyses now in their tenth year of continuous reporting deliver strategic insight into rapidly evolving FX customer behaviour in Asia's major FX hubs.

East and Partners

Member Personalities

State Bank of India celebrates 68th Bank Day

State Bank of India celebrated its 68th Bank Day on 01st July 2023. The Bank was incorporated by an Act of Parliament on 01.07.1955. The day was celebrated throughout the country by organizing various programmes at different centers. At Chandigarh, the Bank Day was celebrated by organizing Circle Level Staff Cultural programme and a get together of local dignitaries, customers, staff and their families at Tagore theatre, Sector-18, Chandigarh. Sh. Vinod Jaiswal, Chief General Manager, Chandigarh Circle graced the occasion as the Chief Guest.

The get together was made memorable with energetic and melodious performances of Staff members from the states of Punjab, Haryana, Himachal Pradesh & UTs of J&K, Ladakh and Chandigarh in the Circle. At the outset, Sh. Vinod Jaiswal, Chief General Manager, Chandigarh Circle in his brief address, informed the audience about the importance of maintaining the values of glorious heritage of Banking by SBI in its over 200-year journey. Today SBI is in forefront of Banking by leading in Financial Inclusion and providing Banking Services to all.

History of State bank of India

The State Bank of India (SBI) is the largest bank in India and one of the largest banks in the world. It has a long and rich history, dating back to 1806 when the Bank of Calcutta was founded. The Bank of Calcutta was one of three presidency banks in British India, the other two being the Bank of Bombay and the Bank of Madras. These three banks were the first joint-stock banks in India and were granted the exclusive right to issue paper currency.

In 1921, the three presidency banks were merged to form the Imperial Bank of India. The Imperial Bank of India continued to be the leading bank in India until 1955, when it was nationalized and renamed the State Bank of India. The nationalization of the State Bank of India was a major step in the development of the Indian banking system. It gave the government a greater role in the banking sector and helped to ensure that banks were more responsive to the needs of the people.

The State Bank of India has grown rapidly since its nationalization. It now has over 24,000 branches and over 50,000 ATMs across India. It also has a presence in over 30 countries around the world. The State Bank of India is a major player in the Indian economy and plays a vital role in the financial development of the country.

The State Bank of India is a major driver of economic growth in India. It provides financial services to millions of people across the country and helps to facilitate trade and investment. The bank is committed to providing its customers with the best possible service and is constantly innovating to meet the changing needs of the market.

The slogan of SBI is "Pure Banking, Nothing Else". This reflects the bank's commitment to providing its customers with simple, transparent, and efficient banking services.

Current Affairs

Among Member Banks

BEA Expects Continuous Growth of the Chinese Mainland Economy, Catalysing a New Cycle of Economic Expansion in Hong Kong

The Bank of East Asia, Limited ("BEA" or the "Bank") expects both the Chinese Mainland and Hong Kong economies to maintain their momentum for the remainder of 2023, growing at around 6.0% and 5.5% respectively for the full year.

BEA held its 2023 2H Economic and Market Outlook: "New Economic Landscape·New Opportunities" media briefing, during which the Bank's Chief Economist, Mr Ricky Choi, and Chief Investment Strategist, Mr Frank Lee, shared their views on the macroeconomic outlook and investment markets.

Mr Ricky Choi, the Chief Economist at BEA, said, "The Chinese Mainland economy has staged a notable recovery in Q1 2023, driven by the post-COVID reopening, a rebound of private consumption, and favourable policy support. The consumption and services sector are anticipated to take a lead in sustaining the recovery. Investments in technology and infrastructure will also maintain a steady growth. Altogether, a strengthening domestic demand will drive the revival of the economy and offset the pressure from an uncertain external environment."

Chinese Mainland's Economy:

- GDP is forecasted to grow by around 6.0% in 2023, with a moderate CPI inflation estimated at 1.5%.
- Domestic demand will remain solid as production and services activities continue to recover. Services consumption will be a key highlight, given the tremendous pent-up demand for sectors such as tourism, entertainment, catering, and transportation services.
- Favourable policy support will continue to boost consumption, confidence, and employment, with further room for targeted fiscal and monetary easing.

Commenting on the Hong Kong economy, Mr Choi said: “Driven by the economic reopening, a resumption of cross-border travel, a strong labour market, improved business sentiment, and the Government’s fiscal measures, Hong Kong’s economy enters a new expansionary cycle with amplifying momentum on multiple fronts. Overall, Hong Kong's economy is expected to grow substantially in 2023.”

Hong Kong’s Economy:

- Hong Kong’s economy rebounded notably by 2.7% year-on-year in the first quarter of 2023. The strong recovery is driven by a buoyant domestic demand, a rapid rise in inbound tourism, and a revival of private investment.
- GDP is expected to grow at around 5.5% in 2023.
- The unemployment rate is predicted to decline to an average of 2.8% in 2023.
- Given the sustained economic growth, inflationary pressure is expected to go up moderately, with consumer price inflation estimated to be around 2.7% in 2023.
- With an improving market sentiment, it is projected that Hong Kong’s residential property prices will rise by around 7.5% in 2023.

Interest Rate Outlook:

- Since March 2022, the Fed has cumulatively raised the fed funds rate target range by 500 basis points to 5.00%-5.25%. With sticky inflationary pressure, the Fed is expected to raise rate by at least 25 bps once and keep the interest rate at a high level for an extended period of time.
- During the current tightening cycle, the Hong Kong dollar prime rate rose by a total of 75 basis points, a slower pace than that of the US policy rate. With the US interest rates still facing upward pressure, there is room for increases in rates in Hong Kong.

On the outlook for the investment markets, Frank Lee, Chief Investment Strategist at BEA, said, “Chinese Mainland authorities have recently introduced measures to stabilise growth, which will bring support to Hong Kong stocks. For overseas markets, emerging Asian markets are showing promising prospects, while there is a general consensus the risk of the US economy slipping into recession is increasing and funds looking for safe havens will flow from US stocks to US treasuries and gold.”

Investment Markets Outlook:

- The Hang Seng Index is predicted to test the 22,000 point level in the second half of the year, with a target P/E ratio of 10.5 times.
- Sectors that benefit from the central state-owned enterprises reform are anticipated to outperform, for example, Mainland telecom, banking, power, and infrastructure stocks.
- Emerging Asia economies will benefit from the China-US competition.
- Global stock markets are showing divergent trends, and opportunities and risks coexist in Asian stock markets.
- There is a consensus that the risk of a US economic recession is rising.
- The yields of 1-year US treasuries and other investment-grade bonds are attractive, given that the US is expected to lower interest rates by the end of the year.

BEA News

SBI launches 34 Transaction Banking hubs nationwide to drive growth

State Bank of India, on Saturday, launched 34 Transaction Banking Hubs at 21 district centres across the country with an aim to provide quick and efficient Transaction Banking solutions to customers.

Dinesh Khara, the chairman of the SBI, inaugurated the hubs, on the occasion of the 68th foundation day of the bank.

As part of the transformational journey of Transaction Banking services and Current Account-related offerings, the bank's goal is to meet all customers' needs and provide comprehensive solutions for their transaction, payment, and collection requirements under one roof, read SBI press release.

The newly launched hubs will be staffed by product specialists who will also assist business customers with their other financial service needs by leveraging the 'Power of One' within the SBI Group by enabling seamless connectivity with different business verticals and subsidiary companies.

On the occasion, Chairman Khara acknowledged the successful turnaround by onboarding over 2000 Current Account (CA) customers on revamped CA variants. These variants offer attractive concessions on bundled Transaction Banking services.

Additionally, during the pre-launch campaign in June 2023, the Bank mobilized over 1000 crore deposits at these centres, added the release.Chairman also congratulated the staff on achieving a significant improvement in market share in the CA segment. He also acknowledged that the transformation initiatives launched last year have started yielding positive results.

In March 2023, the market share increased by 1.06 per cent compared to the previous quarter (Dec 2022), marking the highest increase among all banks, read the release.

Business Standard

Among Member Banks

MUFG Bank and Groovenauts Form Capital and Business Alliance

MUFG Bank and Groovenauts, Inc. (Groovenauts) today announced that they have entered into a capital and business alliance to utilize AI and quantum technologies, and MUFG Bank has acquired approximately 18% of Groovenauts' outstanding shares. As a result, Groovenauts will become an equity-method affiliate of MUFG Bank.

Groovenauts is a software company with expertise in utilizing AI and quantum technologies. Based on its proprietary advanced technologies in areas including AI and quantum technology, Groovenauts develops and provides IT services to support digital transformation (DX) in the private sector and municipal governments. MAGELLAN BLOCKS, Groovenauts' flagship SaaS software, incorporates cutting-edge technologies and advanced mathematical models, including world-leading use of quantum annealing.

Through this alliance, MUFG Bank and Groovenauts will promote the Bank's digital transformation and strengthen the development of digital human resources, as well as collaborate in a variety of fields, including enhancing risk management in areas such as credit and market portfolios that link to optimization of asset liability management (ALM), refining analysis of reputation and operational risk, and improving administrative and operational efficiency. We will also promote the application of Groovenauts' quantum technology to the financial sector and aim to contribute to the development of the financial industry by extending solutions implemented through demonstration and use of advanced technologies to other financial institutions.

While aggressively adopting new technologies, MUFG Bank and Groovenauts are committed to undertaking innovation, including promoting advanced digitization and providing value-added financial services.

MUFG News

Mizuho Bank arranges Mizuho Green Real Estate Non-Recourse Loan for a Singapore commercial real estate project managed by AEW

Mizuho Bank, Ltd. (President & CEO: Masahiko Kato; hereafter "Mizuho Bank"), has concluded a Mizuho Green Real Estate Non-Recourse Loan for the refinancing of the existing term loan secured by a commercial real estate project in Singapore (hereafter "the Project") managed by AEW Asia Pte. Ltd., a wholly owned subsidiary of AEW Capital Management, L.P., one of the world's largest real estate investment managers. This represents the first Mizuho Green Real Estate Non-Recourse Loan to be extended in Singapore. Mizuho Bank has been appointed as sole Mandated Lead Arranger and Bookrunner and Green Loan Coordinator.

The Mizuho Green Real Estate Non-Recourse Loan is based on a unique evaluation framework aligned in principle with the Green Loan Principles. The evaluation framework has been developed to assess individual real estate projects and the environmental and social impact of the projects' management and operation. The framework was created in consultation with a major real estate appraisal organization, and Rating and Investment Information, Inc. serves as a third party advisor in assessing prospective loan recipients.

Mizuho Bank provides loans by evaluating a broad range of initiatives on the Project including sustainability enhancements, such as adherence to the Building & Construction Authority (BCA) Green Mark Platinum standard, greening of the building's common areas, as well as social impact initiatives such as installment of barrier-free facilities and emergency generators.

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.

For over 40 years, AEW Capital Management, L.P. (AEW) has provided real estate investment management services to investors worldwide. One of the world's largest real estate investment advisors, AEW and its affiliates manage $91.6 billion of property and securities in North America, Europe and Asia (as of March 31, 2023). Grounded in research and experienced in the complexities of the real estate and capital markets, AEW actively manages portfolios in both the public and private property markets and across the risk/return spectrum. AEW and its affiliates have offices in Boston, Los Angeles, Denver, London, Paris, Düsseldorf, Hong Kong, Seoul, Singapore, Sydney and Tokyo, as well as additional offices in seven European cities.

Mizuho News

Among Member Banks

Japan's SMFG to start $210m venture fund to develop unicorns

Japanese megabank Sumitomo Mitsui Financial Group (SMFG) will launch a fund to help startups develop into "unicorns" -- fast-growing unlisted companies valued at $1 billion or more -- Nikkei has learned, with a focus on those at a later stage of growth. The scale of investment is expected to be around 30 billion yen ($210 million).

In Japan, many startups have gone public with still fragile finances, as few investors are willing to provide large sums to those in the later stages of growth. More providers of risk capital will make it easier for startups in Japan to grow into unicorns and compete in the global market.

SMFG will soon launch a fund in partnership with Global Brain, a prominent Japanese venture capital specialist. The majority of funds will be provided by SMFG, while the actual investments will be made by Global Brain.

Global Brain was a backer of Mercari, an online marketplace app, since its founding and helped it become Japan's first unicorn.

SMFG's new fund will be one of Japan's largest focusing on late-stage startups. It will be managed over a seven-year period, with several billion yen invested in each company. The fund will invest mainly in startups with a corporate value of more than 10 billion yen, aiming to grow them into the 50 billion to 100 billion yen range, and then sell them or list their shares within a few years.

Startups usually raise funds from different investors, depending on their stage of growth. The number of investors working with startups in the "seed" or "early" stages, which support entrepreneurs from the beginning, has been increasing and developing depth in Japan, especially among venture capital companies.

But relatively few focus on later-stage startups, where investment can help with mass production, research and development and growing sales. This lack of late-stage investors is one reason why there are fewer examples of startups in Japan like the American tech giants that have gone on to become household names. SMFG's new fund looks to address this funding gap.

"The reason there are few unicorns in Japan is because few investors take risks at the later stage," points out Hiromi Yamaji, CEO of Japan Exchange Group.

According to data from Japan's Cabinet Office, the ratio of late-stage growth to total venture capital investment is around 70% to 90% in the U.S. and China, while in Japan, it is less than 40%.

The lack of late-stage growth investors in Japan has forced startups to go public at an early stage, when their business foundations are weak. According to sources such as Tokyo Stock Exchange, the average market capitalization for initial public offerings by emerging companies on its Growth Market was 10.1billion yen ($70.9 million) in 2022, far behind the average U.S. market value of $1.92 billion for such companies.

If the value of the company at the time of listing is small, so is the amount of funds raised. The amount raised per company in 2021 was 1.4 billion yen for the former Tokyo Stock Exchange Mothers in Japan, compared with 45 billion yen in the U.S.

Nikkei Asia

Strategic Partnership Signing Ceremony between Maybank and Cambridge International Financial Advisory

Maybank entered into a strategic partnership with Cambridge International Financial Advisory (IFA) to establish the collaboration and to explore new opportunities in the field of Islamic Finance. The ceremony took place at Menara Maybank, Kuala Lumpur with over 150 attendees consisting of industry experts, ministry representatives, WOMANi alumni and Cambridge IFA representatives.

The ceremony was also graced VVIP attendees including Prof. Dr. Humayon Dar, Director General of Cambridge IFA and, Datuk Nora Abd Manaf, Group Chief Human Capital Officer of Maybank and Yang Mulia Tan Sri Datuk Seri Utama Dr. Ungku Zeti Akhtar Aziz, former governor of Bank Negara Malaysia.

With this partnership, Maybank reaffirms its commitment to gender diversity and continued learning, preparing to lead the charge in Islamic finance while empowering women in the industry through collaboration, knowledge sharing, leadership programmes, panel discussions, networking, and creating an inclusive environment within Maybank.

Maybank News

Bank of Maldives opens application for local NGOs to apply for Community Fund

Bank of Maldives has opened applications on July 10 for proposals under its Community Fund for the second phase of the year.

The fund is open for registered NGOs to access funds up to MVR 50,000 to implement local projects in the areas of environment, education, sports and community development. All registered NGOs based in Male' and islands are eligible to apply.

In this phase, 10 projects will be selected from the proposals received. Similar to previous years, a total of 20 projects will be funded during this year.

The application deadline is 11:59pm on 10th August 2023. Application form and proposals should be emailed to community@bml.com.mv.

Community Fund is a program to empower NGOs to contribute to their communities through sustainable projects. As of today, the Bank has provided financial assistance for 90 projects across the country through this Fund.

Bank of Maldives News

Among Member Banks

Maldives Islamic Bank Opening of Business Center

Maldives Islamic Bank opens a brand new Business Centre at H. Marine Dream on the 16th of July 2023. This ground floor is equipped with Self Service Banking for both MVR and USD.

MIB has also moved their card distribution operation from Baazaaru Service Center location in Orchid Magu to this new location.

The top floor houses a dedicated business centre designed to provide customers a one stop station for deposit and financing services of business customers.

Maldives Islamic Bank

Philippine National Bank celebrates Savings Consciousness Week 2023

PNB supports the Bangko Sentral ng Pilipinas (BSP) in celebrating Savings Consciousness Week 2023 from June 30 to July 6, 2023, in pursuant to Proclamation No. 380.

This year's theme, "Save today for a better and prosperous tomorrow", encourages Filipinos to save and further raises awareness on the vital role of savings in building wealth, securing financial future, and in shaping the country's economy.

By making saving a habit, you can build a strong financial foundation that can help you surmount any financial challenge that may come your way. Start saving today and make your financial future brighter and more secure! #SCWeek2023 and #FinancialSecurity

PNB

RCBC launches innovative banking platform

Yuchengco-led Rizal Commercial Banking Corp. launches its cutting-edge digital banking platform, RCBC Pulz, designed to power up user's financial vitality through speed and efficiency with state-of-the-art technology and hyper-personalized interactions. Gracing the launch are RCBC Credit Cards president and CEO Arniel Ong, RCBC executive vice president and chief innovation and inclusion officer Lito Villanueva, House of Investments Inc. president Lorenzo Tan, RCBC chairperson Helen Yuchengco-Dee, RCBC president and CEO Eugene Acevedo, Malayan Insurance president and CEO Paolo Abay, and Sun Life Grepa Financial Inc. president Richard Lim. The launch is held at Marquis Mall in Bonifacio Global City.

Manila Standard

DBS Enables e-CNY Merchant Collection

Singapore-headquartered DBS has launched a solution for merchants in mainland China to receive payments in e-CNY, following the successful completion of a transaction using the market's central bank digital currency (CBDC), for a Shenzhen-based catering client.

The move makes DBS one of the first foreign banks to launch an e-CNY solution in China and allows local businesses to meet growing consumer usage of the CBDC, the announcement explained.

"We anticipate interest especially from businesses and government organisations that serve consumers and seek to broaden their modes of digital payment collection," Singapore-based Lim Soon Chong, group head of Global Transaction Services at DBS Bank.

However, overall market demand for alternative, digital forms of money, such as e-CNY, will ultimately depend on central bank policy, industry wide adoption, as well as the value proposition to end users, Lim explained.

China's e-CNY project was launched in April 2020 and is among the most advanced CBDC projects in the region. As of December 2022, over 13.6 billion worth of e-CNY was in circulation, and currently the CBDC is accepted across 26 cities and 17 provinces in China, according to China's Ministry of Commerce.

"We've observed that e-CNY usage in China has grown steadily since its pilot and adoption is expected to grow further as the programme gradually expands to move regions," Lim said, adding that by offering e-CNY transaction capabilities, corporates in China position themselves for a "digital future".

The release noted that DBS' new solution also supports financial market innovation in China. A next step will be exploring CDBC use for international payments, Lim suggested.

"There is increasing interest from central banks in the region, and in fact globally, to embark on CBDC projects," he said, citing Hong Kong's e-HKD project, India's digital rupee initiative, and Indonesia's Project Garuda, as examples.

"There are also a number of CBDC projects that focus on cross-border and cross-currency use cases, such as Project Dunbar and Project mBridge, which are led by the Bank for International Settlements (BIS) where DBS has actively participated."

He added it was too early to say whether CBDCs would take off as a mainstream mode of payment for businesses given the infancy of these projects.

"That said, we do see CBDCs being one promising digital solution that can enable instant and frictionless 24/7 payments for customers and businesses," Lim concluded.

Other initiatives by DBS in the digital payments space include its involvement in blockchain-based multi-currency payments platform, Partior, and its precursor, Project Ubin, which was led by the Monetary Authority of Singapore (MAS).

The bank is also part of MAS' Project Orchid to develop the infrastructure for Singapore's own CBDC, and its Project Guardian, to study the application of decentralized finance in foreign exchange (FX) and government securities transaction settlements.

Corporate Treasurer

UOB launches first Wellness Festival

UOB on June 27 launched its inaugural Wellness Festival at the UOB Plaza atrium, with booths, workshops and stage activities showcasing the Bank's myriad array of wellness propositions promoting holistic well-being that it offers to customers.

The UOB Wellness Festival, held in conjunction with the Singapore Tourism Board's Wellness Festival Singapore 2023, it took place on 27 and 28 June 2023, with free admission for all. UOB is the first and only financial institution participating in the national initiative, as the Bank demonstrates its commitment to wellness and celebrates its accomplishments in the space since it launched its wellness proposition in July last year. With its participation, UOB highlights the importance of every aspect of wellness, including physical, mental, emotional and even financial, to the holistic well-being of customers.

"Health, wealth and wellness are inextricably linked, and we at UOB have taken the lead in guiding our customers towards bettering their financial as well as physical and mental health via our focus on holistic wellness. Response to our wellness activities and events over the past year has been very positive, and we believe that these propositions will be even more relevant and useful to our customers in the current economic climate. Health is wealth, and the key to achieving both is through holistic wellness," said Mr Benny Chan, Managing Director of Group Channels and Digitalisation, UOB.

From July 2022 to end-April 2023, more than 10,000 UOB customers had partook in activities such as essential oil mixing, tea blending and scent sachet making at wellness engagement booths situated in various branches around Singapore. Specially curated monthly wellness events such as art jamming workshops, zumba and yoga workouts, as well as talks on salient financial topics such as property insights and will writing also met with an overwhelming response, with more than 1,300 customers attending the sessions. Over 1,200 have also undergone basic health screening and wellness scans at UOB branches, and more than 20,000 UOB TMRW app users received wellness-related Insight Cards, prompting them to better their overall wellness. UOB's myriad wellness offerings has also translated into more than 2,000 new-to-bank customers, 13,000 new product sign-ups, as well as a sizeable uptick in the uptake of wealth products.

UOB

HNB recognized as Best SME Bank at Asiamoney Awards 2023

Reaffirming its leading role in promoting grassroots financial inclusion and entrepreneurship, HNB PLC was once again declared the Best SME Bank in Sri Lanka at the Asiamoney Awards 2023.

Organised to showcase excellence among leading banks in the Asia Pacific region, this year's awarding process followed stringent evaluations of financial performance and strategic business models in addition to weighing in feedback from customers and competitors.

"SMEs are essential to the Sri Lankan economy, generating 52% of GDP, and creating livelihoods for more than 45% of Sri Lanka's entire workforce. At every step of its development, HNB has actively worked to and empowering grassroots enterprises, and we have supported many to grow into fully fledged corporates of national and even global significance."

"In the face of persistent economic volatility, our work in developing and strengthening the SME sector takes on even greater importance. We are grateful to Asiamoneyfor recognizing our efforts, and most importantly, to all of our teams on the ground who continue to take on the challenge of supporting SMEs to navigate this challenging time, and plant the seeds for economic revival," HNB DGM – Retail Banking Group, Sanjay Wijemanne said.

The roots of its commitment to partnering grassroot enterprises goes back all the way to the bank's inception in Sri Lanka's hill country in 1888. According to HNB Deputy General Manager – SME and Micro Finance, Rajive Dissanayake, the bank's mission to serve as a partner in progress to these grassroots enterprises is now evolving.

"The advances we are making in digital banking, combined with the unmatched expertise and deep personal relationships that we have cultivated with SMEs over generations has the potential to create an entirely new paradigm in SME development. Throughout the COVID pandemic, our first priority was to channel as much support into getting past daily operating challenges."

HNB News

Among Member Banks

Bank of Taiwan is the 18-Time Winner of the Reader's Digest's Trusted Brand Gold Award in the Banking Category

On May 31st, in a splendid ceremony held at the Sheraton Grand Taipei Hotel, Reader's Digest Taiwan unveiled the much-anticipated Trusted Brand Awards. Among the illustrious winners, Bank of Taiwan (BOT) secured the "Trusted Brand" Gold Award in banking category for an impressive 18th consecutive year. This accolade stands as a resounding acknowledgment of BOT's dedication in our unwavering pursuit of providing exemplary services to our valued clients and steadfast operational performance. As a beacon of excellence in financial services, BOT consistently garners the trust and affirmation of consumer.

With more than 120 years of offering services to clients in Taiwan, BOT has consistently upheld the values of integrity and stability, exemplifying a people-centered business ethos. Its commitment to providing the populace with secure, dependable, and friendly financial products and services has won profound social recognition and trust, establishing it as a premier choice. The attainment of the "Trusted Brand" Gold Award in the banking category is a testament to the collective efforts of its team and serves as the driving force behind BOT's future growth. BOT will forge ahead with determination, placing users at the center and instilling the four key principles of "professionalism", "innovation", "teamwork", and "compliance" into the DNA of every team member. It will continue to enhance its "user-centered" financial services, elevate our technological innovation capabilities, drive digital transformation, and fulfill its role as a leading and inclusive bank, while ensuring full compliance. With a tenacious pace, BOT steadily move forward, working together tirelessly to create new milestones.

Bank of Taiwan News

Taiwan's SinoPac Holdings bans generative AI

SinoPac Holdings in June said the company has banned generative AI because of the risks it involves.

SinoPac, which provides a range of financial services from banking to venture capital, said in an earnings call the company incorporated artificial technology into its dealings a few years ago, according to a press release. An example is the roll-out of a model that helps prevent credit card fraud through the detection of irregularities.

Despite its embrace of AI, SinoPac has banned the use of the fast-evolving technology of generative AI over cybersecurity, legality, and other concerns, said Stanley Chu, president of the company. Computers and mobile devices are not allowed to access generative AI services from external sources, Anue quoted him as saying.

According to a survey conducted in March and released last week by Taiwan's financial regulator, the Financial Supervisory Commission (FSC), no bank in the country has introduced ChatGPT applications into its business. The survey was prompted by worries from legislators that the technology could increase the risk of personal data leaks in the financial sector.

The FSC is expected to publish a roadmap on the development of fintech in August, which will address the issue of the use of AI. The agency is collecting information from regulatory bodies and international organizations about their guidelines on this subject, per CNA.

Generative AI (artificial intelligence) is a kind of machine learning that can produce text, video, images, and other content.

Taiwan News

Cathay United looks to South-east Asia in shift from China, boosts Singapore hires

Cathay United Bank is shifting its business and hiring focus to South-east Asia as its corporate clients in high-tech and textile manufacturing seek to diversify supply chains away from China amid geopolitical tensions.

Cathay United Bank from 2020 to 2022 boosted headcount in Vietnam by 75 per cent and increased hiring by more than a third in Singapore, according to Mr Benny Miao, the head of South-east Asia for Taiwan's second-largest lender by assets, which is a part of Cathay Financial Holding.

The lender's expansion plans have "literally switched positions" with China, Mr Miao said in an interview, pointing to Vietnam, Indonesia and Cambodia as focus countries.

"We're looking at where else our customers are going," he said. "That's a large component of what's going to determine what we want to do and how big of an investment we're going to make in each of these relative markets."

The moves come as suppliers in Asia are under pressure to diversify production lines away from China – the "world factory" home to the majority of manufacturing capacity for everything from sneakers to smartphones.

The shift emerged during the US-China trade war in 2018 and has intensified in the aftermath of the Covid-19 pandemic and increased geopolitical wrangling.

"Economically speaking, China is still a market," Mr Miao said. "But more and more attention now is focused elsewhere."

Taiwanese companies, traditionally among the biggest investors in China, have also been pulling back because of increased competition and rising labour costs.

More recently, manufacturers are moving out because their customers are asking for diversification away from China, which is accelerating the shift, said Mr Miao.

"A lot of their buyers are either European or American, so they're giving them instructions that say, 'I need you to do plus one'," he said, referring to the business strategy of avoiding only investing in China. "I think that's what's really driving it."

Cathay's moves are in tandem with a measurable shift away from China by Taiwanese banks, which have slashed their exposure to the world's second-largest economy to the lowest level in at least a decade.

Total lending, investments and interbank transactions in China by Taiwanese banks fell 18 per cent in the first quarter of 2023.

More broadly, Taiwan's companies cut new investments in China by 14 per cent in 2022 from a year earlier.

Investments to South-east Asia, on the other hand, have grown to nearly half of Taiwan's total foreign investments, according to a report from the Ministry of Economic Affairs.

Cathay Financial, the holding company for Cathay United Bank, reported a drop in first-quarter profits due to increased foreign currency hedging costs and lower investment gains, according to a company presentation.

Profitability in the banking arm, however, rose 33 per cent to NT$9.2 billion (S$391 million) compared with the same period in 2022.

Most of Cathay's business in South-east Asia is focused on corporate banking, according to Mr Miao.

For its business clients, the bank provides services such as financial registrations, local government engagement and legal consultation.

The Straits Times

The Internet Banking, mobile banking and Global e-Banking Service of First Commercial Bank Vientiane Branch has launched

First Commercial Bank provides a secure, safe and convenient digital banking service for customers.

The "Internet Banking, mobile banking and Global e-Banking Services" of Vientiane Branch has launched on June 29, 2023, welcome to use the services mentioned above.

- Internet Banking(e-Banking) Service: Interest rates inquiry, FX rates inquiry, Account balance inquiry, Saving account inquiry, Time deposit inquiry, Loan details, FX memo.
- Global e-Banking Service: The service integrate the domestic and overseas accounts information of affiliated enterprises whereby the parent company can login to the e-Banking service to inquire or allocate the fund of overseas branch account. Furthermore, by timely control the financial status of the affiliated enterprises enhancing the fund utilization efficiency.
- Mobile banking(FCB eBanking APP): Quick login service, Interest rates inquiry, FX rates inquiry, Account balance inquiry, Saving account inquiry, Time deposit inquiry, Loan details, Switching language across Traditional Chinese, English and Lao.

First Commercial Bank News

Promoting Age-Friendly Initiatives: A Leap Towards Sustainable Development, Achieving Dual Distinctions in Financial Service Evaluation by Land Bank

The China Times held the inaugural "Want Want China Times Financial Service Evaluation Awards" ceremony at the Regent Hotel on the afternoon of June 20th, 2023, to acknowledge the dedication and relentless efforts of financial institutions. Land Bank was honored with the "Sustainable Development Award" in the banking sector and the "Age-Friendly Award" in the service category, recognizing the bank's commitment to achieving sustainable development goals and the fruitful endeavors in enhancing customer service quality.

In order to align with international standards and advance towards sustainable development, Land Bank not only incorporates sustainable development goals into its business strategy and core operations, but also establishes a Sustainability Development Committee to formulate an "Environmental, Social, and Corporate Governance (ESG) Promotion Blueprint." Annually, the bank reports the achievements of its ESG initiatives to the board of directors, actively pursuing the United Nations and Taiwan's sustainable development goals. In formulating the ESG Promotion Blueprint and Strategy, the bank not only takes into account international trends in sustainable development, but also evaluates annual performance and development directions. It actively engages in dialogue with stakeholders, leveraging its financial influence to establish sustainable partnerships and create shared value, all in pursuit of a sustainable vision.

The bank adheres to the Equator Principles and the Green Finance Action Plan 2.0 and 3.0 of the Financial Supervisory Commission (FSC) among other guidelines, to carry out green finance projects. Grounded in its own expertise, the bank aspires to construct a sustainable financial environment. This includes promoting green deposits, green construction loan, and marketing schemes for green financing in construction. By utilizing funds, it aims to encourage industries to transition towards a low-carbon future, enhance their resilience, and disclose product information to enable customers to make informed and trustworthy decisions.

To address the challenges of an aging society, Land Bank has introduced the "Vibrant Retirement" loan, which allows individuals to leverage their own real estate assets for financial support in their retirement years. Additionally, the bank has made available low-cost, easy-to-understand small-sum lifetime insurance policies, specifically designed to lower the barriers to entry and provide basic security for older adults. Furthermore, in line with the FSC's "Trust 2.0 Plan," the bank offers five major trust services: "Social Welfare Care Trust," "Social Welfare Public Welfare Care Trust," "Pre-Funded Care/Insurance Trust," "Social Housing Age-Friendly Rental Retirement Trust," and "Age-Friendly Housing Trust Integration Service." Among these, the innovative "Age-Friendly Housing Trust Integration Service" leverages the bank's expertise in real estate, combining real estate trust services provided by developers with long-term care trust services offered by institutions. This expands the scope of elderly care services and housing solutions.

To enhance the inclusiveness and convenience of financial services, Land Bank has implemented friendly financial service measures and established an accessible website and service environment. These efforts aim to assist financially vulnerable consumers in accessing financial services. Additionally, the bank has adapted to the trends of digital finance and changes in consumer behavior by promoting digital financial innovation. By providing diverse financial products, mobile payments, and online loan applications and insurance services, the bank enhances customer experience and improves service accessibility. It is worth noting that the bank has been ranked among the top 25% in the FSC's assessment of fair customer treatment in the financial services industry for four consecutive years, highlighting its commitment to enhancing customer service quality and meeting customer needs.

In the bank's pursuit of sustainable development, it will utilize its abundant resources and financial influence to internalize the ESG concept as a fundamental part of the corporate culture. From top to bottom, Land Bank will actively promote and implement sustainable development goals, aiming to promote social welfare and achieve inclusive growth. Moreover, play a more proactive role in fostering positive developments in the overall environment, society, and economy.

Land Bank of Taiwan

Bangkok Bank Mobile Banking continues to pursue its goal

Bangkok Bank invites customers to get special prizes from Bangkok Bank Mobile Banking, which is more than just an application that provides customers with easy and comprehensive services. Recently, it launched the "Hurry to Hunt and Redeem S3" campaign to invite customers to use Bangkok Bank Mobile Banking and join a mission to conquer the heart of Nong Jud, a cute and friendly whale shark character in a series of LINE stickers. He is a big brother of the sea and represents the bank as a trusted partner who will stay by your side to deliver happiness and take care of your finances.

The "Hurry to Hunt and Redeem S3" campaign invites customers to perform various missions in Bangkok Bank Mobile Banking, such as mobile top-up/Easy Pass, bill payment, fund transfer, and check-in as well as playing games and answering questions. For every completed mission, customers will receive planktons, Nong Jud's food as a reward to accumulate in exchange for the following rewards: 1,000 planktons can be redeemed for a 7-Eleven or Starbucks discount e-coupon worth 100 baht; and 500 planktons can be redeemed for a Viu premium code for 2 months or a Shopee discount code worth 50 baht.

Special Customers who receive their salary through a Bangkok Bank account are eligible to receive up to 600 additional planktons when completing a transfer as specified. In addition, new customers who have just applied for Bangkok Bank Mobile Banking and made a fund transfer by 11:00 p.m. on the day of first use will receive a 7-Eleven discount coupon worth 100 baht.

Get Bangkok Bank Mobile Banking ready to hunt and redeem through this campaign by completing various missions every month. The campaign is available today until December 31, 2023. Customers must register to join missions in the Rewards menu, then go to the Mission menu before starting their missions and transactions so that they do not miss collecting planktons for Nong Jud.

Bangkok Bank

Vietcombank sets record market cap

Despite a correction of the market on July 19 after a winning streak of eight sessions, Vietcombank's shares (VCB) soared to a historic peak of VNĐ106,500 per share (US$4.51), an increase of 33.1 per cent from the end of 2022.

During the trading day, the shares even hit a session high of VNĐ107,100 each.

With the gain, the bank's market capitalisation reached more than VNĐ504 trillion, equivalent to one-tenth of the whole market capitalisation. It is also the largest value an enterprise has ever reached in the 23-year history of the Vietnamese stock market.

Vietcombank on July 26 will close its list of final registrations for the right to receive dividends from the remaining profits of 2019 and 2020. It will issue nearly 856.6 million shares to pay dividends at a rate of 18.1 per cent, meaning a shareholder owning 1,000 shares at the close date of registration will get 181 new shares.

After the issuance, the bank's charter capital is expected to increase by nearly VNĐ8.6 trillion to over VNĐ55.89 trillion. As a result, Vietcombank will surpass Vietinbank and BIDV to become the second-largest lender in the system, after VPBank.

The bank said that the increase in charter capital will

Among Member Banks

help the bank to expand business operations, satisfy the capital needs of the economy, and invest in transformation projects, improving its governance and management capacity.

Moreover, the Chairman of Vietcombank said that the bank is carrying out two more capital-raising plans. Particularly, it will raise capital by around VNĐ27 trillion, which is from 2021's profit and the remaining accumulated profits before 2018.

The lender also plans a private placement for foreign investors, with an issuance date of 2023-24.

In the first half of 2023, Vietcombank's capital mobilisation and credit growth were 6.6 per cent and 2.6 per cent, respectively, Nguyễn Thanh Tùng, General Director of Vietcombank, said at the conference to review the first six months of the banking industry.

Credit quality is under control, while its bad debt ratio is 0.85 per cent with a provision buffer for bad debt of over 350 per cent.

Vietnam News

VietinBank to sell 358 properties to collect debts

State-owned VietinBank is selling 358 foreclosed properties pledged by loan borrowers, including four- and five-star hotels, worth a total of VND8 trillion (US$337.69 million) to realize their debts. The properties will be either auctioned or negotiated for sale.

The bank is also selling 38 vehicles, machines and other equipment.

The most valuable asset is a five-star hotel in Da Nang City built on a 1,200-square-meter parcel of land with 236 rooms and priced at around VND600 billion.

The second most expensive are two four-star hotels in Hoi An with around 100 rooms each and priced at VND420 billion apiece.

The lender is also set to sell nearly 60 other hotels and properties in Hoi An.

Vietinbank is also selling office buildings, including one worth VND213 billion in Ho Chi Minh City's District 12, and a water treatment plant worth VND108 billion in Gia Lai Province.

The bank is also selling 566 consumer loans at 90% of their remaining value.

Other banks too have been selling off collateral assets this year to restructure their credit portfolio.

BIDV has been trying to auction a hydropower plant with a reserve price of VND325 billion but 10 attempts have proven unsuccessful.

Sacombank has been selling bad debts this year.

Banks saw credit quality deteriorate in the first quarter this year due to the slump in the property and consumer goods markets.

Bad debts in the sector rose from 2% to 2.91% in the first two months, according to the latest data available from the State Bank of Vietnam.

VNDirect analysts said in a note that banks' rising bad debts are driven by the property sector, which accounts for 21% of all credit.

VnExpress International

Banking and Finance Newsbriefs

Hong Kong

Hong Kong relaxes mortgage rules for the first time since 2009

The Hong Kong government relaxed its residential mortgage rules for the first time since 2009 in a bid to boost the weakening property market.

The city will increase the loan-to-value ratio for some homes starting Friday, allowing buyers to snap up properties with a smaller down payment, the Hong Kong Monetary Authority said at a press briefing.

Hong Kong's real estate market has retreated after a short comeback following the relaxation of pandemic restrictions as higher borrowing costs reduce demand. Prices have fallen 13% from their peak in 2021, the central bank said. Values could fall by about 5% in the second half, according to Bloomberg Intelligence analyst Patrick Wong.

"Major developers might need to lower prices to boost sales of residential projects," said Wong, adding the new measures could support sales of high-end developments by Swire Properties Ltd. and others. "Potential buyers might turn more cautious due to a potential uptick in Hong Kong mortgage rates over the next few months."

Yahoo Finance

Banking and Finance Newsbriefs

India

Indian banking's looking up but caution is warranted

India's banking sector could not be more upbeat than now. We are witnessing the creation of the world's fourth most valuable bank, just behind giants like J.P. Morgan, ICBC of China and Bank of America. The merger of HDFC and HDFC Bank is valued at a staggering $172 billion, and further value accretion is expected. It is an extraordinary moment for Indian banking. To add to this, is good news from across all public sector banks (PSBs).

They had a super financial year, clocking net profits of more than ₹1 trillion, three times of the figure nine years ago. Dividends paid to the government, their major shareholder, have been handsome. The finance minister justifiably rattled off a list of impressive statistics recently on the sector's health. The gross non-performing assets (NPAs) of all scheduled commercial banks are down from 11.5% five years ago to a decadal low of 3.9%.

This is expected to fall further to 3.6% by next March. Net interest margin is very high at 3.3%. The case of state-owned Bank of Maharashtra (BOM) is both illustrative and impressive. BOM was under the Prompt Corrective Action (PCA) framework of the Reserve Bank of India (RBI) five years ago. Its NPAs were 11.8%, return on assets a negative 1%, and it reported a loss of ₹1,372 crore in 2016-17. That same BOM has topped the league of all banks on several metrics and has been topping the charts for three years in a row. Its net NPAs in March 2023 were 0.25%, even as its provision coverage ratio (for bad loans) was an amazing 98.3% and capital adequacy ratio 18.1%. Has it been too risk averse? Not at all. Profit growth from business was an outstanding 126% over the previous year, contributing ₹2,602 crore to its bottom line. Its loan growth was close to 30%, possibly the highest among large banks. This performance was matched by many other PSBs, so overall the previous fiscal year that ended this March has been one of the best years in the past five decades of bank nationalization. RBI put out a statement in February to assert that our banking sector remains resilient and stable. This report was in response to media reports expressing concern about bank health and especially exposure to large corporates.

Mint

Iran

CBI, SCI Confirm Iran's Economic Expansion in Fiscal 2020-21

The Iranian economy expanded in the last fiscal year (March 2020-21), latest data released by the Central Bank of Iran and the Statistical Center of Iran showed, though CBI reports GDP growth to be much higher than that announced by SCI.

Preliminary estimates by the Central Bank of Iran show, using constant prices of the year ending March 2012, Iran's gross domestic product in the last fiscal year (March 2020-21) reached 6,358 trillion rials ($26.49 billion) compared with 6,137 trillion rials ($25.57 billion) in the year before, registering a 3.6% growth.

Economic growth, excluding oil, expanded by 2.5% to reach 5,500 trillion rials ($22.91 billion) during the period under review.

The rise in oil production was the main driver of growth in the last Iranian year. The sector saw a whopping 11.2% expansion by generating 858.24 trillion rials ($3.57 billion).

Iran plans to swiftly restore its crude oil production to pre-sanctions levels of nearly 3.4 million barrels per day (bpd), a senior Iranian industry official said recently.

The country plans to restore almost 1 million bpd of oil production within a month of the US lifting the sanctions on Iranian oil.

Farrokh Alikhani, deputy director of production at the National Iranian Oil Company, told the Iranian Oil Ministry's news outlet, Shana, that Iran plans to return to its pre-sanctions production of 3.38 million bpd.

According to OPEC's secondary sources in its latest monthly report, Iran's crude oil production averaged 2.393 million bpd in April, up by 73,000 bpd from March.

"Precise planning has been done to restore oil production to the pre-sanctions levels in one-week, one-month and three-month intervals, and if the sanctions are lifted, most of the country's oil production will be revived within a month," Alikhani told Shana in an interview.

"Our plan is not limited to restoring previous production capacity and in the second step, we plan to increase oil production capacity even further."

Alikhani said the next production increase targets Iran's crude oil production capacity to rise over 4 million bpd.

Financial Tribune

Banking and Finance Newsbriefs

S. Korea

South Korea allows Entrance of Foreign Banks

President Yoon Suk Yeol accused the country's bank of enjoying a "feast" of bonuses earlier 2023, adding that the sector made "easy" profits at the public's expense through a rate gap between deposits and loans.

Government seeks to increase competition in sector dominated by five lenders.

The government will allow more online banks, permit commercial banking licenses for existing financial companies and ease the loan-to-deposit rules for local branches of foreign banks, the Financial Services Commission said on July 5. The measures come into effect immediately.

"We will boost competition in various aspects as our banking industry has made easy money amid a lack of competition," said FSC chair Kim Joo-hyun. "The public perception is that the industry has not made enough effort to become global financial players suitable for the country's economic standing."

South Korea's banking sector has ben dominated by five lenders. The country's banking sub-index fell 0.93 percent on July 8 afternoon on expectations of higher competition.

Daegu Bank, a regional banking unit of DGB Financial Group, is expected to become the first beneficiary of the new rules. It plans to apply for a licence to become a nationwide lender, according to the FSC.

"The banking sector's oligopoly has caused significant damage," Yoon told a meeting of economic ministers in February, calling on financial regulators to devise measures to force the country's banks to ease the cost of living pressure.

"The public is feeling immense pressure due to banks' high interest rates," Yoon told officials at a separate meeting in 2023.

The Bank of Korea raised its benchmark interest rate from 1 percent to 3.25 percent over the course of 2022. The base rate is presently 3.5 percent, with analysts expecting delinquency rates to increase in the second half of 2023 as the country's economy slows.

The combined net profits of South Korea's five largest financial groups – Shinhan Bank, Kookmin Bank, Hana Bank, Woori Bank and NongHyup Bank – was Won12.7 tn ($9.8bn) in 2022, up about 18 percent from the previous year.

Ipp Media

Malaysia

BPMB, UOB, CCB to finance autonomous rapid transit in Kuching, Malaysia

Bank Pembangunan Malaysia Bhd (BPMB), UOB Malaysia and China Construction Bank (Malaysia) Bhd (CCB Malaysia) have announced a syndication programme to extend financing facilities to EPR Mobilus GR JV Sdn Bhd (EMGJV).

In a joint statement, the parties said EMGJV is the contractor appointed by Sarawak Metro Sdn Bhd, a unit of Sarawak Economic Development Corp, to develop Southeast Asia's first hydrogen-powered, autonomous rapid transit (ART) in Kuching.

Sarawak Metro was entrusted by the state government to implement the Kuching Urban Transportation System (KUTS) project.

According to the statement, the syndication programme comprises a financing package amounting RM264.5mil, which will enable EMGJV to undertake the KUTS Phase 1 project.

The completion of the project will see the roll out of the Blue Line (from Rembus in Kota Samarahan to Hikmah Exchange in Kuching city centre), Red Line (from Kuching Sentral to Pending) and Green Line (from Pending to Damai Central).

BPMB, UOB Malaysia and CCB Malaysia are the mandated lead arrangers of the syndication programme.

BPMB group CEO Roni Abdulwahab said the project is aligned with its purpose to deliver impact capital for national development.

"Today, we evaluate all our activities using our assessment framework called MIND (Measuring Impact on National Development), to make sure all of our projects deliver socioeconomic and environmental impact.

"KUTS particularly scores high in our MIND evaluation," he said.

Meanwhile UOB Malaysia CEO Ng Wei Wei said the project is aligned to its focus on reducing financed emissions that fall under Scope 3.

"With Sarawak's abundance of renewable energy resources and its government's supportive polices, the state clearly has the potential to forefront the transition towards a green, high-value economy and UOB will be happy to support this ambition," she said.

CCB Malaysia deputy managing director Chelsea Ma Yan added that the company is dedicated to providing moer comprehensive financial services to industries in Sarawak, in support of its aspiration to become a high-income state by 2030.

The parties said the project is scheduled for pilot testing by the third quarter of 2023, and planned to begin full operations in stages by the fourth quarter of 2025.

Once operational, each ART train can carry up to 300 passengers across the 69.9km Phase 1 alignment of KUTS covering the Kuching metropolitan and Greater Kuching areas.

The Star

Banking and Finance Newsbriefs

Philippines

Philippine inflation slows down for 5th straight month in June 2023

The Philippines' inflation rate slowed for a fifth month in a row in June on the back of slower movements in food, transport, and utility prices, the Philippine Statistics Authority (PSA) reported on July 5.

At a press briefing, National Statistician and PSA chief Claire Dennis Mapa reported that inflation — the rate of increase in the prices of consumer goods and services — eased to 5.4% last month from 6.1% in May, bringing the year-to-date rate to 7.2%.

This is the fifth time that inflation slipped from a peak of 8.7% in January.

June's print is also the lowest rate in 15 months or since April 2022's 4.9% inflation rate, according to Mapa.

In June 2023 the inflation rate falls within the Bangko Sentral ng Pilipinas' forecast range of 5.3% to 6.1%.

However, the year-to-date average is still above the government's target range of 2% to 4%.

In a separate statement, National Economic and Development Authority (NEDA) Secretary Arsenio Balisacan said the Philippines is making progress in managing inflation, which he said is expected to further decline to within 2% to 4% by the end of the year.

For his part, Finance Secretary Benjamin Diokno said the consistent decline in inflation rate for the fifth consecutive month suggests the government's continued progress in taming inflation.

"This indicates that we are on track to manage inflation to within target sometime in the fourth quarter of this year and below the lower limit of the target in the first quarter of 2024," he said.

GMA News Online

Qatar

Gulf funds' buying interests lift QSE more than 2%; banks and telecom outperform

A higher than average demand for the banks and telecom scrips led the Qatar Stock Exchange (QSE) gain more than 2% the week of July 17.

The Gulf funds were seen net buyers as the 20-stock Qatar Index shot up 2.24% this week which saw Qatar Islamic Bank report net profit of QR1.96bn in the first half (H1) of 2023.

About 66% of the traded constituents extended gains to investors this week which saw Barwa Real Estate's fully-owned subsidiary Lusail Golf Development Company reach a pact to sell two land plots in the Lusail area for QR6.36bn.

The foreign institutions were seen net buyers this week which saw Commercial Bank report H1 net profit of QR1.55bn.

The Islamic index was seen gaining slower than the other indices this week which saw Ahlibank Qatar register net profit of QR359.74mn in H1-2023.

The Arab retail investors were seen bullish this week which saw Woqod report net profit of QR440.18mn in the first six months of this year.

However, the local retail investors turned net profit takers in the main market this week which saw Qatar's ports see a 32% year-on-year increase in container transport volume in January-June 2023.

The domestic institutions were also net sellers this week which Qatar register a more than eight-fold jump in contracts awarded to $10.4bn in the second quarter of 2023.

The foreign individuals were seen bearish this week which saw a total of 0.41mn Masraf Al Rayan-sponsored exchange-traded fund QATR worth QR0.9mn trade across 27 deals.

The Arab funds were net profit takers in the main market this week which saw as many as 0.03mn Doha Bank-sponsored exchange-traded fund QETF valued at QR0.34mn change hands across 32 transactions.

Market capitalisation stood at QR616.76bn on the back of mid and small cap segments this week which saw the banks, consumer goods and industrials sectors together constitute about 78% of the total trade volume in the main market.

The Total Return Index soared 2.24%, the All Share Index by 2.06% and the All Islamic Index by 1.8% this week, which saw no trading of sovereign bonds.

The banking sector index shot up 3%, telecom (2.26%), real estate (1.44%), industrials (1.36%), consumer goods and services (0.74%), insurance (0.48%) and transport (0.32%) this week which saw no trading of treasury bills.

Major gainers in the main market included Qatar Oman Investment, Salam International Investment, Qatar Islamic Bank, Mannai Corporation, Doha Bank, QNB, Lesha Bank, Alijarah Holding, Industries Qatar, Estithmar Holding, Qatar Electricity and Water, Gulf International Services, Mazaya Qatar, Barwa, Ezdan, Vodafone Qatar, Ooredoo and Gulf Warehousing. In the venture market, Al Faleh Educational Holding and Mahhar Holding saw their shares appreciate in value this week.

Nevertheless, Widam Food, Dlala, Qatari German Medical Devices, Qatar General Insurance and Reinsurance, Beema and Qatar Industrial Manufacturing were among the losers this week.

The Gulf institutions were net buyers to the tune of QR162.58mn, whereas the Gulf individuals were net sellers to the extent of QR3.45mn this week.

The foreign funds were net buyers to the tune of QR48.19mn, while foreign retail investors were net sellers to the extent of QR10.88mn this week.

The Arab individual investors were net buyers to the tune of QR6.26mn, whereas the Arab institutions were net profit takers to the extent of QR0.44mn this week.

In the case of Qatari retail investors and domestic funds, both were net sellers to the tune of QR128.98mn and QR73.28mn respectively this week.

The main market witnessed a total of 934.88mn shares valued at QR2.19bn changed hands across 82,703 deals this week.

The venture market saw as many as 3.01mn equities valued at QR6.12mn trade across 527 transactions.

Zawya

Banking and Finance Newsbriefs

Russia

Russian central bank hikes rates 100 basis points as Ukraine war sparks ruble crash and labor crisis

Russia's central bank lifted its benchmark rate sharply on July 21 as Vladimir Putin's war on Ukraine takes a greater toll on the economy.

It marked the first increase since the immediate aftermath of Russia's invasion early last year. Rates are now going up 100 basis points to 8.5% from 7.5%, as policymakers cited inflationary pressure from the ruble's recent slide and worker shortages.

"Pro-inflationary risks have increased significantly over the medium-term horizon," the bank said.

The central bank's last hike in February 2022 pushed the rate from 9.5% to 20%, an emergency move meant to counteract Western sanctions that followed Russia's invasion, fueling the ruble's plummet to a low of 137-per-dollar.

Since then, Moscow has gradually eased its monetary policy. The last cut was made in September, bringing interest to a 7.5% level.

But inflationary concerns have abounded recently, as the mobilization of Russians to the Ukrainian front pulled away from domestic labor supply, further exacerbated by an exodus of Russians hoping to avoid the war. Industrial output has suffered amid strong demand.

"The increase in domestic demand surpasses the capacity to expand production, including due to the limited availability of labor resources," the central bank said.

Meanwhile, though the ruble has largely recovered from 2022's lows, the currency has weakened sharply against the dollar this year and the Wagner mercenary group's uprising in late June accelerated that further.

Although short-lived, the revolt pushed Russians to withdraw $1 billion worth of rubles in a few days, and demand for foreign currencies jumped 70%-80% in some regions.

And despite Friday's rate hike, the ruble fell 1.6% against the greenback to 90.80.

In addition, the Kremlin's military spending for the war has widened its budget deficit, adding even more inflationary pressure.

Business Insider

Singapore

Tepid loan growth in the horizon for Singapore banks

Singapore banks may face backsliding in its bad loan ratio in 2023 as higher borrowing costs and inflation weigh on consumers and small businesses, reports S&P Global Ratings.

“The realities of higher borrowing costs, coupled with still-elevated inflation, will register more prominently in 2023. This could result in some backsliding after last year's further improvement in nonperforming loan (NPL) ratios,” S&P primary credit analyst Ivan Tan said in the ratings agency’s mid-year banking outlook report.

Consumers, and small and midsize enterprises (SMEs) typically bear the brunt of high input costs and interest rates.

Net interest margins (NIMs) of banks in Singapore have plateaued.

“We forecast interest margins will peak at 2%-2.2% as the tightening cycle fades and funding costs start catching up with asset yields,” Tan said.

In terms of loans, Singapore banks should expect low single-digital growth. S&P has book a loan growth of only 3% to 5% over the next 12 to 18 months, with credit costs returning to the pre-COVID range of 20 basis points (bps) to 25 bps.

A robust job market with very low unemployment, and strong financial buffers of corporations, should mitigate funding cost risks. Any asset-quality deterioration should be manageable, with the NPL ratio to remain below 2%, according to S&P.

Singapore’s recovering travel and tourism, and domestic-oriented sectors will also cushion theslowdown in 2023.

“The Singapore government is highly supportive of the banking system. We believe it will provide timely financial support to ensure the stability of the financial system, if needed. This in turn supports the banks' financial profile,” Tan said.

Beyond 2023, capital management will continue to be a balancing act between prudence and efficiency.

“The former took precedence during COVID. The latter was more apparent in 2022 when banks reported record profits, which led to generous dividend payouts including special one-time payments,” Tan noted.

S&P believes that banks will continue to exercise good judgment in both capital and risk management, and tailor their decisions according to prevailing credit conditions.

Singapore Business Review

Banking and Finance Newsbriefs

Sri Lanka

Sri Lanka Central Bank Further Reduces Policy Interest Rates

On July 6, the Sri Lankan central bank said that its monetary board has decided to reduce the Standing Deposit Facility Rate and the Standing Lending Facility Rate by 200 basis points to 11 percent and 12 percent, respectively. The central bank said it took this decision at the monetary board meeting conducted on July 5, reports Xinhua news agency.

The board arrived at the decision following a careful analysis of the current and expected developments, including the faster-than-envisaged disinflation process and benign inflation expectations in the domestic economy, with the aim of enabling the economy to reach its potential and stabilizing inflation at mid-single-digit levels in the medium term, while easing pressures in the financial markets, the statements said.

Zee Business

Taiwan

Subsidies for first-time home buyers announced in Taiwan

The Cabinet gave the go-ahead to a Ministry of Finance proposal for preferential interest rates for first-home purchases to support housing justice, ahead of a rally planned on to protest housing unaffordability.

Those who have not previously owned a home and do not have children who are homeowners would be able to apply for the three-year preferential interest rate of 1.775 percent and borrow up to NT$10 million (US$321,688), up from the previous NT$8 million, the ministry said.

The grace period in which borrowers only have to make payments on interest, and not on the principal, has also been extended from three years to five years, it said.

The package was announced after the government raised the cap on taxes for multiple home ownership from 3.6 percent to 4.8 percent to help curb hoarding, a practice widely blamed for fueling price increases.

The preferential loans are expected to benefit 58,000 buyers, and cost the government and state-run lenders NT$5 billion, Deputy Minister of Finance Frank Juan told reporters, adding that the figures might be higher depending on how many loans are approved.

State-run Bank of Taiwan, Land Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank and Chang Hwa Commercial Bank would offer loans of up to 40 years, and absorb interest losses of 12.5 basis points, Juan said.

The government would bear the remaining cost of 25 basis points using its housing fund, he said.

That is the lowest borrowing cost available, as interest rates for standard mortgages are 2.03 percent, he said.

The favorable lending terms aim to lower the thresholds for young people to buy their own home, Juan said.

However, while it is called a purchasing subsidy for young people, there is no age limit to apply.

Housing unaffordability has been a top complaint and civic groups are organizing a rally in front of the Presidential Office Building to vent their displeasure.

The government has since 2010 introduced preferential interest rates to help people buy homes, benefiting 340,000 people, Juan said, adding that a considerable number have paid their debts.

The preferential interest rates would take effect on Aug. 1 and run through July 31, 2026, the ministry said.

H&B Realty Co said the package would help invigorate the property market, which has slowed following five interest rate hikes by the central bank to tame inflation.

Still, buyers need to exercise careful financial planning, as the interest subsidy would only last for three years, it said.

Taipei Times

Thailand

Panel highlights keys to success in virtual banking in Thailand

Open data is a key factor to survival for the three virtual banks in the pipeline.

Since digital loans are a key product to generate profit for the new banking businesses, open data is necessary to allow virtual banks to attract customers and control asset quality, Sam Tanskul, managing director of Krungsri Finnovate (KFIN), the corporate venture capital unit under Bank of Ayudhya (Krungsri), said at a Bangkok Post Tech Conference 2023 session entitled "Thailand's Innovation Redefined: New S-Curve, AI and Virtual Banking".

Moreover, size is crucial for virtual banks in Thailand to secure a footing and survive. As a result, the Bank of Thailand requires minimum registered capital of 5 billion baht to apply for a virtual bank licence. Most fintech companies, which offer financial or banking services, cannot survive or succeed in this sector.

Business operators interested in applying for a virtual bank licence from the central bank have collaborated in a consortium to strengthen technology, data and financial conditions.

More players in a new business model will create higher competition, particularly regarding pricing. As a result, consumers are able to get lower interest rates from the new banking service, he said.

Cybersecurity is another key factor for both existing digital banking service providers and the new virtual banks. While Thailand ranks among the top three countries in terms of mobile banking adoption, it is subject to high levels of financial fraud. As a result, financial institutions need to continually educate consumers on cyber-risks.

The adoption of biometric scans from National Digital ID Co (NDID), a firm that provides digital identity verification, will help to enhance cybersecurity and provide more convenience to digital banking consumers.

NDID facial scans enable mobile banking users to easily verify themselves on mobile banking apps as they do not need to commute to brick and mortar branches anymore.

Moreover, a secure system is needed to build confidence for users. If a bank's mobile app fails, users are ready to switch to other apps, as there is no brand loyalty in the digital era, Mr Sam Tanskul said.

Bangkok Post

Uzbekistan

First Digital Habits Study of Uzbekistan

Services of the Uzum ecosystem lead the rankings in the first-ever study of digital habits and preferences of Uzbekistan's population. The study conducted by Research Group Central Asia (RGCA), an IPSOS-accredited research agency, surveyed participants aged between 18 and 54 sampled to accurately represent the country's demographics. Over 50% of Uzbekistan's population of 35 million are young people actively using digital services. The respondents gave unaided answers on product preferences to reveal the most popular platforms.

According to the survey, Uzum Market took first place among the services for daily purchases with ¾ of respondents (72%) naming the marketplace as their go-to e-commerce destination. The other two platforms were Instagram (45%) and Telegram (44%). In less than a year Uzum Market, a leading online marketplace providing access to over 500,000 SKUs with a single-day delivery across the country, acquired millions of users and topped the apps ranking in mobile stores.

Among the payment services, the national payment system Click came out as an absolute leader in the answers of 71% of respondents, while the second and third places went to Payme (65%) and Uzum Bank (57%) respectively. The recently announced plans of Click to merge with Uzum ecosystem would allow offering advanced fintech services to more than 13 million people, over a third of the country's population, and launch new products aimed at a wider range of daily needs.

PR Newswire

Vietnam

Vietnam Banks cut rates for new loans amid low capital demand

Banks have to lower lending interest rates to stimulate demand for new loans as credit growth falters and deposit interest rates have also dropped sharply.

BIDV recently announced to set aside VNĐ300 trillion for loans with a preferential annual interest of 0.5-2 per cent lower than normal lending rates.

Phạm Thị Vân Khánh, director of BIDV's corporate banking division, said they will specify conditions in the implementation of the low-interest loan package so as to help qualified firms access the capital.

A representative of Agribank said the bank has just adjusted lending interest rates lower for the sixth time. For loans aimed at production and business activities, the short-term lending interest rate is only from 5 per cent annually, and the rate for medium- and long-term loans starts from 8 per cent per year. These packages are part of a programme of VNĐ100 trillion and US$500 million for corporate customers.

LPBank has also decided to expand the preferential credit package to VNĐ10 trillion for production and business loans in both urban and rural areas. Under the package, interest rates are from 7.5 per cent per year for corporate customers and 8.5 per cent per year for retail ones.

Surveys in banks such as VietinBank, Vietcombank, TPBank, Sacombank and MSB show preferential loan packages currently have interest rates from 0.5 to 2 per cent lower per year depending on customer groups.

In addition, many banks have reduced operating costs to support firms through policies on exemption and reduction of money transfer service fees or reduction of import and export payment fees.

Some banks said they could not reduce lending interest rates for outstanding loans immediately as the input capital for the loans was mobilised with high interest rates while the loan interest rate adjustment cycle under banks' credit contracts was often from three to six months.

However, for new loans, banks are lowering lending interest rates to stimulate credit demand under the current context that input interest rates have fallen sharply and credit growth is very low.

By the end of June this year, credit growth was only 4.03 per cent, against 9.4 per cent of the same period last year, the lowest credit growth in the past ten years.

According to banking expert Dr. Nguyễn Trí Hiếu, interest rates are in a downward trend, but the risks of the economy are increasing, which means that banks will be more cautious when lending and it is not easy for firms to borrow.

For firms, the demand for loans is only moderate due to difficulties in the market and slow sales of goods. Firms will boldly borrow capital only when the economy recovers.

A representative of Maybank Securities Company also said although the State Bank of Vietnam (SBV)'s policy interest rate was reduced four times, the lending interest rate is still anchored at a high level. This is mainly because banks are stuck with high-cost capital raised last year and in the first months of this year. However, high-interest deposits are gradually coming to maturity so lending rates will continue to decrease in the near future.

In order for the lending interest rate to return to normal, it must be reduced by about 1.5 percentage points compared to the current rate. In addition, the SBV's policy interest rate can be reduced by at least 50 basis points within the next three months, a Maybank representative said.

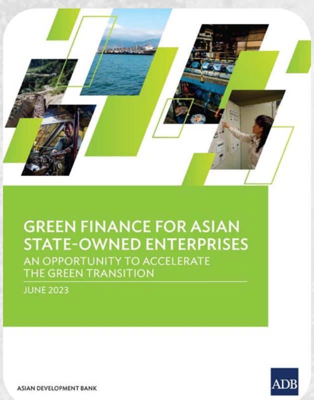
International banks in Việt Nam such as HSBC, UOB, and Standard Chartered all also expect the SBV to continue to cut the refinancing interest rate by another 50 basis points to 4.0 per cent in the third quarter (the equivalent rate during the pandemic years) and keep the rate unchanged until the end of 2024 and 2025.

Under Resolution No. 97/NQ-CP of the Government's regular meeting in June 2023, the SBV, in conjunction with other relevant ministries and agencies, will to continue lowering interest rates, especially lending rates, by at least 1.5 to 2 percentage points per year for both new and outstanding loans.

Vietnam News

Publications

Green Finance for Asian State-Owned Enterprises: An Opportunity to Accelerate the Green Transition



This report reveals how state-owned enterprises (SOEs) in Asia's emerging economies can play a key role in helping to tackle climate change and biodiversity loss, by using green bonds to upgrade their economic activities from polluting to green.

The report explores how SOEs can develop and deploy sustainable financial instruments, in particular green bonds, to help finance their green transition. To accelerate the successful adoption of green finance tools in Asia's emerging economies, the publication examines how their SOEs can improve operations to make better use of green capital markets, enabling a healthier environment and a more resilient future.

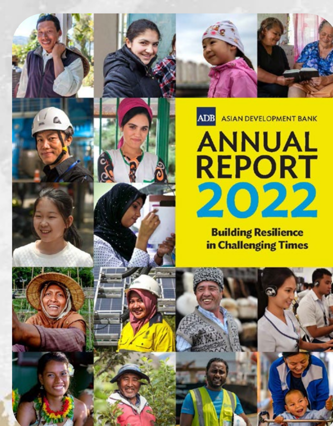
Publication Details: ADB

ADB Annual Report 2022

The report summarizes how ADB combined finance and knowledge, and leveraged partnerships to help its developing member countries (DMCs) move on from the COVID-19 pandemic and address new crises and longer-term development challenges.

New commitments are presented under the seven operational priorities of Strategy 2030 and are complemented by examples of earlier projects that have improved people's lives across Asia and the Pacific. The report also provides details about organizational initiatives that are ensuring ADB continues evolve to meet the changing and increasingly complex needs of its DMCs.

Publication Details: ADB



Publications

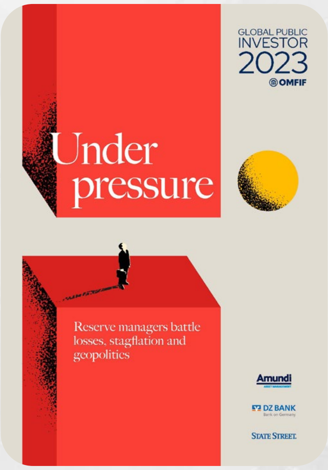
Global Public Investor 2023 – Under Pressure

OMFIF's Global Public Investor 2023 report goes further than ever before to unpack reserve managers' economic views, investment plans and internal operations. This edition features insights from a survey of 75 central banks with international reserves of close to $5tn.

A net 6% of respondents expect to reduce their dollar holdings over the next 10 years. But this shift will be in line with the slow, decades-long trend of de-dollarisation. On average, respondents anticipate a decrease in the dollar's share of total reserves to 54% in the next decade, from just under 60% now.

The renminbi will benefit, but will not be the only beneficiary. On average, respondents expect it will reach 6% of global reserves in 10 years' time, from just under 3% now. Overall, central banks overwhelmingly predict the dollar to remain dominant and that the renminbi is unlikely to gain significant traction as a reserve asset anytime soon.

Publication Details: OMFIF



Published by the Secretariat, Asian Bankers Association
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