Asian Bankers Association

Newsletter

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August 2023

ASIAN BANKERS ASSOCIATION

ABA Announcements

39th ABA General Meeting and Conference in Kathmandu, Nepal

The Asian Bankers Association (ABA) would like to cordially invite members and friends to participate in the 39th ABA General Meeting and Conference hosted by Nepal Bankers' Association, to be held in Kathmandu, Nepal on November 9-10, 2023 at The Soaltee Hotel.

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.

Please visit the conference website for more details on the program, registration, hotel booking and visa information.

Training Programs

ABA & Agribank to host webinar on "Vietnam Banking: Current Status & Opportunities" on August 29, 2023

The Asian Bankers Association (ABA) invites members and friends to participate in the upcoming webinar on ***"Agribank's Role and Contribution in the Development of Financial Inclusion in Agriculture and Rural Areas"*** to be held on August 29, 2023 at 2PM Hanoi time.

As part of ABA's webinar series on "Connecting and Exploring Opportunities with ABA", the August 29 session will feature Ms. Pham Thi Huong Giang, Deputy Director of Financial Institutions Department at Vietnam Bank for Agriculture and Rural Development (Agribank). The moderator will be Mr. Joseph Daniel N. Lumain, Vice President, RMB Corporate Planning Department Head & Concurrent Head, Microenterprise Lending & Financial Inclusion Group, Rizal Micro Bank, Inc, and Thrift Bank of Rizal Commercial Banking Corp. (RCBC).

This one-hour webinar will provide valuable information to bankers and financial experts to learn from Agribank's policies on financial inclusion:

1. Overview of Financial Inclusion in Vietnam
   - Government policies on Financial Inclusion
   - Financial Inclusion in Agricultural and Rural Areas

2. Agribank's Role in and Contribution to the Development of Financial Inclusion in Agriculture and Rural areas
   - Argibank's Role in the Economy: Society, Agriculture and Rural areas
   - Agribank's Role in and Contribution to the Development of Financial Inclusion in Agriculture and Rural Areas

3. Agribank's Path Forward
   - Key Objectives of Agribank's Development Strategy towards 2025 and 2030's Outlook
   - Key Solutions to Implement the National Comprehensive Financial Inclusion Strategy towards 2025 and 2030's Outlook.

To join the webinar, please register here.

Training Programs

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

The Asian Bankers Association (ABA) and BioCatch will jointly host a webinar on 'Combating Fraud, Scams & Money Laundering in 2023: A Behavioural Approach' on August 31 at 2:00pm Taipei Time. The webinar aims to give a comprehensive analysis of the prevailing trends in fraud and scams in the ASEAN region and across the globe in 2023. Further, it will discuss how behavioural biometrics has ascended as the cutting-edge tool in our fight against these unlawful activities.

Mr. 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

To register, please click here.

BioCatch is considered the leader in Behavioral Biometrics, a technology that leverages machine learning to analyze an online user's physical and cognitive digital behavior to protect individuals online, Today, BioCatch counts over 25 of the top 100 global banks as customers who use BioCatch solutions to fight fraud, drive digital transformation and accelerate growth.

Short-Term Visiting Program to be Hosted by Fintelekt Advisory Services on October 12-13, 2023 in Mumbai, India

The Asian Bankers Association (ABA) invites members and non-members to participate in the short-term visiting program on ***"Best Practices in Managing the AML/CFT Risk from Fintech and Digital Payments"*** that Fintelekt Advisory Services (Fintelekt) will jointly host with the ABA in Mumbai, India on 12-13 October 2023.

The objective of this Short-Term Visiting Program will be to:

- Understand the money laundering and terrorist financing (ML/TF) risks in fintechs and digital payments
- Understand the anti-money laundering (AML) and countering the financing of terrorism (CFT) governance and operational requirements to counter the ML/TF risks – both for banks and fintechs
- Benefit from the experiences of banks and fintechs in India
- Learn from some of the nation-wide initiatives adopted such as Aadhar, the national common KYC registry (C-KYC), the unified payments interface (UPI) and others
- Understand the new trends and advancements in AML/CFT technology

The ABA encourages interested participants to take advantage of this opportunity to have interactions with senior AML compliance leaders from leading banks and fintechs in India to enable you to enhance and upgrade your skills and knowledge in the area of AML/CFT.

Interested parties can register via the link here, before September 30, 2023.

Program Outline

Day One: Thursday, October 12

9:30 - 9:45 am	Welcome Note • Shirish Pathak, Managing Director, Fintelekt Advisory Services • Mig Moreno, Deputy Secretary-Treasurer, Asian Bankers Association
9:45 - 10:45am	Emerging AML/CFT Risk Factors in Fintech and Digital Payments

Training Programs

10:45 - 11:15am	Refreshments and Tea/Coffee
11.15 – 12.45 pm	AML/CFT Risk Assessments and Applying a Risk-Based Approach
12.45 – 1.45 pm	Networking Lunch Hosted by Fintelekt
1.45 – 3.00 pm	Managing AML/CFT Risks in a Fintech Company
3.00 – 3.15 pm	Refreshments and Tea/Coffee
3.15 – 4.30 pm	Managing AML/CFT Risks in a Payment Systems Company

Day Two: Friday, October 13

9.30 – 11.00 am	Managing Regulatory Expectations
11.00 – 11.15 am	Refreshments and Tea/Coffee
11.15 – 12.45 pm	Aadhar and C-KYC – A Winning Combo for Financial Institutions in India
12.45 – 1.45 pm	Networking Lunch Hosted by Fintelekt
1.45 – 2.30 pm	Financial Crime Technology Trends
2.30 – 3.15 pm	Discussion on Initiatives across Financial Institutions in Asia and Experiences of Participants in Managing AML/CFT Risks
3.15 – 3.45 pm	Vote of Thanks & Closing Session

** Program outline may undergo changes depending on speaker availability*

Participation Fee

ABA member-banks will participate for a nominal fee of USD 200. However, non-members will be charged a fee of USD 500.

In addition, participants (from both ABA-member and non-member institutions) are expected to cover their airfare, hotel accommodation, airport & local transfers and meals (some meals will be hosted by Fintelekt; details are in the program outline).

For hotel accommodation options please contact the secretariat at aba@aba.org.tw.

Fintelekt contact person Ms Arpita Bedekar, Director – Strategy & Planning, Fintelekt Advisory Services, Email: arpita@fintelekt.com, Mobile: +91 8007604530

About Fintelekt

Fintelekt Advisory Services Pvt Ltd is one of the Knowledge Partners of the ABA. It is a specialist in training and advisory in anti-money laundering (AML) and countering the financing of terrorism (CFT) within banking and financial services sectors.

It systematically invests its time and effort in building the skill level of professionals working in the banking and financial sector by assimilating and dispensing industry-reviewed best practices and knowledge.

Financial Times to hold Moral Money Summit Asia in Singapore

The Asian Bankers Association (ABA) has been invited to be Partner Organization by The Financial Times. The Moral Money Summit Asia will be focused on the theme "Unlocking the potential of ESG" to 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.

Training Programs

ICA Conference on The Future of FinCrime & Compliance APAC to be held on October 17-18, 2023

The Asian Bankers Association (ABA) would like to invite members and friends to join the Conference on The Future of FinCrime & Compliance APAC being organized by the International Compliance Association (ICA) on October 17-18, 2023 at The Fullerton Hotel, Singapore.

With recent geo-political developments, digital disruption, and the current socio-economic crisis, staying up-to-date with regulatory developments and best practice has never been more important.

The 2023 Conference will cover the following topics:

- A forward view on regulatory expectations
- Exploring the challenges of digital assets disruption
- An up-to-date review of sanctions and how to best identify and manage risk exposure
- The fraud epidemic and a case study review of strategies to improve detection and prevention
- The age of AI AGI and GPT – assessing the risks, opportunities, and responsibilities
- Climate risk and defining the role of FinCrime and regulatory compliance.

Book your tickets HERE.

As Partner of the Conference, the ABA is entitled to a 20% discount on the ticket price for participating members. Interested members can avail of the discounted price by using the coupon code when booking their tickets. (Please email the ABA Secretariat to get the coupon code).

If you have any questions or wish to discuss a group booking, please contact ICA at delegate@int-comp.org.

News Update

Appetite for Digital Payments Remains Lacking – Survey of Hong Kong-based Corporates

Supplier payments, or the issue of procurement settlement, remains a "bottleneck to advancing digitization", a survey by the Hong Kong Productivity Council (HKPC) has found.

"Additional charge is not a critical barrier hindering payment digitization," Alex Chan, general manager at Digital Transformation division of HKPC said. What is, he explained, is a tendency by enterprises "to stick with the status quo."

Published at the end of July, the Enterprise Digital Payment Landscapes Study surveyed 721 small and medium enterprises (SMEs) and 100 large corporates – 57% active in business-to-business (B2B) enterprise and 43% constituting business-to-consumer (B2C) companies – from February to March in 2023, to identify current trends across the development of digital payments in Hong Kong, and the attitudes of those companies witnessing it.

Conducted by HKPC and sponsored by Visa, the research sought response from those engaged in the six industries in Hong Kong "with the highest demand in cashflow management," namely those corporates involved in import-export trade and wholesale (28%); retail (19%); professional business services (19%); social and personal services (18%); accommodation and food services (8%); and transportation, storage and courier services (8%).

The research revealed that traditional payment methods, including online wire transfers (76%) and cheque payments (59%), continue to dominate the supplier payments landscape, compared to digital methods such as FPS (11%) and PayPal (2%).

Digital transformation

By using virtual corporate credit cards as a proxy for digital progress, the survey also gauged enterprise awareness of digital payment methods and related capabilities.

It was found that despite low awareness – the majority of responding enterprises (61%) cited "being used to current payment methods" as the main reason for not accepting credit card payments – Hong Kong – based firms do appreciate the various fintech-driven benefits delivered by virtual cards, including cost savings for overseas remittances; real-time expense reporting and analysis; and the ability to pre-set credit limits toa void cashflow issues.

Chan said in many cases, companies are simply unaware of newly available technologies or are unwilling to adapt from current processes.

"Although the survey enterprises appreciate the various benefits enabled by fintech, less than half of them are aware of such a concept," Chan said, noting that 43% of respondents had not heard of virtual corporate cards.

On the other hand, he explained that around half of respondents had chosen not to adopt credit cards for procurement, as vendors do not accept such methods, or there is simply not enough demand for digital card transfer.

"We think the most important thing is enterprises' willingness to change their mindset and become more open and receptive to various payment methods," Chan said.

He emphasized the importance for the market to take on board the survey's feedback, so that payment tools can be optimised to cater for Hong Kong-based corporates' needs.

In general, 51% of B2C firms in Hong Kong reported satisfaction with the overall performance of available digital payment tools in the city, compared with 41% of B2B companies.

Cross-border capabilities

The companies surveyed were found to rely largely on cheque, bank transfer and cash, for both local and cross-border payments.

While Faster Payment System (FPS), a Hong Kong real-time online payment platform, enjoys a 47% acceptance across local B2B payments, its cross-border acceptance plunges sharply to 8%. For B2C payments, this figure jumps from 70% for local transfers, to just 24% when used overseas.

In addition to FPS, the survey reported the most-used local and digitally enabled payment methods to be credit cards, mobile QR codes and Octopus cards,

On average, B2B enterprises were founds to accept 2.3 different payment methods, of which 2.1 are digital. By comparison, B2C enterprises were rounds to offer up to 5.6 payment methods, 4.1 of which can be conducted digitally.

"Online wire transfer is the only digital of payment acceptance that businesses regularly lean to for both local (82%) and cross-border transactions (93%)," the report pointed out.

Digital transformation

In spite of the seemingly lacklustre current appetite for digital payments, the survey found that three in four companies are either making changes, or will plan to make changes to their payment and receivable methods.

Transaction security enhancement and customer data analysis through payment tools were two areas highlighted as constituting impetus for digital progress.

In fact, the survey found cross-border payment acceptance and transaction safety to be considered important by over 70% of responding B2B companies. Yet, these two factors were also highlighted as the top two areas of concerns arounds corporate digital payment capabilities.

The report pointed to industry-wide incentives from banks, vendors, the government, large corporations and consumers as playing a vital role in pushing for digital transformation.

"It is hoped that new technologies such as blockchain, digital currency and smart contract can further promote the development of the payment industry, providing users of B2B payment with more payment options," Chan noted in [HKPC's press release].

"Developing better digital payment tools for security while fortifying multi-currency acceptance will help mitigate the gap, but it requires collaborative efforts from the whole financial ecosystems," he added.

Corporate Treasurer

Mastercard Launches CBDC Partner Program

Mastercard has put together a central bank digital currency partner program comprised of firms from across the ecosystem, including Ripple and Consensys.

The vast majority of central banks are engaged in some form of work on CBDCs, and four retail versions are already in full live circulation, according to the Bank for International Settlements.

In 2020, Mastercard built a virtual testing platform to help central banks assess and explore national digital currencies. Since then the firm has worked with several central banks on pilots.

However, Jesse McWaters, who leads global regulatory advocacy at Mastercard, says that there are questions about the role of the private sector in CBDC issuance, security, privacy and interoperability.

These include how a CBDC works with other commonly used payment mechanisms, what specific challenges they would solve and whether they're even the right tool for the job.

Now, Mastercard is looking to help answer some of these questions by fostering industry collaboration through its new partner program, which includes Fluency, Idemia, Consult Hyperion, Giesecke+Devrient and Fireblocks.

Their efforts include Fluency's work to build interoperability among different CBDCs, Consult Hyperion's work with central banks and payment processors to define their CBDC requirements and Ripple's launch of an inaugural government-issued national stablecoin in collaboration with the Republic of Palau.

Raj Dhamodharan, head, digital assets and blockchain, Mastercard, says: "We believe in payment choice and that interoperability across the different ways of making payments is an essential component of a flourishing economy,

"As we look ahead toward a digitally driven future, it will be essential that the value held as a CBDC is as easy to use as other forms of money."

East and Partners

Chinese payment app giants start accepting Visa and Mastercard

Travellers to China can now use Alipay and WeChat Pay after the hugely popular mobile payments platforms moved to let people link international credit cards.

International visitors can now use Visa, Mastercard and JCB cards with WeChat Pay for payments of up to 6000 yuan (more than $800) for one-time transactions.

Meanwhile, Alipay has moved to accept Visa, Mastercard, JCB, Diners Club and Discover cards. Both platforms are charging a three per cent fee for transactions over a certain amount.

While the apps first made moves to open up to international users in 2019, until last week WeChat Pay needed a locally-issued credit card while Alipay only accepted international cards if the user enrolled in a programme with a five per cent fee.

The popularity of Alipay and WeChat Pay has seen cash usage drop dramatically in China, with many merchants not offering change, according to Nikkei Asia.

WeChat Pay owner Tencent says the latest move will benefit an expected influx of tourists for sporting events such as FISU World University Games and the Asian Games.

Finextra Research

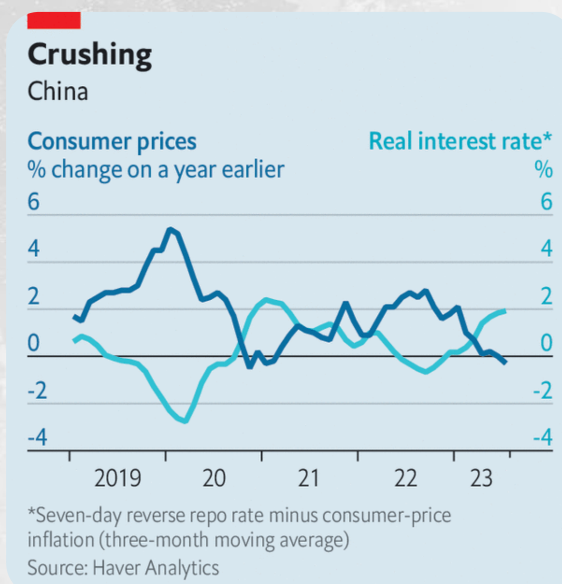
Deflation and default haunt China's Economy

It can sometimes be difficult to wrap one's head around the world's second biggest economy. But three headlines in the space of two days – August 8th and 9th – captured the predicament that China now faces. Export fell by more than 14% in dollar terms. Country Garden, one of the country's biggest property developers, missed two coupon payments on its dollar bonds. And annual consumer-price inflation turned negative. In sum: China's export boom is long over. Its property slump is not. And, therefore, deflation beckons.

Ever since China imposed its first brutally effective lockdown on Wuhan in early 2020, its economy has been out of sync with the rest of the world's. When the country abandoned its ruinous zero-covid controls at the end of 2022, many economists hoped that the exceptionalism would continue, and that China would stage a rapid recovery, even as other big economies courted recession. The expectation also raised a fear. Analysts worried that China's renewed appetite for commodities and other goods would put upward pressure on global inflation, making the lives of central bankers elsewhere even harder. Neither the hopes for growth nor the fears of inflation have been realised.

Instead, China is now struggling to meet the government's modest growth target of 5% for 2023 ("modest" because 2022 provides such a low base for comparison). Far from becoming an inflationary force in the global economy, the country is now flirting with falling prices.

According to the data released on August 9th, consumer prices dropped by 0.3% in July compared with a year earlier. Viewed in isolation, that is no great cause for alarm. A solitary month of mild deflation is not sufficient to turn China into the next Japan. Consumer inflation has been negative before – in 30 months this century, and as recently as 2021. Moreover, July's figure says almost as much as pork's past as it does about China's economic future. Prices for the country's favourite meat were unusually high in July 2022. They have since fallen by a quarter, contributing to the negative headline number.



But consumer prices are not the only ones in the trough. The prices charged by producers (at the proverbial "factory gate") have now declined year-on-year for ten months in a row. Those fetched by China's exports dropped by more than 10% in July, according to estimates by analysts at UBS, a bank. And the GDP deflator, a broad measure that covers all the goods and services produced in the country, fell by 1.4% in the second quarter compared with a year earlier. That is only its sixth decline this century and its steepest since 2009.

Many economists foresaw the drop in pork and food prices. They assumed, however, that it would be offset by a faster increase in the cost of services, as China's economy gathered steam. They also expected that the property market would stabilize, which would prop up demand for other goods, both upstream (in products such as steel and construction equipment) and down (in those such as furniture and household appliances).

After a brief revival in the early months of the year, property sales are faltering again. Those in 30 big cities fell by 28% in July compared with the year before. Declines in rents and the prices of household appliances both contributed to the negative turn in consumer prices in July. Country Garden also blamed "a deterioration in sales", among other things, for its failure to August. The company has a 30-day grace period before it falls into default.

China's government is also now up against the clock. In recent weeks a rotating cast of committees, ministries and commissions has unveiled a variety of measures to improve the economy. A 31-point plan to encourage private enterprise announced that the government would remove barriers to entry and strengthen intellectual-property rights. A 20-point plan to expand consumption touted cheaper tickets for scenic spots, among other goodies. A 26-point plan to increase labour mobility promised to make it easier for rural migrants to settle in cities (and easier for foreign businesspeople to get visas).

Yet if the property market does not improve, deflationary pressure will persist. The longer it lasts, the more difficult it will be to reverse. Thus a more forceful fiscal and monetary push is required. UBS calculates that the government's deficit, broadly defined, shrank in the first half of 2023, providing less support to the economy. Meanwhile, the central bank has barely cut interest rates, reducing its short-term policy rate from 2% to 1.9%. That is not enough to keep up with the decline in inflation, which means the real cost of borrowing is rising. In order to defeat deflation, the budget deficit will have to widen. And the central bank's efforts will need to go beyond 0.1 point.

The Economist

BNM, Bank Indonesia, Bank of Thailand sign MOUs to Strengthen Cooperation, Promote Use of Local Currencies

Bank Indonesia (BI), Bank Negara Malaysia (BNM) and the Bank of Thailand (BOT) have signed three bilateral memoranda of understanding (MoUs) on a framework for cooperation to promote bilateral transactions in local currencies between the countries.

The scope of the framework has been expanded to include more eligible cross-border transactions beyond trade and direct investments, which would be implemented gradually, BNM said in a statement on Friday, August 25.

The three central banks are committed to strengthening cooperation in the use of local currencies for bilateral transactions.

BI governor Perry Warjiyo, BNM's Datuk Shaik Abdul Rasheed Ghaffour and the BOT's Sethaput Suthiwartnarueput inked the bilateral MoUs on the sidelines of the Asean finance ministers and central bank governors' meeting in Jakarta, Indonesia.

The new framework will also synergise with cross-border payment initiatives for more accessible and efficient local currency settlements, thus enhancing regional financial market stability, while strengthening cross-border economic activities and the local currency markets in the three countries.

They supersede the MoUs on a local currency settlement framework signed between the three central banks on Aug 27, 2015 and Dec 23, 2016.

The Edge Malaysia

ESG 'weaponized,' but bankers still pay heed to metrics

Bankers, money managers and other financial market participants are starting to loathe the label "ESG" – but they're also sticking with the strategy.

About two-thirds of respondents in a Bloomberg survey of roughly 300 Bloomberg terminal users said the anti-ESG movement that started in the U.S. in 2022 will force firms to stop using those three letters in conversations with clients. However, they'll continue to incorporate environmental, social and governance metrics in their business, they also said.

When it comes to "the three-letter acronym 'ESG' – people don't want to talk about it as much because of the news flow from the U.S., said Alex Bibani, a senior portfolio manager at Allianz Global Investors in London. "But from an investment perspective and what we do internally, it has never been more important."

The finance industry is now grappling with a second year of attacks on ESG by key members of the Republican Party, including threats of litigation from state attorneys general as well as outright bans on the strategy in some U.S. states.

As recently as May, Florida governor and presidential hopeful Ron DeSantis signed a sweeping anti-ESG bill he says targets the "woke" bias of the finance industry. And in June, BlackRock CEO Larry Fink said he doesn't want to use the term "ESG" anymore, after it was "weaponized."

While political attacks may end up shaping the nomenclature, they're unlikely to change the finance industry's approach in tackling some key components of ESG such as climate change, according to the survey. Only 18% of respondents who identified themselves using ESG in their work said the backlash against the label was stopping them from incorporating climate factors in their decision-making. Instead, they pointed to climate data challenges as a bigger hurdle.

For ESG investors, 2023 has been filled with "big swings," Coco Zhang, ESG researcher at ING Groep, and Padhraic Garvey, ING's regional head of research for the Americans, said in a note. "But global sustainable finance remains in rude health," they said. That includes "exceptional growth" in green issuance, which is among reasons to "get more upbeat" about the future.

And while "Republican-led efforts to roll back sustainable investment practices through legislation have been dominating the public perception of ESG in the United States," according to Stephan Kippe, head of ESG research at Commerzbank, a "closer look, however, reveals that the vast majority of anti-ESG legislation so far has failed to become law."

The term ESG has only existed for about two decades after being created through a United Nations-led initiative. The goal was to come up with a framework that would persuade profit oriented financial firms to pay attention to the environment, societal risks and issues of governance. The construct was supposed to drive home the point that ignoring such risks and opportunities would ultimately lead to losses.

But since then, ESG has had a bumpy ride. After a pandemic-fanned boom, the acronym collided with an energy crisis, leading to huge losses among ESG funds that had shunned fossil fuels. At the same time, questions have been raised around the cottage industry of consultancies and data providers all feeding off ESG, much of which is still unregulated.

Sustainable investing purists have also voiced dismay at the way in which the ESG label is often used, warning that its application has become so broad as to be rendered largely meaningless. That's as some estimates have suggested that financial market participants were collectively sitting on about $50 trillion in ESG assets.

In the European Union, regulators and legislators have moved much faster than their peers in other jurisdictions, carving out frameworks that are intended to reinvent capitalism. In an interview in July 2023, the EU's commissioner for financial markets and services, Mairead McGuinness, said firms that don't take ESG seriously will face a bleak future in Europe.

"Profit is important but we're now saying it's not the only thing that matters," she said.

That view is deeply at odds with responses in the survey, however. Some 85% of respondents who identified themselves as being engaged with ESG said financial performance was the most important factor to consider when investing. Only 39% said the same of ESG, which was the lowest reading in the survey.

The Bloomberg survey also showed that an overwhelming majority of finance industry professionals don't want the government to interfere in how private investors allocate their money. Of financial market participants who use ESG in their daily work, 98% of respondents who don't use ESG said the same.

It's a sentiment that's also seen on Wall Street. As recently as August 10, the Securities Industry and Financial Markets Association, whose members include BlackRock, State Street and Vanguard Group, filed a lawsuit against Missouri Secretary of State Jay Aschcroft (a Republican) after he placed ESG investing limits on firms.

The Bloomberg survey was based on responses from 204 terminal users, of which 69% said they use ESG in their jobs. Some 62% of respondents were based in North America, while 26% were based in Europe, the Middle East and Africa. The rest were spread across Asia Pacific and Latin America.

Japan Times

Special Features

Tighter Banking Regulations Could Reduce Available Credit

By Vishwanath Tirupattur, Global Director, Fixed Income Research, Morgan Stanley

As equity markets have remained buoyant over the last few months, many investors seem to believe that the challenges in regional banks that became evident in March 2023 have receded. However, increasing capital requirements, a higher cost of funding and rising loan losses continue to challenge business models in this sector.

With new banking regulations on the horizon, pressures on regional banks could have ripple effects on the broader U.S. economy. Here's what investors need to know.

Higher Standards for Smaller Banks

Banks with total assets of $100 billion or more may be facing new capital requirements, according to proposed rules from the Federal Reserve, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. In addition to significantly higher capital requirements, several large-bank requirements would be extended to smaller banks.

For example, at present, if a bank with less than $700 billion in assets is holding securities that lose value but does not sell the securities at the lower price, these "unrealized losses" do not have an impact on the bank's capital requirements. Under the proposed rules, however, banks with more than $100 billion in total assets would be subject to the same provisions as banks with more than $700 billion in total assets. As a result, the smaller banks would have to declare their unrealized losses. This means that if, for instance, their fixed-income investments lose value as interest rates increase, they will be forced to keep more cash on their balance sheets.

Separately, the Fed has proposed more rigorous regulations for the eight U.S. global systemically important banks (GSIBs). This would require them to potentially retain greater capital reserves to reduce the chance of bank failure.

It is still early in the rulemaking process for both proposals. They may change after a public comment period, and the rules will be phased in over several years once they are finalized. Nevertheless, they outline the framework of the regulatory regime ahead.

In fact, the obstacles that such changes would pose for the regional banking sector became evident last week, when ratings agency Moody's Investors Service downgraded its ratings for 10 U.S. banks after the announcement of the proposed regulations. Although the total volume of debt downgraded thus far is relatively small at around $10 billion, Moody's put an additional six banks on review for possible downgrade and changed the outlooks of 11 banks from stable to negative. Thus, the volume of bank debt facing the prospect of a downgrade is much higher – well over $100 billion.

Regulations and the Real Economy

The impact of tighter regulations goes beyond banks. For instance, banks that experienced larger market-value losses on their securities in 2022 extended less credit to companies looking to borrow, according to recent research from the San Francisco Federal Reserve – and that was when rules around market-value losses applied only to larger banks. If smaller banks are subject to the same requirements, they may have less capital available for lending.

Against this background, the latest Senior Loan Officer Opinion Survey (SLOOS) showed that in the second quarter of 2023, lending standards tightened across nearly all categories for the fourth consecutive quarter. Survey respondents expect further tightening ahead, particularly in commercial real estate, credit cards, and commercial and industrial loans to small firms.

For the broader economy, these findings show how the evolution of regulatory policy can weigh on credit availability and overall economic growth.

Morgan Stanley

Member Personality

RCBC completes equity sale to Japan's Sumitomo Mitsui

Yuchengco-led Rizal Commercial Banking Corp. completed its share sale to Japanese banking giant, Sumitomo Mitsui Banking Corp., to expand its funding pool.

In a disclosure sent to the Philippine Stock Exchange on Monday, RCBC indicated they completed the sale of an additional 15.01% stake to the Japanese banking giant, considered one of the largest banks in the world. SMBC is the commercial banking arm of Sumitomo Mitsui Financial Group.

Special Features

The equity purchase effectively injected P27 billion in capital into RCBC, which the bank is keen on using to boost its corporate, small and medium enterprises and retail segments. In RCBC's eyes, the sale will "open more business matching opportunities for RCBC's local customer base and SMBC's global network."

The deal was announced in November 2022 amid SMBC's efforts to expand its banking footprint across key Asian markets.

"Through this partnership, RCBC will once again set the bar higher, adopting global best practices and customer-centric strategies, promoting disruptive banking solutions, and expediting our digital transformation," said RCBC president and CEO Eugene S. Acevedo.

Shares in RCBC currently trade 8.19% up at P25.1 apiece as of 2:38 July 31 afternoon.

Phil Star

Among Member Banks

BEA Takes Home Three Awards from Bloomberg Businessweek (Chinese Edition)

The Bank of East Asia ("BEA" or "the Bank") is proud to announce that it has won three awards in the Financial Institutions 2023 campaign, rganized by Bloomberg Businessweek (Chinese Edition). In addition to receiving an Outstanding Award in the categories Retail Bank of the Year and Premium Segment Client Service, it secured the highest accolade, an Excellence Award, in Customer Engagement. These awards are a recognition of the Bank's continuous effort in providing best-in-class services through its customer-centric strategy.

"We are delighted that our growth on multiple fronts is being rganized ," commented Mr Raymond Ng, Deputy Head of Personal Banking Division at BEA. "In line with the overall strategic development of the Group, retail banking has been expanding its scope, committed to providing customers with more diversified wealth management and crossboundary services. Thanks to a great team of relationship managers and a comprehensive offering of financial planning services, SupremeGold Private and SupremeGold drove the increase in high-end customer accounts. In addition, the digital all-in-one BEA GOAL account managed to pull in a new generation of tech-savvy customers, strengthening our retail customer base in the long term."

BEA has focused in recent years on growing its investment services and on promoting investment products with differing entry thresholds to meet investor demand. The newly added Fund Portfolio Builder enables customers to build a rganized d fund portfolio with shortlisted funds. The Bank has also focused on strengthening its digital capabilities and has enhanced a range of products and services, such as direct mortgage applications through a digital platform, an automatic instalment programme for credit card spending, and virtual credit cards.

BEA will continue to provide customers with outstanding financial products and customer experiences by rganized its omnichannel retail strategy to enhance the efficiency of its services, expand the scope of its products and strengthen its team of relationship managers.

About the Awards

Financial Institutions 2023 is rganized by the Chinese Edition of Bloomberg Businessweek. Its aim is to motivate financiers to nurture potential talents and seek new economic development opportunities.

BEA

SBI tops Reliance to become India's most profitable company; check top 10 profitable firms in June quarter

State Bank of India (SBI) has emerged as India's most profitable company during the April-June quarter of fiscal 2023-24 (Q1FY24), replacing Reliance Industries, according to data from Capitaline Databases, a digital database of 35,000 listed and unlisted companies in India.

The country's largest lender reported a net profit of ₹18,736 crore during the first quarter of current fiscal, followed by the Mukesh Ambani-led conglomerate that scored a profit of ₹18,258 crore, according to the data.

Incidentally, this is the first time in more than a decade that SBI has reported higher profits than Reliance Industries in four consecutive rolling quarters – from September 2022 to June 2023.

State-run Indian Oil Corporation Limited (IOCL) stood third in the list, and was followed by HDFC Bank and Tata Consultancy Services (TCS), respectively. ICICI Bank, meanwhile, was marginally behind TCS, and stood at the sixth position.

Mint

Among Member Banks

MUFG Announces Acquisition of Additional U.S. Bancorp Common Stock

MUFG Bank, a core banking subsidiary of MUFG, today announced that it has agreed to acquire 24,000,000 shares of the common stock of U.S. Bancorp ("USB"), which constitutes an additional investment in USB, for a purchase price of approximately $936 million, or $39.00 per share (the "Investment"), and will complete the acquisition immediately after this announcement. Following this Investment, MUFG Bank's total shareholding in USB will increase to 4.39%.

The proceeds received by USB for the Investment are to be paid to MUFG's subsidiary, MUFG Americas Holdings Corporation, to reduce USB's $3.5Bn outstanding obligation due within five years of the closing date of the sale of MUFG Union Bank, N.A. ("Union Bank") under the Share Purchase Agreement, dated September 21, 2021, with respect to the sale of Union Bank.

In addition, for purposes of strengthening sustainable non-Japanese yen funding capacity, MUFG Bank has entered into an agreement, which is contractually available for complementary U.S. dollar liquidity support, with U.S. Bank National Association, a bank subsidiary of USB.

In connection with the completion of MUFG's sale of Union Bank to USB in December 2022, MUFG entered into a business collaboration agreement with USB. Under the business collaboration agreement, MUFG and USB have agreed to collaborate on maintaining banking services for certain Japanese retail customers in the United States. In addition, we expect to expand our strategic collaboration and business opportunities in areas leveraging the strengths of both MUFG and USB. These opportunities would include digital, corporate transactions, financial services for Japanese customers, and global markets business.

MUFG News

Mizuho Bank receives Best Asian International Cash Management Bank in Asia Pacific award from The Asian Banker

Mizuho Bank, Ltd. (President & CEO: Masahiko Kato) has received the Best Asian International Cash Management Bank in Asia Pacific award in The Asian Banker's Transaction Finance Awards 2023.

The Asian Banker is a media company specializing in finance in Asia. This year's award recognizes our extensive coverage of cash management services (including numerous enhancements to our online banking services) based on a deep understanding of customers' business, as well as our unique support framework leveraging our network in the Mekong region and other locations in Asia.

We continue to provide solutions to meet customers' diversifying needs and facilitate customers' growth as a strategic partner for business development amid an ever changing industrial structure.

Mizuho News

SMBC's Signing of a Memorandum of Understanding with Abu Dhabi Exports Office

Sumitomo Mitsui Banking Corporation ("SMBC", President and CEO (Representative Director) : Akihiro Fukutome) announced that it signed a Memorandum of Understanding ("MOU") with Abu Dhabi Exports Office ("ADEX", Acting Director General: Khalil Fadhel Al Mansoori), - The purpose of the MOU is to enhance collaboration in trade finance and agency finance.

ADEX is providing financing and guarantee facilities to overseas importers of the United Arab Emirates ("UAE") products and services. Its main objectives are to increase the UAE's exports, enhance the ability of UAE exporters to enter and compete in new markets, and reduce financial risks for UAE exporters. ADEX is contributing to the UAE's economic diversification strategies, prosperity, and sustainable development.

SMBC has been a leading provider of corporate finance, project finance, financial advisory and trade finance for the government and state-owned companies in UAE as well as Japanese companies operating in the country.

Through this MOU, SMBC will expand the partnership and collaboration with ADEX to provide a wide range of solutions to customers in the UAE to support their expansion and development of trade transactions.

SMBC

Among Member Banks

Maybank mobilises close to RM40bil in sustainable finance

Malayan Banking Bhd (Maybank) has cumulatively rganized close to RM40 billion in sustainable finance and has improved nearly 970,000 households across Asean since 2020.

Group chief executive officer Datuk Khairussaleh Ramli said the bank has also reduced 43.5 per cent of its scope 1 and 2 emissions and achieved close to 260,000 annual sustainability hours.

"I am pleased to mention that we continue to progress in our sustainability commitments and are in line with our M25+ strategic thrusts of becoming a sustainability leader in the region.

"Besides being on track in terms of our targets, we have also implemented policies, thoughts and practices across our business to ensure that the group holistically embraces sustainability," he said in his speech at the Grand Celebration of the Maybank Group Sustainability Week August 16.

In conjunction with its Sustainability Week, the bank has announced three new initiatives – the Maybank Sustainability Practitioner Certification Programme, the launch of the Emission Calculator and the introduction of the myimpact Visa Signature credit card and Maybank Islamic myimpact Mastercard Platinum credit card.

Khairussaleh said the bank aimed to get 20,000 new card users through its newly launched credit cards by end-2023.

"Our aim is to create a heightened responsibility and awareness for environmental, social and governance (ESG)-friendly spending.

"We have created a path for our customers to understand their personal carbon impact through their lifestyle consumptions and provide solutions to track, monitor and rganize carbon footprints through carbon offset initiatives," he said

The myimpact credit card, made from bio-sourced polylactic acid, features a ground-breaking initiative deemed first-of-its-kind in the country, provides mechanisms for card members to track their carbon footprints, offers rewards for sustainable lifestyle and eco-purchases as well as allows for carbon offsets through contributing towards various reforestation activities in the region.

Khairussaleh said the introduction of the Maybank myimpact credit card is a testament to the group's commitment towards living its purpose of being a values-based platform, incorporating the features of sustainability and ethical principles into our solution and offerings to customers.

He said it is also part of the bank's overall plan to build awareness of sustainability among consumers while providing them with avenues to exercise their commitment to ESG rganized.

The Star

IGMH Oncology Ward inaugurated with the support of Bank of Maldives

Oncology ward at Indira Gandhi Memorial Hospital (IGMH) established with the support of Bank of Maldives has been inaugurated on August 16.

At a special ceremony held today in IGMH, the Oncology ward was inaugurated by Vice President Honorable Faisal Naseem. Minister at the President's Office, Ali Shiyam, BML CEO and Managing Director Karl Stumke, IGMH CEO Ibrahim Saleem and officials from IGMH and BML Board members were in attendance.

The Bank provided MVR 3.5 million in financing for this project. This support is as part of the series of 12 high impact monthly community initiatives to celebrate the Bank's 40th anniversary.

BML CEO and Managing Director Karl Stumke stated "The projects initiated as part of our 40th anniversary have focused on a number of important sectors in the country. The oncology ward opened today will support to fill a critical need in IGMH and as well as health sector. We hope this ward will enhance access to safe and high-quality oncology services to those in need."

The oncology ward established in IGMH has 8 cubicles which can cater for 8 patients simultaneously.

Bank of Maldives News

Among Member Banks

PNB registers P9.7B net income for first half of 2023

Philippine National Bank (PNB) posted net profits of P9.7 billion for the first six months of 2023 on the back of sustained growth in net interest margin and revenues from fee-based businesses.

The Bank's net interest income grew by 25 percent year-on-year to P21.6 billion, primarily driven by higher yield rates on earning assets amid the rising interest rate environment. This translated to an improved net interest margin of 4.24 percent from the 3.35 percent reported in the same period last year. Likewise, fee-based revenues increased by 31 percent to P3.1 billion with higher volumes of credit and deposit-related transactions as well as intensified cross-selling efforts of the Bank during the first half of the year.

The Bank's net Income for the first semester, however, was lower than Its year-ago level of P11.1 billion, which included substantial reversals of credit provisions aggregating P3.2 billion as a major portion of the Bank's nonperforming Covid-impacted accounts showed improvements in their credit and payment status with the re-opening of the economy and recovery of most businesses in 2022. On the other hand, the Bank prudently set aside additional provisions amounting to P1.6 billion given the prevailing uncertainties in 2023 due to rising interest rates.

Meanwhile, the Bank took advantage of the market rate movements during the period resulting in a 53 percent growth in treasury-related income despite the limited trading opportunities brought about by the ongoing global monetary tightening. The Bank also continued its strategy to dispose and monetize the values of its foreclosed properties in the first half of 2023, albeit lower than the gains posted a year ago.

Operating expenses remained flat at P14.9 billion due to prudent spending despite the continued business growth.

As of end-June 2023, the Bank's total consolidated assets stood at P1.16 trillion, which is relatively flat against the year-ago level. Gross loans inched higher from year-ago by 0.7 percent to P615.0 billion as the Bank accelerated its commercial lending by 9 percent year-on-year. The growth in loans was funded by deposits, which likewise slightly went up by 0.8 percent year-on-year to P892.9 billion, following the maturities during the period of Long-Term Negotiable Certificates of Deposit worth P10.1 billion.

The Bank's consolidated Common Equity Tier 1 Ratio and Capital Adequacy Ratio based on Bangko Sentral guidelines rose to 16.0 percent and 16.8 percent, respectively, as of end-June 2023, well-above the regulatory requirement of 10 percent.

"PNB is able to sustain its profitability on the back of sound execution of business strategies that are expected to ensure long-term growth as set forth in our vision, mission, and strategy for the next five years," said PNB President Florido P. Casuela. "Our growth initiatives are focused on strengthening commercial banking and the consumer finance business. We intend to play a key role in helping small and medium enterprises flourish as the nation continues to journey towards recovery."

PNB

RCBC credit rating outlook upgraded to positive

Moody's Investors Service has revised the credit rating outlook of Yuchengco-led Rizal Commercial Banking Corp. (RCBC) to positive from stable, reflecting a fresh capital infusion from its Japanese strategic investor.

The revision was made as the debt watcher affirmed RCBC's investment grade credit rating at Baa3.

Japan's Sumitomo Mitsui Banking Corp. (SMBC) infused P27 billion to hike its stake in the Yuchengco-led bank to 20 percent from the previous five percent.

"The change in outlook to positive reflects RCBC's improved capital position after the P27 billion capital infusion from SMBC," Moody's said.

In addition, the credit rating agency expects that RCBC will maintain its capitalization, as denoted by tangible common equity / adjusted risk-weighted assets, at around 14 percent over the next 12 to 18 months, a level that is adequate and generally on par with its domestic rated peers'.

It added that the positive outlook also takes into account improvements in RCBC's asset quality.

According to Moody's, RCBC's nonperforming loan (NPL) ratio is expected to remain below four percent this year and next year after declining to 3.9 percent at the end of 2022 from 5.9 percent in 2021.

It pointed out that the improving asset quality is supported by the bank's recovery efforts and the country's post-pandemic economic rebound.

However, Moody's said RCBC's plan to increase the share of retail and small and medium enterprise (SME) loans, which are riskier than corporate loans, would pose risks to its asset quality should the bank undertake aggressive growth and credit underwriting.

On the other hand, it cited that profitability, as denoted by return on tangible assets, would improve to close to one percent as the bank resumes loan growth of 10 to 15 percent in the higher-yielding retail and SME segments, which would help absorb the increased cost of funds due to rapid rate hikes in the Philippines over the past 12 months.

Furthermore, RCBC maintains a high level of liquidity as indicated by its high liquid banking assets to tangible banking assets ratio of 47 percent as of the end of 2022.

Moody's said it could upgrade RCBC's ratings if its tangible common equity to adjusted risk-weighted assets remains above 14 percent and the NPL ratio declines to below three percent over the next 12 to 18 months.

RCBC

Among Member Banks

Doha Bank Achieves Profit of QR 392 Million

His Excellency Sheikh Fahad Bin Mohammad Bin Jabor Al-Thani, Chairman of the Board of Directors of Doha Bank, announced the bank's financial results for the first half of 2023. Net profit of the Bank for the first half of 2023 reached QR 392 million. This is after taking additional provisions for the first half of the year to support the Bank's financial position.

His Excellency also stated that the net interest income in Q2-2023 reached QR 537 million, an increase of 9.3% as compared to Q1-2023. Net operating income in Q2-2023 reached QR 715 million, an increase of 12.1% as compared to Q1-2023 and has been able to reduce its total cost by 0.6% during first half of 2023 as compared to same period last year. Total assets amounted to QR 93.0 billion as at 30 June 2023. Net loans and advances reached QR 55.8 billion as at 30 June 2023. The investment portfolio amounted to QR 25.4 billion. Customer deposits stood at QR 44.1 billion as at 30 June 2023.

His Excellency Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al-Thani, Managing Director of the Board of Directors of Doha Bank, announced that the total shareholder's equity by end of half year 2023 reached to QR 14.2 billion an increase of 2.0% as compared to same period last year. The bank, given the scale of its operations, has achieved a return on average shareholders' equity of 5.8%, the return on average assets of 0.82%. The bank continued to strengthen its key capitalization ratios, where the total capital adequacy ratio of the bank stood at 19.8% as at 30 June 2023.

H.E. Sheikh Fahad bin Muhammad bin Jabor Al Thani, Chairman of the Board of Directors stated that under the wise leadership pursued by H.H. Sheikh/ Tamim bin Hamad Al Thani, Emir of the State of Qatar, and his directives to provide support to all sectors and banks in Qatar and based on the instructions issued by Qatar Central Bank in this regard, Doha Bank will make all efforts to be a main pillar in supporting national economy and private sectors, companies or individuals in benefiting from all possible facilities, and will work in line with the plan pursued by the State of Qatar.

Doha Bank

DBS completes acquisition of Citi's consumer banking business in Taiwan

DBS Bank Ltd (DBS) August 14 announced that it has completed the acquisition of Citigroup Inc.'s consumer banking business in Taiwan (Citi Consumer Taiwan), with the integration successfully executed over the weekend of 12 and 13 August 2023.

With the acquisition of Citi Consumer Taiwan, DBS has become Taiwan's largest foreign bank by assets. DBS Taiwan will have clear market leadership in loans, deposits, cards and investments among foreign players in the market, as follows:

- Number of consumer banking customers more than doubles to over 1.1 million;
- Total loan balance up 1.5x to about SGD 32 billion;
- Total deposit balance up 1.6x to about SGD 36 billion;
- Number of credit card accounts up nearly five-fold to over 3 million; and
- Investment assets under management more than triples to over SGD 12 billion.

Additionally, close to 3,000 employees from Citi Consumer Taiwan have moved over to DBS.

Piyush Gupta, CEO of DBS, said, "Our successful integration of Citi Consumer Taiwan with DBS continues our strategy of building meaningful scale in our core Asian markets. By bringing a prized Citi franchise into our fold, we accelerate our consumer business growth in Taiwan by at least 10 years. Overnight, revenue from the market will more than double to over SGD 1.3 billion. With the transaction, I am also confident that we will be able to provide more value to our customers, in particular, helping them grow their wealth through innovative products, and helping those who are business owners expand into new markets or participate in regional trade flows."

Ng Sier Han, CEO of DBS Taiwan, said, "I am delighted to welcome our new Citi colleagues to the DBS family. Since we announced the transaction back in 2022, we have been working towards a seamless transition of the two businesses. Today marks a momentous milestone for DBS Taiwan, made doubly significant as we celebrate our 40th anniversary in the market. Over the years, DBS Taiwan has made significant strides with new innovations in digital banking and more recently, advancements in sustainability. Our enlarged franchise affords us greater opportunity to continue availing best-in-class products and services to our customers as we set ourselves apart as a different kind of bank – one that enables them to Live more, Bank less."

DBS

2023 UOB Global Heartbeat Run/Walk raises S$2.5 million1 for 26 charities

More than 21,000 UOB colleagues, customers and beneficiaries rallied together for the Bank's annual UOB Global Heartbeat Run/Walk event, raising more than S$2.5 million under the UOB Heartbeat Fund to improve the lives of disadvantaged children and families from 26 charities globally.

The UOB Global Heartbeat Run/Walk is an annual flagship volunteering and fundraising programme held globally across 18 markets where UOB has a presence. Since 2007, the programme has raised more than S$20 million to help improve the lives of communities in-need and support causes that are aligned to the Bank's Corporate Social Responsibility focus areas of art, children and education. Every year, employees, partners and customers rally together for this flagship event, through volunteerism, fundraising as well as participating in the physical run/walk. Numerous fundraising activities were rganized by UOB employees across 18 markets over the past two months, including charity sales, bowling challenge, singing challenge and more.

Ms Tan Sze Wee, Executive Director, Rainbow Centre, said, "Partners like UOB enable our services and operations through donations that help children and young adults with autism and multiple disabilities develop social networks in mainstream society. We are glad to participate in the 2023 UOB Global Heartbeat Run/Walk, where our students can meet new people and partake in new experiences."

With the acquisition of Citigroup's consumer banking business in Indonesia, Malaysia, Thailand and Vietnam, today's event marks the first time that ex-Citi employees are joining the UOB family for this flagship event. In addition to Singapore, three other markets, namely China, Hong Kong and Indonesia held a physical UOB Heartbeat Run/Walk event on the same day, while Malaysia, Thailand and Vietnam also held the event this month.

UOB

HNB partners with JICA for sustainable socio-economic development in Sri Lanka

Working towards a shared objective of sustainable socio-economic development in Sri Lanka, Sri Lanka's leading private sector bank HNB PLC has partnered with the Japan International Cooperation Agency (JICA).

Through the partnership, JICA - Japan's Official Development Assistance (ODA) executing agency - will leverage its experience as a long-standing development partner to the island nation, and HNB's broad expertise and island-wide branch and customer network, to solve social issues by enhancing economic development and poverty alleviation, and driving socially responsible, environmentally sustainable finance.

The partnership will help focus resources into agriculture, dairy production, value chain financing, women's entrepreneurship development, MSME development and digital transformation. Moreover, the collaboration will also prioritize investments into enterprises and initiatives with the potential to support mitigation and adaptation to global climate change and other critical social protection services.

"HNB is honoured to partner with JICA to support a sustainable, inclusive, grassroots-led revival of the Sri Lankan economy. The close friendship and shared respect between Japan and Sri Lanka have always been a source of strength for our nation, and we take this opportunity to express our gratitude to JICA for partnering with HNB in our shared mission to drive progress on sustainable development, enhance livelihoods, and modernize our nation's economy from the grassroots up," HNB Managing Director/CEO, Jonathan Alles said.

Commenting on the significance of the agreement, JICA Sri Lanka Office Chief Representative, Tetsuya Yamada said: "With this partnership, we will be able to expand our reach to more people, providing greater benefits and a stronger development impact through HNB's wide network and expertise, which JICA alone could never do. Particularly, incremental effect is expected for the empowerment of those people and enterprises who struggled as a result of the COVID-19 pandemic and economic crisis. Through our joint efforts, we can help them to overcome their difficulties and get back onto a growth trajectory."

HNB News

Bank of Taiwan for the First Time Enters Asia Responsible Enterprise Awards and Wins Two Awards

The Asia Responsible Enterprise Awards (AREA) of 2023, held by Enterprise Asia, hosted its awards ceremony in Phnom Penh, Cambodia on June 30. Bank of Taiwan (the "Bank") entered the awards for the first time, winning both the Social Empowerment and Corporate Sustainability Reporting awards, which is the Bank's additional winnings following the Corporate Sustainability Report Award and Social Inclusion Leadership Award in last year's (2022) Taiwan Corporate Sustainability Awards, showing how the Bank has proactively implemented sustainable practices under the leadership of Chairperson Lu, and how its achievements in fully disclosing sustainability information and in deeply committing to social welfare have received domestic and international recognition.

The Asia Responsible Enterprise Awards, created and organized by the non-government organization—Enterprise Asia in 2006, is the most influential CSR awards in Asia, and had been created with the mission of recognizing corporations who have performed exceptionally in promoting sustainable and responsible development. Participating companies are evaluated in categories related to six key pillars: the Environment, Fair Practices, Health, Leadership, the Community and its People.

The Bank focuses on its core competencies in finance, and has used its influence to promote sustainable development as well as maintaining effective communications with its stakeholders.

From 2013 the Bank has been voluntarily publishing a Corporate Social Responsibility Report, which in 2020 was upgraded to a Sustainability Report and continues to be improved year after year. At the moment, such report follows the disclosure standards published by the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Disclosures (TFCD) has been strengthened. Through independent third-party's certification and verification, the Bank has ensured that its disclosure methods are consistent with international standards, and that it has sufficiently disclosed ESG information following the highest standards available.

Bank of Taiwan

Cathay United Bank bags four 'Asian Banking & Finance' awards

Cathay United Bank (CUB) has won many awards in Taiwan and abroad for its innovations and the good financial experience it provides to its customers. On Tuesday, the bank received four major awards from Asian Banking & Finance magazine including Domestic Retail Bank of the Year - Taiwan, Insurance Product Innovation of the Year - Taiwan, Taiwan Domestic Cash Management Bank of the Year and Taiwan Domestic Trade Finance Bank of the Year.

The bank will continue to focus on its customers and provide more convenient and secure financial services, president of CUB Alan Lee said.

CUB embraces multiple transaction orientations, and maximizes and integrates group resources, it said, adding that it is deepening the trade ecosystem, green finance and financial inclusion.

The bank launched a digital service portal called CUBE app that offers diverse functions such as flexi loans, with loans being approved in as little as five minute, one-page investment overviews, and integrated insurance services.

As of this month, the app has 7 million users, giving it the biggest market share.

CUB also launched Taiwan's first chain of financial service stations that provides financial business consultations, education and applications at convenience stores. These initiatives were the key to CUB winning the Domestic Retail Bank of the Year – Taiwan award.

To provide the digitally native generation with new options for allocating their assets and managing their finances, CUB and Cathay Life Insurance Co jointly launched an innovative product called "Quick Insurance," a savings-linked protection that converts fixed deposit interest into protection, and provides convenient functions for online subscription and insurance planning.

This patented product won Insurance Product Innovation of the Year – Taiwan for changing Taiwan's traditional insurance business model.

In terms of corporate financial services, CUB deployed the resources of its parent Lin-Yuan Group to create a payroll ecosystem that provides payroll corporate cash flow, wealth management, health and leisure services and discounts.

It also launched a digital payroll service by which employees can use the CUBE app to apply for digital deposit accounts.

For these achievements, CUB won the Taiwan Domestic Cash Management Bank of the Year award.

To improve operational efficiency, CUB launched the "global trade sharing blockchain" to help enterprises prevent cross-bank repeat financing.

CUB also cooperated with third-party platforms to launch Taiwan's first credit-granting trade finance business mobile dialing service, which allows customers to directly apply for funds online by using a third-party platform to provide transaction documents authenticated and authorized by CUB's Global MyB2B corporate online bank.

For these two services, CUB was named the Taiwan Domestic Trade Finance Bank of the Year.

Taipei Times

Among Member Banks

Land Bank of Taiwan first Ventures into Geothermal Power Financing

The Bank has taken its first step into geothermal power financing, leading other state-owned banks in this field. In this venture, the bank provided exclusive financing of NTD 720 million to Fabulous Group's subsidiary, Fabulous Power Company Limited, to support the development and operation of the New Taipei City Sulphur Zi Ping Geothermal Power Demonstration Zone. The geothermal power plant is expected to be connected to the grid in 2025, with an installed capacity of approximately 4MW and an annual electricity generation of around 29 million kilowatt-hours, estimated to meet the electricity needs of 10,000 households throughout the year.

In response to the global net-zero trend, Taiwan has set a net-zero emissions path and strategy, with the geothermal power generation target for 2025 set at 20MW. According to the evaluation by the Bureau of Energy under the Ministry of Economic Affairs, Taiwan is located within the Pacific Ring of Fire, and its geothermal power potential reaches as high as 40GW (gigawatts), equivalent to the power generation capacity of dozens of the Fourth Nuclear Power Plant.

As the bank understood that Fabulous Group's commitment to sustainable development aligns with its own ESG goals, the bank actively sought cooperation with them and became an exclusive financier. In the future, the bank will provide NTD 720 million in funding to support the New Taipei City Sulphur Zi Ping Geothermal Power Demonstration Zone project and the purchase of power generation equipment and operation funds for Fabulous Power Company Limited. This marks the first case of a state-owned bank investing in exclusive geothermal power financing.

As a state-owned bank, the bank fulfills the role of green finance in response to the government's 12 Key Strategies for Net-Zero Transition. The bank fully supports businesses' engagement in sustainable green energy development. In recent years, the bank has not only launched preferential loans such as the Solar Photovoltaic and Energy Storage Equipment Loan and participated in the government's Post-pandemic Revitalization & Low-Carbon Smart Loan Program but has also fully supported companies' investments in green sustainable energy (hydrogen, biomass, geothermal, ocean energy, etc.) and industrial net-zero transition.

Under the leadership of Chuan-Chuan Hsieh, Chairperson of the Board, the bank is furthering its commitment to Environmental Friendliness and Stakeholder Friendliness this year, actively creating an operational model that benefits both customers and employees, effectively implementing corporate social responsibility.

Land Bank of Taiwan

Taiwan Fubon Financial cautiously optimistic on 2023 growth

Fubon Financial Holding Co August 25 projected stable profit growth for the rest of this year even though net income in the first half shrank 38.2 percent annually to NT$42.9 billion (US$1.35 billion).

The conglomerate made the cautiously optimistic remarks during an investors' conference after major subsidiaries reported that business improved amid a relatively favorable operating environment compared with last year.

Fubon Financial president Jerry Harn said he believed China would introduce more stimulus measures to help its stalling economy.

The group estimated its exposure in China at NT$840 billion, but the net sum would be NT$340 billion after factoring in NT$500 billion of assets at its Chinese banking subsidiary Fubon Bank China.

That translates into a small 3 percent of Fubon Financial's overall assets of NT$10.9 trillion, Harn told investors.

Fubon China incurred minor losses in the first six months after raising its general position at the request of Chinese financial regulators, officials said, adding that the conglomerate has no exposure to troubled Chinese developers.

The nation's most profitable financial conglomerate attributed the cash woes plaguing Chinese developers and local governments to years of COVID-19 lockdowns and the property sector's overexpansion, but said it does not expect the problem to escalate into a financial storm.

"We have been cautious about China's property sector and have focused on lending to Taiwanese firms there and Chinese national enterprises," Harn said.

Fubon Life Insurance Co would see its income bolstered this quarter by cash dividends, which would be higher than last year, officials said.

The insurer hesitated to lower its hedging cost projection, saying they would amount to 100 to 150 basis points this year and would be higher than last year, as major central banks have no intention of easing interest rates in the near term.

By contrast, Taipei Fubon Bank might see its wealth management business grow 20 percent this year, faster than earlier predicted, officials said.

"Investment sentiment has improved much this year due to fewer black swan events," officials said, adding that the recovery in financial markets at home and abroad also lent support.

While the group's debt position remains in the red, stock holdings have turned positive, officials said.

Like other lenders in Taiwan, Taipei Fubon Bank raked in hefty profits from its currency swap operations, which might continue to generate earnings ahead under a similar environment, officials said.

Still, Fubon Insurance Co accumulated losses of NT$3.22 billion in the first half due to lingering COVID-19 claims, although it swung to profit in April, officials said.

Things would gradually brighten at the subsidiary, the nation's biggest with a market share of more than 20 percent, officials said.

Taipei Times

Among Member Banks

SinoPac, Taiwan Cooperative cautious on outlook

Two Taiwanese financial holding firms yesterday voiced cautious optimism about business in the second half of this year and reported no exposure to troubled Chinese developers Country Garden Holdings Co and Zhongzhi Enterprise Group.

SinoPac Financial Holdings Co said it has cut exposure in China by 20 percent in the past few years due to escalating downside risks in the market.

"China's economic slowdown is not new and SinoPac has adopted a conservative approach in doing business there," SinoPac Financial president Stanley Chu told an investors' conference in Taipei.

Chu's comments came after the Financial Supervisory Commission said earlier this week that Taiwan has little exposure to debt problems plaguing China's property sector.

SinoPac monitors its China exposure on a weekly basis and has not made any new investment for years, Chu said.

Rather, the bank-focused group has placed more emphasis on the local market and Southeast Asia, where Taiwanese firms have moved manufacturing facilities to accommodate global supply chain realignments, he said.

Shares of Taiwan's financial institutions took a hard hit this month, dragged by ongoing global capital flight from the region and China's corporate debt problems.

Chu said he is guardedly positive about business going forward, after achieving record earnings in the first half of the year.

SinoPac Financial's net profit expanded 22.4 percent from a year earlier to NT$10.07 billion (US$314.94 million) in the first six months, thanks to strong profit gains at Bank SinoPac and SinoPac Securities Co, the conglomerate said.

That translated into earnings per share (EPS) of NT$0.85, an annual increase of 0.13 percent.

Similarly, state-run Taiwan Cooperative Financial Holding Co saw its net profit rise 5.03 percent year-on-year to NT$9.82 billion in the first half, or EPS of NT$0.65.

Relatively stable financial markets at home and abroad allowed different subsidiaries to post profits, Taiwan Cooperative Financial president Chen Mei-tsu told an online investors' conference.

Main subsidiary Taiwan Cooperative Bank raked in hefty gains from foreign currency swap arrangements, aided by interest rate differentials between the US and the local market, officials said, adding that the lender would continue such trading in the second half.

Chen said the company has no exposure to Country Garden or Zhongzhi Enterprise and has not sold related investment products to its clients either.

Offshore and overseas operations incurred losses in the second quarter due to higher provision costs in its Phnom Penh offices, snapping the group's plan to increase profit contributions from overseas operations.

Taipei Times

Bangkok Bank continues expanding its financial business in ASEAN

Tapping into the Vietnam market – Bangkok Bank has further expanded its success by becoming the first and only Thai bank to be granted a license to provide full custody services in the Ho Chi Minh and Hanoi stock exchanges. The services include receipt-delivery and settlement and clearing of securities transactions, safekeeping, and ensuring benefits are included in funds' assets. The Bank continues to develop products and services that meet international safety standards and cover all financial needs to support Thai and foreign investors investing in Vietnam, while emphasizing its role as a leading regional financial institution.

Bangkok Bank Senior Executive Vice President Chaiyarit Anuchitworawong said that the Bank has been granted a license from the State Securities Commission of Vietnam (SSC) to provide custody services including receipt-delivery and settlement, and safekeeping, ensuring benefits for customers, and foreign exchange services for investing in the Ho Chi Minh Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX). The service will support institutional investors, securities companies, and fund management companies, both Thai and foreign, to invest in the Vietnam stock market as Vietnam is one of the top investment destinations in the ASEAN region.

Bangkok Bank was the first foreign bank to receive a banking services license in Vietnam to provide a full range of commercial banking operations. The Bank's two branches, in Ho Chi Minh City (opened in 1992) and Hanoi (opened in 1994) have helped customers, both Thai and foreign companies wishing to invest in Vietnam, with a wide range of financial services, particularly for importing and exporting businesses such as opening letters of credit, trade finance, issuing a letter of guarantee for marine cargo, bill discounts, standby letters of credit, business loans, international funds transfer, currency exchange, investment advisory, mergers and acquisitions, and investment services.

"Bangkok Bank is a Thai financial institution with more than 62 years of experience in providing financial services in Vietnam. At the same time, the Bank has more than 30 years of experience in custodian services. both in Thailand and overseas. This, combined with its capable personnel, modern and secure system that meets international standards, and technology that can be connected to the Vietnam stock exchanges, enabled the Bank to meet the requirements of the SSC and qualify as a custodian service provider. Importantly, the fact that the Bank is the first and only Thai bank to be granted a license to provide full custody services in Vietnam reinforces the Bank's role as a leading regional financial institution and is in line with the Bank's vision," concluded Mr. Chaiyarit.

Bangkok Bank

Among Member Banks

Vietcombank Brings Apple Pay to Customers

Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), August 8 brings its Visa cardholders Apple Pay, a safer, more secure and private way to pay that helps customers avoid handing their payment card to someone else, touching physical buttons or exchanging cash — and uses the power of iPhone to protect every transaction.

To use, customers simply double click and hold their iPhone or Apple Watch near a payment terminal to make a contactless payment. Every Apple Pay purchase is secure because it is authenticated with Face ID, Touch ID, or device passcode, as well as a transaction-specific, one-time unique dynamic security code. Apple Pay is accepted in grocery stores, pharmacies, taxis, restaurants, coffee shops, retail stores, and many more places.

Nguyen Thi Kim Oanh,Deputy General Director of Vietcombank shared: “As the industry moves towards digitalisation and continued innovation, we're excited to bring Apple Pay today to millions of Vietcombank customers, and provide them with an easy, safe and secure way to pay with their Apple devices in-store, in-app and online.”

Customers can also use Apple Pay on iPhone, iPad, and Mac to make faster and more convenient purchases in apps or on the web in Safari without having to create accounts or repeatedly type in shipping and billing information. Apple Pay makes it easier to pay for food and grocery deliveries, online shopping, transportation, and travel, among other things. Apple Pay can also be used to make payments in apps on Apple Watch.

Security and privacy are at the core of Apple Pay. When customers use a credit or debit card with Apple Pay, the actual card numbers are not stored on the device, nor on Apple servers. Instead, a unique Device Account Number is assigned, encrypted, and securely stored in the Secure Element, an industry-standard, certified chip designed to store the payment information safely on the device.

Once a customer adds a card to iPhone, Apple Watch, iPad, and Mac, they can start using Apple Pay on that device right away. Customers will continue to receive all the rewards and benefits offered by their Vietcombank cards. This includes benefits such as accumulating VCB Reward points, unlimited cashback, spend first and pay later with interest-free period up to 55 days, as well as enjoying promotions at hotels, restaurants, shopping stores, airline tickets, etc.

See how to add card and how to use Apple Pay here.

Vietcombank

Agribank remains in Vietnam's top 10 most valuable brands in 2023 by Brand Finance

On the morning of August 15, 2023, Brand Finance - the world's leading independent brand valuation and strategy consultancy in collaboration with Mibrand Vietnam Company held the "Brand Finance - Mibrand Vietnam Forum 2023” with the topic "Green Development - The Suitable Approach for Vietnam Brands".

The event not only honored businesses in the top 100 most valuable brands in Vietnam, but also presented a golden opportunity for participants to learn and discuss with expert panelists about sustainable development for brands in Vietnam as the nation embarks on its Green branding journey.

Along with the forum is the Vietnam's top 100 most valuable brand awards ceremony - an annual event to honor businesses in the top 100 most valuable brands as well as create opportunities for Vietnamese businesses to be more environmentally and socially conscious. Brands were selected, evaluated and ranked based on the criteria of market share, growth rate of asset size, financial capacity, operational efficiency, brand reputation, and future growth forecast.

The Brand Finance Vietnam 100 2023 report is an important measure for the success of brands nationwide for all fields. Accordingly, recording a combined brand value growth of 47%, banking brands thrived among Vietnam’s most valuable brands listed in Brand Finance’s rankings with almost all banking brands from 2022 rankings post double-digit brand value percentage increases. Banking brands in Vietnam proved resilient to economic headwinds battering the nation by adopting digitalization and enhancing customer services. Vietnam’s economy had faced a rocky start to 2023 as exports shrank and global interest rates rose.

This year, Agribank maintained in the position of the top 10 most valuable brands in Vietnam in 2023 with a brand value of USD 1.44 billion and a brand strength rating of AA.

Mr. Alex Haigh, Managing Director of Brand Finance Asia-Pacific commented: “Despite challenging economic headwinds, banking brands in Vietnam have shown outstanding growth in Brand Finance’s Top 100 Vietnam brands rankings this year. We see their commitment to digitalization and enhancing customer service producing results”.

Agribank

Banking and Finance Newsbriefs

Hong Kong

HKEX Imposing Toughest ESG Requirements in Asia

Hong Kong Stock Exchange's (HKEX) proposed issuer environment, social and governance (ESG) requirements will purportedly be the most stringent climate disclosures in Asia according to Morningstar.

HKEX proposed new climate-related disclosures in Q2 2023 aligned with the International Sustainability Standards Board (ISSB) Climate Standard set to become mandatory in 2024. Hong Kong's push for more transparent climate disclosures is reflective of the increasingly strict ESG and sustainability rules coming to hand across the Asia Pacific region. Climate risks are classified broadly into physical risks to assets from climate hazards and risks associated with transitioning to a low-carbon economy.

"These new rules represent a significant upgrade from the current comply or explain status of mandatory reporting and mark a key step towards alignment not only with the International Sustainability Standards Board Climate Standard but also with the UK Financial Stability Board's Task Force on Climate-related Financial Disclosures by 2025" commented Morningstar Sustainability Research Analyst, Boya Wang.

"As a result, a range of climate-related metrics will be subject to disclosure, such as Scope 3 greenhouse gas emissions, cross-industry metrics and internal carbon price. The Singapore stock has also been gradually expanding the list of mandatory requirements for issuers, although these are less demanding than the new rules from HKEX" Wang added.

East and Partners

India

India likely to become third largest economy by 2027: SBI chief economist

Soumya Kanti Ghosh, the Group Chief Economic Advisor at State Bank of India (SBI), on August 15 reiterated that India is likely to become the third largest economy by 2027.

Indian economy is currently ranked fifth and is behind the US, China, Japan and Germany.

In 2014 when Narendra Modi was sworn in as the Prime Minister, India was the 10th largest economy. In 2022, India became the fifth-largest economy overtaking the UK.

"The Pime Minister's speech underlines the rapid structural transformation the Indian economy has undergone in the last decade," SBI's Ghosh said as per public broadcaster DD News.

"As most likely in the next couple of years, by 2027, India will become the third largest economy, just after US and China. And that is going to be a creditable achievement for India by any standards. As the Prime Minister pointed out, the success of India today lies in its 140 crore people who are aspirational, who are forward-looking, and who are continuously reskilling themselves for a better tomorrow," Ghosh said.

"It is also a fact that woman-led development today is the norm. And as Prime Minister emphasized, you can see women leading in almost all spheres. Wherever you see there is the development and where India is actually moving forward, it's again a creditable achievement on the part of a country. The fact that India is going to become a developed country by 2047, as Prime Minister emphasized, must be an effort of all Indians holding their hands together. And that is actually a true reflection of unity in diversity. And that is possibly the best gift that India could get in its hundred years of independence," headed.

PM Modi from the ramparts of the Red Fort in 2022 told countrymen to take a pledge that India must become a developed nation by 2047 – when it celebrates its hundred years of Independence.

Ani News

Japan

IMF urges BOJ to move away from yield control and prepare for tightening

The Bank of Japan should start preparing for future monetary tightening by moving away from its yield control policy, the International Monetary Fund's chief economist Pierre-Oliver Gourinchas said on July 25.

The remarks came ahead of the BOJ's closely watched meeting, where the board will release fresh price forecasts and debate whether to tweak its controversial yield curve control (YCC) policy as inflation stay above its 2% target.

"Right now, the risk is probably on the upside, that maybe inflation pressures will continue to remain above the target," Gourinchas said on Japan's inflation outlook.

"Our advice for Japanese authorities there is that right now, monetary policy can remain accommodative, but it needs to prepare itself for the need to maybe start hiking," Gourinchas told a news conference held after the release of the IMF's updated World Economic Outlook report.

He said the IMF was encouraging Japan to "be a bit more flexible and maybe move away from the yield-curve control that it has now."

With inflation exceeding its target, markets are rife with speculation the BOJ could soon phase out its massive stimulus starting with a tweak to YCC – a policy that caps the 10-year bond yield around 0% with an implicit ceiling of 0.5%.

Sources have said that the BOJ is

leaning toward keeping YCC unchanged, though there is no consensus within the bank on how soon it should start phasing out stimulus.

While a hike in short-term rates remains distant, a decision on whether to make tweaks to the yield band would depend on the balance between the benefits and cost of YCC, the sources said.

Japan's business-to-business service inflation eased in June, data showed on July 26, a sign companies were slow in passing on rising labor costs despite a tight job market.

Underscoring the pressure the BOJ faces, however, Japan's top financial diplomat on Friday, July 28 suggested the central bank may tweak its approach to monetary stimulus due to "sigh of change" in corporate price and wage-setting behavior.

BOJ official, including Gov. Kazuo Ueda, have stressed the need to keep ultraloose policy until there is more evidence inflation will sustainably hit 2% backed by strong wage growth. They have also said the BOJ was mindful of the cost of YCC such as market distortions caused by its heavy bond buying.

Widening the allowance band around its 10-year yield target, a step it took in December 2022, could be among options to mitigate the side-effects of YCC, analysts say.

In the updated World Economic Outlook report, the IMF said it expects Japan's economy to expand 1.4% in 2023, faster than a 1.0% rise in 2022, as the removal of pandemic curbs boosts consumption.

It also cited "accommodative policies" as underpinning growth, as Japan keeps interest rates low and continues big fiscal spending to cushion the blow from rising living costs.

Growth in the world's third-largest economy is expected to slow to 1.0% in 2024 as the effect of past stimulus measures dissipate, the IMF said.

Reuters

S. Korea

Frozen Iranian funds released in South Korea

Iranian funds worth an estimated $6 billion, frozen in bank accounts in Korea, have been released, following the US and Iran's tentative agreement to engage in a prisoner swap in exchange for Tehran's access to the blocked funds.

All of Iran's frozen funds in Korea have been unblocked, Central Bank of Iran Gov. Mohammad Reza Farzin said through a post written in Persian on social platform X on August 12.

The central bank chief wrote that $7 billion in Iranian assets in Korea have been converted into euros with the help of a bank in a third country and will be transferred to Iranian banks in Qatar.

Farzin also mentioned the funds shrunk by nearly $1 billion in value due to the depreciation of the Korean won. No interest on the deposit was paid, he added.

On August 13, a spokesperson for Seoul's Foreign Ministry declined to confirm the possible release of the funds, citing the sensitivity of the issue.

The release of Iran's seized assets in Korea comes as Iran and US reached an agreement on the blocked funds. The US agreed to Korea unfreezing the Iranian funds here and releasing five jailed Iranians in exchange for Iran allowing five detained US citizens to leave the country.

The Iranian funds were stuck in the state-run Industrial Bank of Korea and the commercial Woori Bank since May 2019, after the two Korean banks refrained from processing them in response to US sanctions after former US President Donald Trump unilaterally pulled out of the Iran nuclear deal.

Even though the Korean government has not yet confirmed the money transfer, the alleged release of Iranian assets is expected to help improve the soured relations between Seoul and Tehran.

Prior to the ban in May 2019, Korea imported 13.2 percent of its oil from Iran, the third largest amount following Saudi Arabia at 28.5 percent and Kuwait at 14.3 percent in 2017.

The Korea Herald

Malaysia

Understanding Malaysia's Digital Banking Surge

Across the world, approximately 250 digital banks are reshaping the future of fintech, and Asia Pacific is home to 20% of these transformative entities. In this wave of digital evolution, Malaysia too is making significant strides.

The nation's central financial authority, Bank Negara Malaysia (BNM), has made its foray into digital banking by granting five digital bank licenses. Among the recipients is the Boost-RHB Consortium, steered by Axiata's FinTech division, Boost. This announcement underscores BNM's emphasis on sustainable and profitable digital banking models.

Let's delve into why the Boost-RHB Consortium emerges as a beacon in Malaysia's digital banking horizon:

- Solid Foundation and Captive Audience: In recent years, Boost has set the stage for its digital bank. Notably, its AI-powered micro-financing enterprise has already seen significant success. By early 2023, Boost has a commendable record of disbursing over RM3 billion in financing across Malaysia and

Indonesia.

- Comprehensive Ecosystem: The mark of a thriving digital bank lies in its ability to utilize its inherent ecosystem, translating to reduced customer acquisition costs. Boost proudly houses an expansive fintech landscape, highlighted by its AI-driven micro-financing arm, an inclusive fintech app with a user base exceeding 10 million, a merchant platform with over 600,000 touchpoints, and a global payment gateway partnering with over 100 digital entities across Southeast Asia.
- Tailored Financial Products: Although rising rates indicate market uncertainties, they are unlikely to deter budding digital banks. Firms like Boost, known for their short-term and efficient financial products, are poised to remain unaffected by significant asset-liability discrepancies.

The Road Ahead: As research suggests, the embrace of digital finance could elevate the GDPs of emerging nations by 6%, equivalent to a staggering $3.7 trillion, come 2025. Given this promising projection, all eyes are set on digital banks like the Boost-RHB Consortium to lead the charge.

Hubbis

Nepal

14 Nepal commercial banks adjust deposit interest rates

In a recent development, 14 commercial banks have implemented changes to their deposit interest rates for the month of August/September.

Among the banks making adjustments are NIC Asia Bank, Prabhu Bank, Nepal SBI, Rastriya Banijya Bank, Kumari Bank, Laxmi Sunrise Bank, Sanima Bank, Nepal Bank Krishi Bikash Bank, Siddhartha Bank, Citizens Bank, Global IME Bank, and Everest Bank.

These banks have opted to increase interest rates across both fixed and ordinary savings accounts.

However, there are exceptions to this trend. The NMB Bank, Prime Bank, and Standard Chartered Bank have decided to reduce their existing interest rates.

Banking insiders reveal that last month, a staggering sum of up to Rs 43 billion was transferred from one bank to another, prompted by the allure of higher interest rates offered by select commercial banks.

A closer look reveals that among the 14 commercial banks, nine have taken the step to raise their interest rates.

Specifically, Citizens Bank, Global IME Bank, Krishi Bikash Bank, Everest Bank, Sanima Bank, Kumari Bank, Prabhu Bank, Rastriya Banijya Bank, and Nepal Bank have all enacted increases in both fixed and ordinary savings account interest rates.

These aforementioned banks have now set their interest rates within a range of 8.99 percent to 10.1 percent for the term spanning July to August.

Subsequently, for the period of August to September, these same banks have established interest rates that fluctuate between 9.51 percent and 10.896 percent.

Furthermore, certain banks like Sanima Bank, Krishi Bikash Bank, Everest Bank, and Laxmi Sunrise Bank have chosen to maintain their previous interest rate thresholds for both lower and upper limits on fixed deposits.

Khabarhub

Philippines

Philippines expected to miss growth, inflation goals

Philippine economic growth will likely fall below target this year while average inflation could also end up higher than currently forecast, an S&P Global Rating economist said.

"S&P Global Ratings has been forecasting 2023 gross domestic product (GDP) growth to be slightly below 6.0 percent since the second half of last year," S&P Global Ratings senior economist Vincent Conti told The Manila Times.

"Currently, we expect growth to be 5.9 percent this year and the next, with significant downside risks due to the weak second quarter outturn," he added.

GDP growth slowed to a lower-than-expected 4.3 percent in the April-June period from 6.4 percent in the first quarter, primarily due to a contraction in government spending.

With growth at 5.3 percent year to date, analysts have warned that the government's 6.0- to 7.0-percent target could be missed.

The central bank's policymaking Monetary Board raised the projection for the year from 5.4 percent to mainly reflect the impact of rising oil prices. Forecasts for 2024 and 2025 were also adjusted to 3.3 percent and 3.4 percent from 2.9 percent and 3.2 percent.

Monthly inflation, however, is still expected to return to the 2.0- to 4.0-percent target before the end of 2023.

The rate has cooled over the past six months, hitting 4.7 percent in July after an 18-year high of 8.7 percent was recorded in January. Analysts have said that the trend could reverse this month given the impact of recent typhoons and a series of hefty fuel price increases.

The BSP continues to expect average inflation to return to target in 2024.

S&P Global concurred, saying the rate could hit 3.1 percent in 2024.

The Bangko Sentral, which raised key interest rates by a total of 425 basis points beginning May last year in a bid to temper rising inflation, last week said that economic activity could further moderate due to the monetary tightening and weak global growth prospects.

While monetary authorities have paused from further tightening for the last three policy meetings, the BSP said rate hikes could resume to ensure price and financial stability.

Manila Times

Russia

Russian banking sector reports best profits in more than a decade

Russia's banking sector made more profits in the first half of this year than at any time since sanctions were first imposed in 2014, according to the latest data from the Central Bank of Russia (CBR).

The financial sector reported robust performance in June, with a net profit of RUB314bn ($3.4bn), reflecting an annual return on capital of 29.8%, the central bank said in its monthly update. This result marks a 15% increase compared to May's profit of RUB273bn.

Following the invasion of Ukraine in 2022, the CBR stopped providing detailed information on the banking sector, but in the last few months it has started to report some more but not all of the information it used to publish before the war. The profits of the banking sector is one of the data points that have reappeared.

The banking sector's monthly profits this year have already outperformed every month in the previous five years and have led to a cumulative profit of RUB1.7 trillion ($18.4bn). Despite the rosy headline result the banking sector has been hurt by the sanctions and the radical changes in the nature of Russia's war economy.

Russia's economy has become a lot more state orientated as state spending and investment into the military industrial sector has soared, changing the nature of the banking business. However, rising nominal and real incomes that are a spillover from the cash pouring into the system and the extremely tight labour marketing conscription and military recruitment has caused that is feeding through into normal consumer-orientated business.

Bne Intellinews

Singapore

Singapore to Phase Out Corporate Cheques by 2025

Singapore will eliminate corporate cheques by the end of 2025 but let people use them for "a period" beyond this, easing the transition with an electronic system allowing users to make a deferred payment or issue a cashier's order.

Annual cheque transaction volume in Singapore has declined by almost 70 percent from 61 million in 2016 to less than 19 million in 2022, alongside growing adoption of e-payments by both corporates and individuals.

This has led to an increase in the cost of processing each cheque. Therefore, from November, banks will start charging both corporates and individuals for Singapore Dollar-denominated cheques.

The Monetary Authority of Singapore has charged banks with building an electronic deferred payment system - tapping existing payment options like PayNow and Giro - as an alternative to post-dated cheques.

This is slated to go live in 2025, after which banks will stop issuing new cheque books to all corporates.

Individuals will still be able to use cheques for an unidentified period beyond this, with a consultation set for next year on when to make the cutoff and close the cheque truncation system.

East and Partners

Banking and Finance Newsbriefs

Sri Lanka

Sri Lanka banks ordered to cut loans rates by 250bp in price control

Sri Lanka's banks have been ordered to cut lending rates for loans, other than credit cards, pawning and pre-arranged temporary overdrafts by 250 basis points by October and another 100 basis points by December in a direction issued by the central bank.

The price controls shall apply to existing and new rupee loans.

Separately, rates on credit cards, which are un-collaterized, were ordered to be cut to 28 percent, TODs 23 percent and pawning facilities which are collateralized by gold jewelry to 18 percent.

Any bank which has given any loan below 13.5 percent, banks do not have to cut loan rates further.

However, if rates are 13.5 percent or lower at the date of the order, they are barred from raising the rate.

Penal rates would be 100 basis points above the lending rate.

In the crisis other agencies had issued price controls on eggs and also drugs.

Economy Next

Taiwan

Interest rates on new loans from state-run banks fall in Taiwan

Average interest rates on new loans at the nation's five major state-run banks last month shed 0.005 percentage points to 1.898 percent, as firms and individuals cut back on loans to cope with economic uncertainty, the central bank said yesterday.

The five state-run banks are the Bank of Taiwan, Land Bank of Taiwan, Taiwan Cooperative Bank, Hua Nan Commercial Bank and First Commercial Bank.

Lending related to government agencies also weighed on overall interest rates, as government agencies enjoy better credit profiles, lowering borrowing costs, the central bank said.

Interest rates on loans for capital expenditure dropped 0.69 percentage points to 2.39 percent on average, as companies sought to cut expenses and refrained from expansions or investments in light of poor business visibility, weak end-market demand for technology products and prolonged inventory adjustments, it said.

Interest rates on new mortgages held steady at 2.098 percent on average after the central bank in June kept its policy rates unchanged, while unfavorable government real-estate policies helped tame a hot property market.

Meanwhile, interest rates on consumer loans fell 0.05 percentage points to 2.816 percent on average, as conservative sentiment extended to individual borrowers, the central bank said.

Taipei Times

Uzbekistan

Uzbekistan permits two banks to issue crypto cards

Two private banks in Uzbekistan — Kapital Bank and Ravnaq Bank — acquired approval from the National Agency for Perspective Projects (NAPP) to participate in the digital sandbox of crypto regulation. The banks will issue plastic crypto cards powered by Mastercard.

On August 14, the NAPP reported the approval for Ravnaq Bank to participate in its pilot. Earlier, in May 2023, the Agency confirmed that Kapital Bank would issue its crypto card as well.

According to the release, the Uzbeki crypto card will be called UzNEX, which will integrate a bank account with access to a crypto exchange and automated exchange mechanism. The card will be supported by one of the world's leading payment systems, Mastercard.

The current deadline for final customer rollouts of both banks' crypto cards is the end of December 2023. Kapital Bank and Ravnaq remain two of the three registered participants in the national digital sandbox.

From 2023, the government of Uzbekistan has restricted the provision of crypto services to licensed cryptocurrency firms. The first licenses were granted to local crypto firms in November 2022. Before that, Uzbekistan restricted access to a number of large international crypto exchanges, including Binance, FTX and Huobi, due to accusations of unlicensed activity.

The country's regulatory approach to crypto was initiated by a presidential decree in 2022 when the NAPP was launched to oversee the digital assets industry. The decree also provided comprehensive legal details related to cryptocurrency mining operations in Uzbekistan.

Cointelegraph

Banking and Finance Newsbriefs

Vietnam

Vietnam actively contributes to promoting ASEAN financial cooperation

Deputy Minister of Finance Vo Thanh Hung, who led a Vietnamese delegation to the 10th ASEAN Finance Ministers and Central Bank Governors' Meeting (AFMGM) held in Jakarta, said that Vietnam has actively participated in the ASEAN financial cooperation process since 1995.

The ASEAN meeting is the most extensive financial cooperation channel of Vietnam so far, he said, adding that Vietnam has joined other countries to build and implement multi-sectoral cooperation activities in the financial industry.

Talking to the Vietnam News Agency's resident reporter in Indonesia on the sidelines of the 10th AFMGM and related meetings taking place from August 22-25, Hung said that a highlight in Vietnam's regional financial cooperation is that the Finance Ministry is the chair of ASEAN Insurance Regulators' Meeting (AIRM) for the 2023-2024 term.

Specifically, Vietnam has worked with other ASEAN member countries to develop orientations to strengthen ASEAN insurance cooperation, especially on sustainable insurance, to enhance the role of the insurance industry in supporting regional sustainable development goals.

Hung said the establishment of the forum will be an important move to help the ASEAN soon develop and implement extensive cooperation and integration activities in the treasury sector on issues of common concern such as treasury management and public finance, digitalisation of public financial management, or support for sustainable financing.

Vietnam Plus

Publications

Asian Development Outlook (ADO) July 2023: Robust Growth with Moderating Inflation

Exports from developing Asia weakened in the first quarter of 2023 as global demand slowed. However, consumption and investment are forecast to boost aggregate regional growth to 4.8% in 2023, as earlier forecast, with the projection for 2024 revised down only marginally to 4.7%.

Highlights of this issue:

- Exports from developing Asia weakened in the first quarter of 2023 as global demand slowed. However, consumption and investment are forecast to boost aggregate regional growth to 4.8% in 2023, as earlier forecast, with the projection for 2024 revised down only marginally to 4.7%.
- Given balancing developments, growth forecasts for East Asia are maintained at 4.6% in 2023 and at 4.2% in 2024, for South Asia at 5.5% in 2023 and 6.1% in 2024, and for the Pacific at 3.3% in 2023 and 2.8% in 2024.
- Southeast Asia's growth prospects are downgraded slightly from 4.7% to 4.6% in 2023 and from 5.0% to 4.9% in 2024, reflecting weaker global demand for manufactured exports.
- Growth forecasts for the Caucasus and Central Asia are adjusted down from 4.4% to 4.3% in 2023 and from 4.6% to 4.4% in 2024 after oil production in Azerbaijan fell more than expected.
- Headline inflation eased toward pre-pandemic averages as fuel and food prices waned.
- With lower inflation in developing Asia and more moderate monetary tightening in the United States, most central banks in the region have kept policy rates steady this year, with signs emerging of a shift toward easier money.
- Interest rates in the United States and other advanced economies are likely to shape the regional growth outlook, with upside and downside risks in balance.

ASIAN DEVELOPMENT OUTLOOK

JULY 2023

HIGHLIGHTS

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ROBUST GROWTH WITH MODERATING INFLATION

Recent Developments

Economic activity in major advanced economies remained weak as monetary tightening took hold. Although gross domestic product (GDP) growth in the United States (US) slowed from 2022, it surprised on the upside at 1.3% in the first quarter (Q1) of 2023 (box). While the labor market remained tight, inflation declined to 3.0% in June. The euro area contracted for a second consecutive quarter and thus entered a technical recession, with leading economic activity indicators suggesting continued weakness. In Japan, revived inbound tourism and services boosted growth to 2.7%. Strong services were the main driver of recovery in the People's Republic of China (PRC), where GDP growth rebounded to 4.5% but consumer price pressures remained benign. Oil prices declined from their peak in April as global activity weakened from last year.

Exports and industrial activity in developing Asia continue to decelerate as global demand slows (Figure 1). Year on year in the year to date, exports from key technology exporters declined sharply, while weaker demand also held down exports from the rest of the region. Manufacturing purchasing managers' indexes (PMIs) across major regional economies show divergence but also general weakness in export-oriented economies (Table 1). PMIs remain below 50 in the Republic of Korea (ROK), Singapore, and Taipei,China, indicating contraction month on month, especially in exporters of semiconductors, electronics, and other high technology products, but readings indicate high growth in India, the Philippines, and Thailand buoyed by strong domestic demand. In the PRC, exports of motor vehicles, lithium batteries, and solar cells improved in the first half of this year, but exports of furniture, textiles,

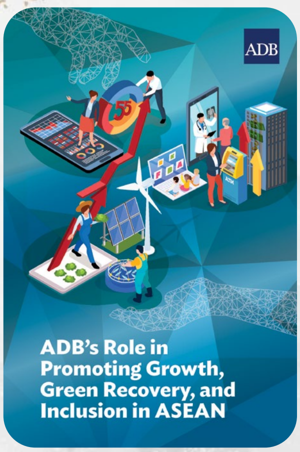
The Asian Development Bank Regional Economic Outlook Task Force led the preparation of a revised outlook for this *Asian Development Outlook*. The task force is chaired by the Economic Research and Development Impact Department and includes representatives of the Central and West Asia Department, East Asia Department, Pacific Department, South Asia Department, and Southeast Asia Department.

ADB

Publication Details: ADB

Publications

ADB's Role in Promoting Growth, Green Recovery, and Inclusion in ASEAN



This brochure outlines how the Asian Development Bank (ADB) is partnering with the Association of Southeast Asian Nations (ASEAN) to strengthen regional cooperation and integration to help drive growth, a green recovery, and inclusion.

The brochure provides an overview of ADB's collaboration in Southeast Asia. It shows how ADB is contributing finance, sharing knowledge, and fostering partnerships to help the region address the climate crisis and other development challenges.

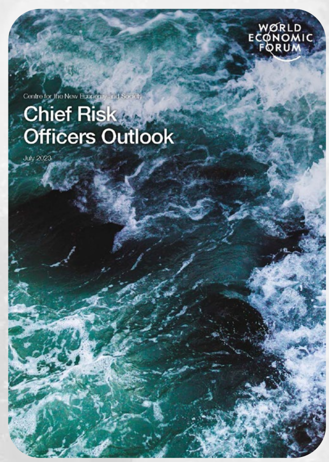
Publication Details: [ADB]

Chief Risk Officers Outlook July 2023

This first edition of the Chief Risk Officers Outlook launches against a backdrop of economic instability and political tensions. The aim of the outlook is to provide a midyear pulse check from the perspective of on-the-ground risk practitioners, conducted through a new survey of the World Economic Forum's community of chief risk officers.

The survey asked chief risk officers to gauge the likely level of global volatility across five broad areas (geopolitical relations, economy, domestic politics, society and technology) and to identify up to five risks that they expect to have a severe impact on their organizations in the remainder of 2023. The results point to a range of global risks with the potential to threaten economic growth, destabilize global markets and disrupt broader business operations over the next six months.

Chief risk officers are most concerned with continuing volatility in geopolitical and geoeconomic relations between major economies, with the majority anticipating upheavals at a global scale. Over 85% of chief risk officers also expect some level of continued volatility in economic and financial conditions within and across major economies.



Among the risks that the chief risk officers cnsidered, there are four that predominate, with half or more of respondents stating that the following are highly likely to have a severe impact on their organizations in the next six months.

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